India's Defence Sector:

Where Finnish companies can sell into India directly — without joint ventures or inward investment — and which segments carry the least geopolitical friction.

Presented on 19th August , 2026 | Tampere, Finland

A market defined by scale

How big is the Indian Defence Sector?

₹7.85 L Cr

Total defence budget FY 2026–27 (~US$91bn / ~€71bn) — +15.2% YoY, 2% of GDP

₹2.19 L Cr

Capital outlay for modernisation (~US$24bn / ~€20bn) — a 22% surge YoY

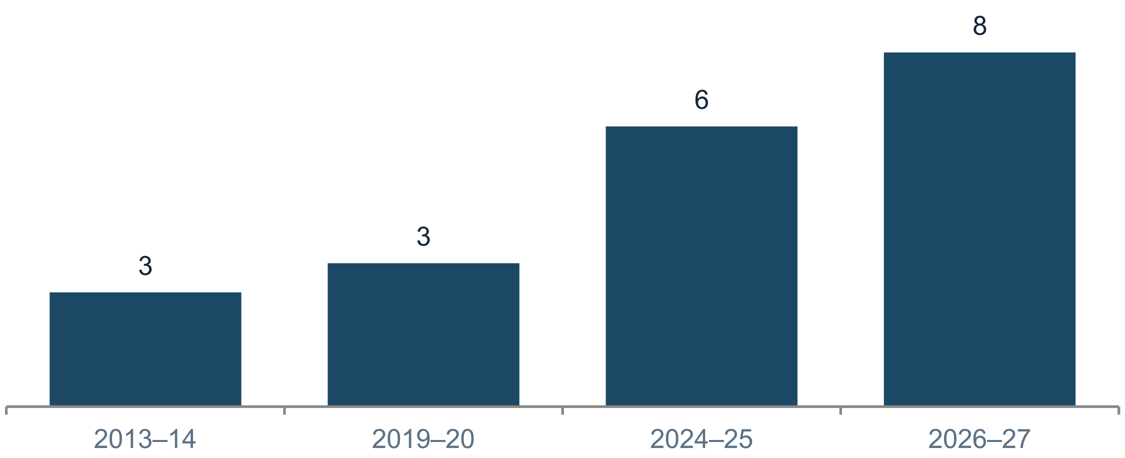
25–30%

Share of the capital budget still open to global sourcing / import content

₹38,424 Cr

Record defence exports, FY 2025–26 (~€3.5bn) — +62.7% YoY, to 80+ countries

Defence budget growth



Euro equivalents (at current rates): €23bn → €29bn → €57bn → €71bn

A large market — most of it does not require local ownership

- Domestic production hit an all-time high of ₹1.78 lakh crore (~€16bn) in FY 2025–26 — but India still imports across engines, sensors, electronics and niche technologies
- Capital acquisition contracts worth US$21.9bn (~€17bn) were signed in FY 2025–26 (Apr–Dec) alone
- A meaningful share of every large contract is still fulfilled through imported components, sub-systems and technology — the entry point for direct sellers

What's happening — and where does direct sale fit?

India's policy default favours domestic manufacturing. But most Finnish companies are not looking to set up a joint venture or take an equity position in India — and that is not required to do business here.

The policy backdrop

Aatmanirbhar Bharat (i.e. Self Reliant India) drives the framework

Procurement categories are ranked by indigenous content, with Indian-built platforms given first preference.

Positive Indigenisation Lists narrow — not close — the door

5,000+ items must be sourced locally, but the remainder of the market, and every component within a local build, stays open to global suppliers.

Foreign OEMs can sell without ownership

Registering as an approved vendor to the Ministry of Defence or to an Indian prime does not require a joint venture, FDI or a local factory.

Two routes to sell directly — no JV required

Buy (Global) tenders

Reserved for capability gaps and urgent requirements where no domestic alternative yet exists — imports permitted, sometimes with offset terms.

Direct supply to Indian Primes

Selling components, sub-systems or technology to Tata Advanced Systems, L&T, Bharat Forge, Adani Defence or Mahindra counts toward their local content — you remain the seller, not a partner.

