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SIPRI 2026: India Becomes World's 5th Largest Military Spender at \$92.1 Billion

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SIPRI 2026: India Becomes World's 5th Largest Military Spender at \$92.1 Billion

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WHY IN NEWS

The **Stockholm International Peace Research Institute (SIPRI)**, a leading independent international security research institute based in Stockholm, Sweden, released its annual **Military Expenditure Report** on May 3, 2026 — coinciding with this year's SIPRI Yearbook launch cycle. India has been ranked as the **world's 5th largest military spender** with expenditure of **\$92.1 billion in 2025** — a year-on-year increase of **8.9%**.

SIPRI 2026 — KEY FINDINGS

Global Picture

METRIC	FIGURE
Global military spending (2025)	\$2,887 billion
Annual increase	Highest single-year increase since Cold War
Consecutive annual increases	11th consecutive year
Top 5 countries' share	58% of global spending
Drivers	Russia-Ukraine war, Indo-Pacific tensions, Middle East conflict, India-Pakistan

Top 5 Military Spenders (2025)

RANK	COUNTRY	SPENDING	YOY CHANGE
1	USA	~\$997 billion	+~5.7%
2	China	~\$314 billion	+~7%
3	Russia	~\$149 billion	+~18%
4	Germany	~\$95 billion	+~28% (2% GDP target)
5	India	\$92.1 billion	+8.9%

Note: India overtook Saudi Arabia and the United Kingdom to enter the global top five.

INDIA'S SPENDING — CONTEXT AND DRIVERS

Historical Trend

India has been a top-10 military spender for over a decade and entered the top 5 in 2025's SIPRI data — the first time since records began.

Key Drivers of the 8.9% Increase

- 1. Operation Sindoor aftermath (May 2025).** India's cross-border military operation following the Pahalgam terror attack (April 22, 2025) triggered an accelerated procurement cycle. The operation highlighted capability gaps in drones, counter-drone systems, air defence, and loitering munitions — all of which entered emergency procurement pipelines.
- 2. Indigenisation under AtmaNirbhar Bharat.** India's defence indigenisation push — driven by the Positive Indigenisation Lists (restricting imports of 508+ items) and Defence Acquisition Procedure (DAP) 2020 — has shifted spending toward domestic procurement. DRDO, HAL, BEL, and private-sector defence manufacturers (Tata Advanced Systems, L&T, Mahindra Defence) are beneficiaries.
- 3. Border infrastructure investment.** Post-Galwan (2020) accelerated construction of border roads, airfields, and forward operating bases along the LAC with China under the Border Roads Organisation (BRO).
- 4. Navy modernisation.** INS Vikrant (IAC-1) commencing operations, P-75I submarine programme, and maritime patrol aircraft procurement have driven naval capital expenditure.
- 5. Air Force upgrade.** Rafale squadrons scaling up, MRFA (Multi-Role Fighter Aircraft) tender, Light Combat Aircraft Mk-2 (Tejas Mk-2) development, and indigenous AESA radar programmes.

INDIA'S DEFENCE BUDGET — UPSC KEY FACTS

ITEM	FACT
India's defence budget (Union Budget 2025-26)	~₹6.81 lakh crore (~\$82 billion at ₹83/USD)
SIPRI figure (includes off-budget items)	\$92.1 billion (SIPRI uses broader definition)
% of GDP	~2.3-2.5% of GDP
% of government expenditure	~12-13%
Capital:Revenue ratio target	60:40 (long-standing reform goal; actual closer to 55:45)
Positive Indigenisation List	508+ items restricted from import
Defence Acquisition Procedure	DAP 2020
Indigenisation target	70% procurement from domestic sources by 2027

GEOPOLITICAL CONTEXT — WHY INDIA'S SPENDING MATTERS

China threat trajectory. China's \$314 billion defence budget is over 3× India's — and growing faster. The PLA's naval, air, and missile modernisation (DF-26, J-20, Type-075 amphibious assault ships) presents a qualitatively superior challenge to India along the LAC, in the Indian Ocean Region (IOR), and across the Indo-Pacific.

Pakistan factor. Pakistan's military spending (~\$8-9 billion) is about one-tenth of India's — but its nuclear doctrine (first use, full spectrum deterrence) means spending asymmetry does not eliminate the security challenge.

US alliances. Germany's 28% increase reflects NATO's 2% GDP spending commitment post-Russia-Ukraine war. Japan and South Korea have similarly accelerated spending. The Indo-Pacific region now accounts for a growing share of global military expenditure alongside Europe.

India's dilemma. India historically pursued **strategic autonomy** — avoiding binding alliances while engaging all major powers. Higher defence spending risks both **arms race dynamics** (with China) and **fiscal crowding out** of social expenditure (education, health, welfare). The 2026 SIPRI data makes this tension explicit at a higher scale.

SIPRI — INSTITUTIONAL BACKGROUND

- **SIPRI** = Stockholm International Peace Research Institute

- Founded: **1966** by the Swedish Parliament; based in **Solna (Stockholm), Sweden**
- Independent, international institute — funded by Swedish government but independent in analysis
- **Annual publications:** SIPRI Yearbook (military expenditure, arms transfers, conflicts, arms control)
- **SIPRI Military Expenditure Database** — most authoritative global source

UPSC RELEVANCE

PAPER	ANGLE
GS3 — Security & Defence	India's defence budget, procurement, indigenisation, DRDO, AtmaNirbhar Bharat defence
GS2 — International Relations	Global arms race, Indo-Pacific militarisation, US-China competition, India's strategic autonomy
GS3 — Economy	Defence FDI, MSME role in defence manufacturing, fiscal crowding out

Mains Keywords: SIPRI Military Expenditure Report, AtmaNirbhar Bharat defence, Defence Acquisition Procedure 2020, Positive Indigenisation List, Operation Sindoor procurement, India's strategic autonomy, arms race dynamics, IOR (Indian Ocean Region), Indo-Pacific militarisation

Prelims Facts Corner

ITEM	FACT
SIPRI founded	1966 (Swedish Parliament)
SIPRI headquarters	Solna (Stockholm), Sweden
India's rank (2025 data)	5th (USA, China, Russia, Germany, India)
India's 2025 military spend	\$92.1 billion (+8.9%)
Global total (2025)	\$2,887 billion
11th consecutive	Annual rise in global military expenditure
Top 5's share	58% of global military spending
SIPRI publishes	Military Expenditure Report + Yearbook annually

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