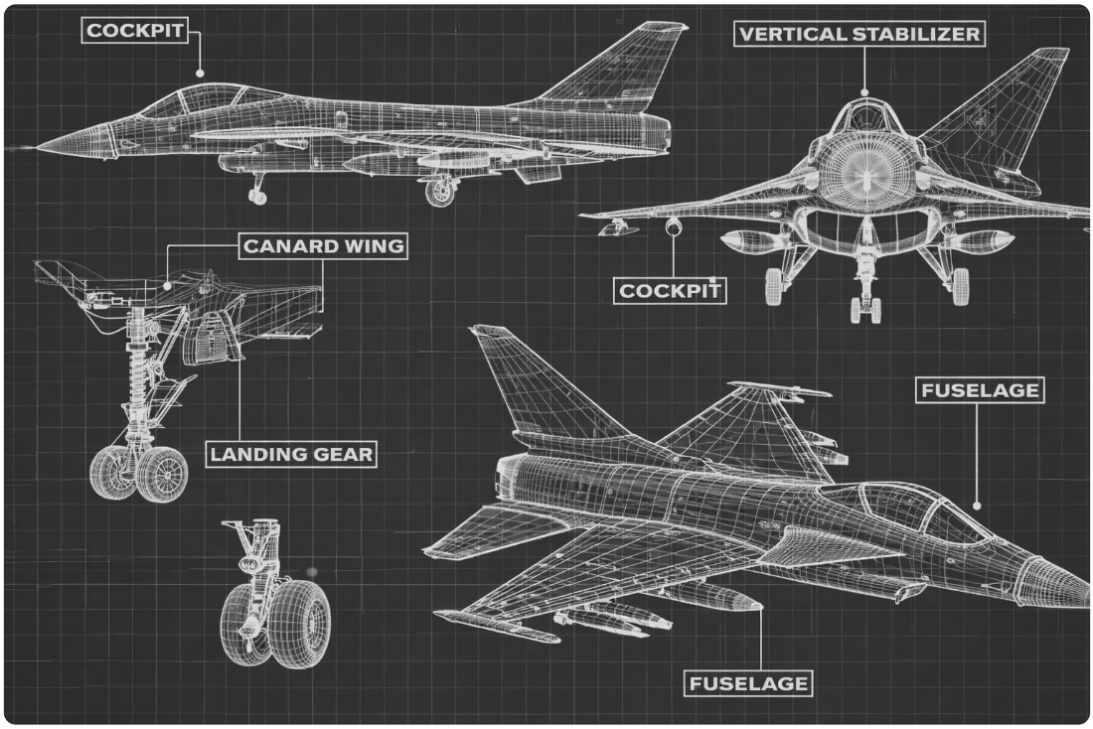
COMMENTARIES

Why the World's Biggest Aerospace OEMs Are Quietly Moving to India

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EXECUTIVE BRIEF & KEY FINDINGS

The global aerospace industry is undergoing a gradual yet significant geographic realignment, with India emerging as an increasingly important hub for manufacturing, engineering, and supply chain integration. This shift is not driven by a single factor but by a convergence of geopolitical, economic, and industrial dynamics. Rising geopolitical tensions, trade restrictions, and the risks associated with concentrated supply chains have compelled major aerospace original equipment manufacturers (OEMs) to diversify production across politically stable and strategically aligned regions. In this context, India offers a compelling combination of strategic alignment with Western partners, industrial scale, and a growing defence and aviation ecosystem. At the same time, structural cost pressures across the aerospace sector, including rising material costs and labour shortages in traditional manufacturing hubs, are pushing OEMs to seek locations that provide both cost efficiency and deep engineering capability. India's expanding pool of technical talent, strengthening supplier ecosystem, and supportive government policies are enabling it to move beyond its earlier role as a low cost outsourcing destination. Instead, it is becoming a centre for higher value activities including assembly, systems integration, testing, and certification. Combined with India's growing defence expenditure and emphasis on indigenous production under initiatives such as "Make in India" and "Make for the World," these factors are accelerating a long term restructuring of global aerospace supply chains and positioning India as a strategic pillar in the industry's future industrial architecture.