Bottom line: build a commercial relationship as a trusted foreign supplier first — localisation, if ever pursued, can follow later.

Choosing where to sell matters as much as choosing to sell

India maintains a long-standing, close defence relationship with Russia — historically its largest arms supplier, and still a major partner for platforms, ammunition and legacy-systems support. That reality naturally gives Finnish companies pause about supplying ammunition and conventional warfare systems into the Indian market, given end-use, interoperability and reputational exposure.

! Higher-friction: conventional weapons & ammunition

- Deep integration with Russian-origin platforms raises interoperability and technical-exposure questions
- Ammunition and warfare-system sales invite closer end-use scrutiny and reputational risk
- Longer approval cycles and higher compliance overhead for sensitive kinetic items

✓ Lower-friction, higher-opportunity: dual-use & non-kinetic systems

- **Dual-use technology — largely insulated from the sensitivities above**
- **Drone & UAS technology — a fast-growing, capability-gap-driven priority for India**
- **Critical communications solutions — platform-agnostic, high demand**
- **Military logistics & sustainment — enabling capability, not a weapons system**

Where the opportunity concentrates

Priority direct-sale segments for Finnish companies

DU

Dual-Use Technology

Sensors, positioning, advanced materials and industrial-grade electronics that serve both civil and defence buyers — the most straightforward direct-sale category, with minimal end-use sensitivity.

UAS

Drone & UAS Technology

Platforms, payloads, counter-drone systems and autonomy software. India's own UAS base (ideaForge, Paras, Adani) is still building depth — real room for component and technology suppliers.

CC

Critical Communications

Secure, resilient tactical and mission-critical networks — a persistent capability gap, platform-agnostic and largely independent of legacy-system politics.

ML

Military Logistics & Sustainment

Fleet management, maintenance/MRO tooling, supply-chain and mobility-support systems — enabling capability that every armed force needs, regardless of platform origin.

Major private-sector defence companies in India

These are the private-sector primes and integrators most likely to buy components, sub-systems and technology dire

LOGO	Company	Sector focus	Produces / imports
	Tata Advanced Systems (TASL)	Aerospace & systems integration	Aerostructures, UAVs, radars, missile & artillery systems, helicopter assembly
	Larsen & Toubro (L&T Defence)	Naval platforms & heavy engineering	Warships, submarines, missile launch systems, armoured vehicles, artillery
	Bharat Forge / Kalyani Strategic Systems	Land systems & artillery	Artillery guns (ATAGS), armoured platforms, ammunition, naval gun systems
	Adani Defence & Aerospace	Unmanned systems & munitions	Drones & loitering munitions, small arms, aerostructures
	Mahindra Defence	Armoured mobility & electronics	Protected/light armoured vehicles, electronic systems, drones

Also watch: niche specialists closest to Finnish strengths — Paras Defence & Space Technologies (optics, EW, space) · Zen Technologies (simulators, training) · Data Patterns (avionics, electronics) · ideaForge (UAS)

A parallel path: India's defence start-up ecosystem

India has built a genuinely vibrant ecosystem for incubating and scaling defence start-ups and spin-offs — through iDEX, defence-corridor incubators and dedicated venture funds. Finnish companies don't need to enter only through established primes: partnering with these fresh entrants works well in stages.

① **Sub-contractor** → ② **Sales agent** → ③ **JV / co-development partner**

The Finnish edge

Why Finland is a credible direct-sale partner

01

NATO Interoperability

Finland's 2023 NATO accession gives its systems and standards immediate credibility with Indian buyers assessing global-standard suppliers.

02

Deep-Tech, Export-Ready Manufacturing

A compact but world-class base in sensors, communications, precision electronics and unmanned systems — sellable as finished products, not just JV inputs.

03

Extreme-Environment Expertise

Decades of engineering for arctic and harsh conditions — directly relevant to India's high-altitude and border operating environments.

04

An Elevated, Low-Friction Bilateral Channel

Relations raised to a Strategic Partnership in March 2026; an active Joint Coordination Group already covers defence production, space and niche technologies.

