

INTEGRATING MSME IN DEFENCE MANUFACTURING

A Research-based Recommendation Paper By
BCC&I

29th May, 2026

CONTENT

- 1. EXECUTIVE SUMMARY**
- 2. FOCUS ON MSME ATMANIRBHAR BHARAT DEFENCE CORRIDOR**
- 3. GROUNDWORK ALREADY INITIATED BY BCC&I**
- 4. PROPOSED DEFENCE CORRIDOR FRAMEWORK**
- 5. PROPOSED STRATEGIC INTERVENTIONS**
- 6. WHAT THE PROPOSED DEFENCE CORRIDOR MAY ENABLE**
- 7. CONCLUSION**

1. EXECUTIVE SUMMARY

As India increasingly focuses on strengthening indigenous defence manufacturing under the Atmanirbhar Bharat initiative, West Bengal possesses significant opportunity to emerge as a strategic defence manufacturing, supply and logistics ecosystem for Eastern India. The state's large MSME base, long-standing engineering capabilities, port-led infrastructure and connectivity to North Eastern India creates strong potential for integration into national defence manufacturing and procurement systems.

Recognising this opportunity, BCC&I, with support from the MSME & Textiles Department, Government of West Bengal, initiated groundwork for assessing Bengal's MSME capability landscape for defence-linked manufacturing. The assessment identified 123 technically validated MSMEs across 28 strategic sectors, with nearly 73% of the ecosystem found to be core manufacturing-oriented.

In this context, the proposed Defence Corridor framework examines strategic industrial clusters, MSME capability areas, procurement and PSU linkage opportunities, logistics integration and targeted interventions required for positioning West Bengal as an integrated Defence Manufacturing and Supply Hub for Eastern India.

2. FOCUS ON MSME ATMANIRBHAR BHARAT DEFENCE CORRIDOR

West Bengal is strategically positioned to emerge as Eastern India's Defence Manufacturing, Supply and Logistics Hub under the Atmanirbhar Bharat initiative, backed by one of India's largest MSME ecosystems, strong engineering and shipbuilding capabilities, port-led infrastructure, and strategic connectivity to North Eastern India through the Siliguri Corridor.

Historically, Bengal MSMEs contributed significantly to defence-related engineering, fabrication, and component supply ecosystems. However, over time, limited integration into modern procurement systems and organized defence supply chains led to underutilization of the state's manufacturing capabilities.

Despite Eastern India's strong industrial base, participation from the region in India's defence innovation ecosystem remains limited. Out of nearly 80 ongoing projects under DRDO's Technology Development Fund, only 4–5 currently involve firms from Eastern India, highlighting the gap between regional manufacturing capability and participation in strategic defence manufacturing ecosystems.



3. GROUNDWORK ALREADY INITIATED BY BCC&I

BCC&I, with support from the MSME & Textiles Department, Government of West Bengal, has already initiated preliminary groundwork for integrating Bengal MSMEs into defence manufacturing ecosystems. The following work has already been done by the BCC&I Project and Research Vertical:

- 123 MSMEs were technically validated through field-level assessments
- 28 strategic sectors relevant to defence manufacturing were identified
- Approximately 73% of the identified ecosystem was found to be core manufacturing-oriented

The assessment reflected a diversified MSME ecosystem, with nearly 66% of enterprises in the ₹1–25 crore turnover range and a strong presence of mid-sized and high-capability manufacturing units in the ₹25–500 crore segment, indicating strong defence manufacturing potential