If you listen carefully to how global aerospace OEMs talk about India today, you will notice something interesting. The language has changed. India is no longer discussed as a future option or a low-cost extension of an existing supply chain. It is increasingly treated as a place where core decisions are being made.

This shift is not loud or dramatic. There are no grand announcements about moving everything overnight. Instead, there is a steady redesign of sourcing models, production footprints, and long-term partnerships. And once you look at the forces at work, the direction becomes hard to ignore.

Geopolitics Is Forcing Hard Choices

Aerospace has always been tied closely to geopolitics. What has changed is the level of uncertainty OEMs now have to plan around. Trade tensions, export controls, regional conflicts, and shifting alliances have made single-region dependency a real liability.

Western manufacturers are under pressure to build supply chains that are not just efficient, but politically and operationally resilient. That means diversifying production across trusted geographies that can support both civil and defence programs over decades.

India fits that requirement better than most. It is strategically aligned with the West, increasingly central to global defence cooperation, and large enough to absorb meaningful industrial scale. For OEMs thinking 20 or 30 years ahead, that matters.

Cost Pressures Are Structural, Not Cyclical

The aerospace industry is facing sustained cost pressure. Materials are more expensive. Skilled labour is harder to find in traditional manufacturing hubs. Compliance costs continue to rise, and customers are less willing to absorb overruns.

This is not a temporary squeeze that will ease with the next cycle. It is structural.

India offers a different cost equation, but not in the simplistic way it once did. The advantage today comes from depth. Engineering talent, manufacturing capability, and a growing ecosystem of tier-two and tier-three suppliers exist at scale. When those elements come together, OEMs can manage cost without hollowing out capability.

Recent policy measures, including duty exemptions on critical aircraft components and stronger support for domestic manufacturing, reinforce this shift. They reduce friction at exactly the points where global programs tend to slow down.

Supply Chains Are Being Rebuilt From the Ground Up

The post-pandemic recovery has exposed how fragile many aerospace supply chains really are. Ramp-ups have been slower than planned. Supplier bottlenecks have delayed deliveries. Even well-capitalised OEMs have struggled to synchronise production.

What this has triggered is not just supplier switching, but supply chain redesign.

OEMs are moving from narrow, optimised networks to broader, more distributed ones. India is becoming central to this rethink because it allows companies to do more than source parts. They can build, assemble, test, and increasingly certify from one geography.

The move by major OEMs to deepen assembly and system-level work in India is a clear signal. This is not about hedging risk at the margins. It is about creating an alternate backbone that can support global demand.

Defence Spending Is Creating Industrial Gravity

India’s defence outlay continues to grow, with a clear emphasis on domestic production, aircraft platforms, and systems integration. This creates something aerospace manufacturers value deeply: predictable, long-term demand.

When a strong domestic defence program exists alongside export ambition, it changes how OEMs evaluate investment risk. Facilities built for Indian programs can also serve global ones. Skills developed locally are transferable. Supply chains become more stable.

This is why partnerships around transport aircraft, regional platforms, and defence aviation ecosystems are gaining momentum. They are not isolated projects. They are foundations.

India Is Moving From Sourcing to Ownership

Perhaps the most important change is qualitative. India is no longer just a place where work is outsourced. It is becoming a place where responsibility is shared.

OEMs are increasingly comfortable assigning larger work packages, deeper integration roles, and longer program horizons to Indian partners. That trust has been built gradually, through delivery, compliance, and consistency.

As Indian manufacturers move up the value chain, the relationship shifts. Conversations move from price to performance, from capacity to capability. That is when a manufacturing base becomes strategic.

What This Means for the Next Decade

The quiet movement of aerospace OEMs into India is not a trend to be measured quarter by quarter. It is a long-term rebalancing of where aerospace gets built.

India offers something rare: scale without rigidity, cost advantage without capability loss, and geopolitical alignment without insularity.

Combined with a clear push toward Make in India, Atmanirbhar Bharat, and Make for World, the country is positioning itself as more than an alternative. It is becoming essential.

The global aerospace map is changing again. This time, the shift is deliberate, measured, and already underway. Those who recognise it early will shape how the next generation of aircraft platforms are designed, built, and supported.

The views expressed are those of the authors and do not represent the views of CNAWS.

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