Matching strength to need

What are the synergies?

team FINLAND

FINNISH STRENGTH (SELLABLE DIRECTLY)	⇄	INDIAN NEED
Dual-use sensors & advanced electronics		Persistent gaps in precision electronics & sensing
Drone / UAS components & autonomy software		Fast-scaling UAS demand still short on deep-tech depth
Secure, critical communications systems		Platform-agnostic C4ISR modernisation needs
Logistics, MRO & sustainment systems		Fleet readiness needs across every service arm
NATO-standard, interoperable products		Credibility for global-standard direct procurement
Arctic & extreme-environment engineering		High-altitude and extreme-terrain operating needs

Turning fit into presence

Recommended direct-sale entry pathways

01

Register as an approved foreign vendor

List directly with the Ministry of Defence / DPSU vendor portals to access Buy (Global) and capability-gap tenders.

02

Sell components & technology to Indian primes

Supply Tata Advanced Systems, L&T, Bharat Forge, Adani Defence or Mahindra directly — no ownership stake required.

03

Prioritise dual-use, drone, comms & logistics tenders

Focus bids India's capability gap and lower geopolitical sensitivity align. where

04

Meet buyers at DefExpo & Aero India

These flagship events are where direct commercial conversations with Indian primes and MoD begin.

05

Leverage EU–India FTA market access

Use falling tariffs and clearer customs rules to make direct export commercially competitive.

06

Use Team Finland / Business Finland as a door-opener

Government-to-government channels smooth first introductions — without requiring in-country presence.

THE REGULATORY TAILWIND

The EU–India FTA makes direct selling easier — now is the time to act

The EU–India Free Trade Agreement, signed in January 2026 and covering nearly two billion people, phases out the large majority of tariffs and — for the first time — pairs trade liberalisation with a dedicated EU–India security and defence partnership. For Finnish companies pursuing direct sales, this improves market access, customs predictability and regulatory alignment, well before any joint venture or local manufacturing decision needs to be made.

YOU'RE INVITED

Webinar: Indian Defence Sector — Regulatory Landscape and Opportunities

To understand the regulatory landscape in more depth, we invite Finnish companies to join us for a closer look at vendor registration, procurement categories and compliance requirements for direct sales into India.

3 September | 10:00–11:30 Finnish time

A third path into the market

Partnering via South Korea & Japan's defence giants

Rather than building market access from zero, Finnish companies can enter as sub-system, sensor or technology suppliers to Korean and Japanese primes that already carry local production relationships and government-level trust in India.

SOUTH KOREA

Proven market share, built through local JVs

- Hanwha Aerospace's K9 Vajra-T howitzer, built with L&T — repeat orders since 2017, now above $500m combined, indigenisation rising from 50% to 60%
- HD Hyundai / Hyundai Heavy Industries: MoU with Cochin Shipyard for a Landing Platform Dock (Nov 2025)
- Korea Aerospace Industries, LIG Nex1 & Hyundai Rotem active in trainer-aircraft, missile and land-systems discussions
- Bilateral tailwind: elevated Special Strategic Partnership (2026), first India–ROK 2+2 Dialogue, and the new KIND-X defence-innovation accelerator

JAPAN

Deep strategic ties, early-stage market share

- No completed major platform sale yet — submarine (2017) and US-2 aircraft talks with Mitsubishi Heavy Industries & Kawasaki have stalled, but momentum is building
- 2026: UNICORN mast radar/EW technology transferred to the Indian Navy; Mogami-class frigate co-development under discussion
- Japan's large industrial base in India (Suzuki, Mitsubishi, Honda) offers an execution bridge many Japanese primes lack alone
- Bilateral tailwind: Special Strategic & Global Partnership, annual 2+2 Ministerial Dialogue, and the 2020 logistics-sharing pact (ACSA)

Why this matters for Finland

Both relationships are already elevated to Special/Strategic Partnership status with active government-to-government defence channels — Finland can plug into these as a technology or component partner, rather than building bilateral defence access from scratch.

THANK YOU

We look forward to helping Finnish companies build their presence in India's defence sector.

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