KEY MSME CAPABILITY AREAS IDENTIFIED



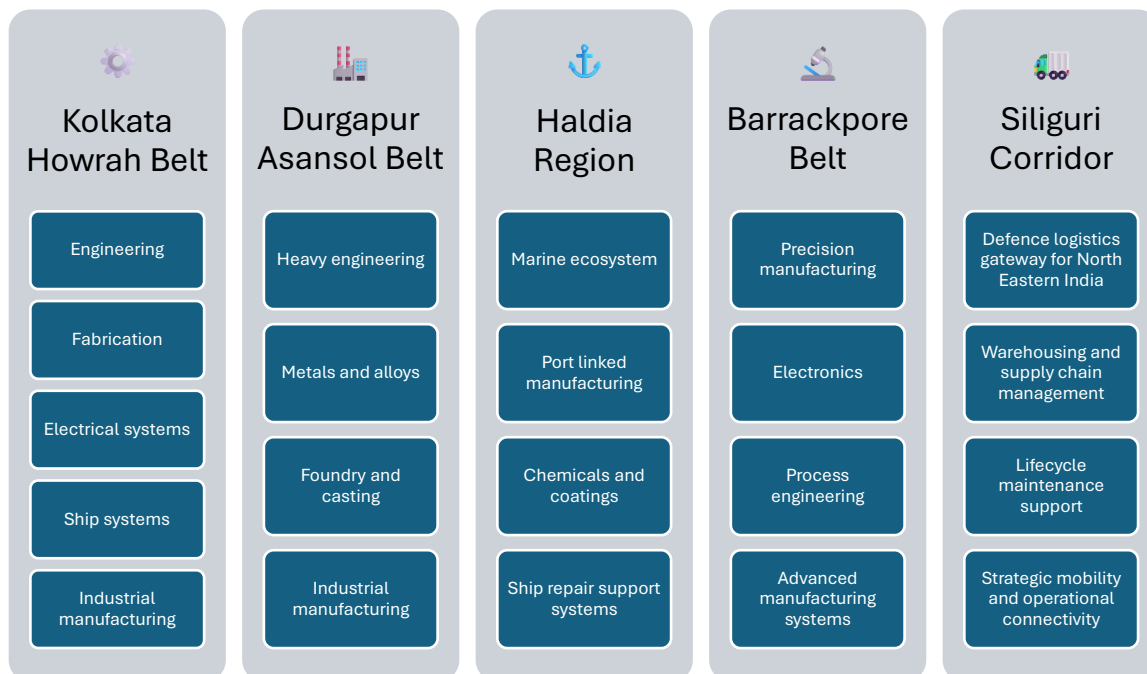
Institutional engagement and ecosystem interaction activities have also been initiated with:

Indian Navy DGQA Naval	GRSE HAL	Defence linked stakeholders
-----------------------------------	---------------------	--

Vendor onboarding support, GeM facilitation and procurement mapping activities and MSME helpdesk were also initiated to support MSME participation in organized procurement ecosystems.

4. PROPOSED DEFENCE CORRIDOR FRAMEWORK

It is proposed that West Bengal may be developed as an integrated multi-node defence manufacturing and logistics ecosystem connecting industrial clusters, MSMEs, Defence PSUs, testing infrastructure, and procurement systems across the state.



5. PROPOSED STRATEGIC INTERVENTIONS

PRIORITY AREA	PROPOSED FOCUS
Certification Ecosystem	DGQA, ZED, AS9100, and quality readiness support
Procurement Integration	Vendor onboarding, GeM facilitation, and procurement linkage
Testing Infrastructure	Common testing, calibration, and validation facilities
Technology Modernization	CNC, automation, and precision manufacturing support
Cluster Development	Defence-oriented industrial cluster strengthening
Skill Development	Precision manufacturing and defence technical skilling
Logistics Integration	Logistics and warehousing ecosystem
Market Linkage	Structured buyer-seller platforms, OEM engagement programs, PSU procurement linkage, and MSME integration into organized supply chains

6. WHAT THE PROPOSED DEFENCE CORRIDOR MAY ENABLE



7. CONCLUSION

The proposed Defence Corridor framework presents an opportunity to strengthen West Bengal's position within India's evolving defence manufacturing ecosystem by leveraging the state's engineering base, MSME capabilities, strategic logistics connectivity and industrial infrastructure. Through stronger MSME integration, procurement linkage, technology modernisation and cluster-based industrial development, the framework can support long-term manufacturing growth, employment generation and development of an integrated Defence Manufacturing and Supply Ecosystem for Eastern India.

