

immersion INDIA®

FIELD NOTES · SHEET 18

The Sky Is No Longer Imported

How India Is Building Its Own Defence and Aerospace Base

DEFENCE & AEROSPACE · BENGALURU · HYDERABAD · CHENNAI

Tejas fighters and rotary-wing aircraft on the line at Hindustan Aeronautics, Bengaluru.

$18.5bn
defence production, FY26
a record, up 15.6% on the year

$4bn
defence exports
up 62.7%, and 45% of it from private firms

~65%
of equipment made in India
about two-thirds was imported a decade ago

300+
space startups
up from 54 in 2020

> A decade ago India imported roughly two-thirds of its military equipment. Today about 65% is made at home — and in July a privately built Indian rocket reached orbit for the first time.

India now builds artillery, radars, missiles, naval vessels and drones at home. Production reached a record ₹1.78 lakh crore in FY26, up 15.6% on the year, and exports went to more than 80 countries. Private firms make about a quarter of what is produced but 45% of what is sold abroad.

Aerospace is anchored in Bengaluru, where ISRO's headquarters sit beside HAL and the DRDO labs. On 18 July 2026 Skyroot's Vikram-1 became the first privately built Indian rocket to reach orbit, from ISRO's own spaceport. Most production is still public-sector, and the top-end systems are still imported.

THE SIGNAL TO WATCH Grounded investment, not pledged. The two defence corridors have drawn about $8bn in commitments; roughly $1.2bn had actually landed by April 2026.

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A field guide for global executive education. Turn over for the site visits, the questions for the room and what we run.

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Bring the cohort to the case.

Every sheet in this series is a place you can stand in. The dark store, the fab, the swap kiosk, the mandi, the GCC floor — all of them within a day of Bengaluru, and all of them take visitors.

Field Notes is a series on the forces shaping India now, designed to give decision-makers exploring India the right perspective before they commit to it. Each one takes a single force, gives you the argument and the four numbers that anchor it, and names the places in India where you can go and stand in front of it. The series is drawn from *The India That Is Unique*, Immersion India's field guide for global executive education.

ON THE GROUND — DEFENCE & AEROSPACE

ISRO headquarters, Bengaluru
The space agency sits alongside HAL and DRDO's aeronautics labs. Aero India flies from Yelahanka.

Hyderabad, Telangana
Defence PSUs, DRDO laboratories and 1,500+ aerospace and defence MSMEs. Skyroot is based here.

Chennai, Tamil Nadu
A node on the Tamil Nadu defence corridor — about $3.6bn committed and roughly $0.7bn grounded.

THREE QUESTIONS FOR THE ROOM

01 India makes about 65% of what it uses but still imports its top-end systems. Which layers of a defence industrial base actually have to be domestic, and which can be bought?

02 Private firms make a quarter of production but 45% of exports. What does that gap tell you about where they compete best?

03 Skyroot's founders came from ISRO, and Vikram-1 launched from ISRO's spaceport. Is that a break from the state, or the state's next phase?

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