

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO.495
TO BE ANSWERED ON 20th November, 2019

DEFENCE EXPORT

495. SHRI V.K. SREEKANDAN:

Will the Minister of DEFENCE be pleased to state:

- (a) whether India's defence exports is likely to triple to Rs. 35,000 crore by 2024;
- (b) if so, the details thereof;
- (c) whether the Government is considering to lower bureaucratic barriers and simplify procedures to promote domestic defence manufacturing; and
- (d) if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(SHRI SHRIPAD NAIK)

(श्री श्रीपाद नाईक)

(a) & (b): Various reforms/steps have been taken to enhance Defence exports. These reforms have provided a big boost to defence exports in the recent times. The authorisation for defence exports in the country have grown seven folds in the last two years. The steps taken to promote defence exports is at **Annexure I**.

(c) & (d): As per **Annexure II**.

**ANNEXURE-I REFERRED IN THE REPLY GIVEN IN PART (a) & (b) OF
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Measures Taken By The Government To Promote Defence Exports

- (i) Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) Category 6 titled “Munitions List” that was hitherto “Reserved” has been populated and Military Stores list notified vide Notification No.115(RE-2013)/2009-2014 dated 13th March 2015 stands rescinded.
- (ii) The Director General of Foreign Trade (DGFT) vide Public Notice No. 4/2015-20 dated 24th April, 2017, notified Department of Defence Production(DDP) as the Licensing Authority for export items in Category 6 of SCOMET. The export of items specified in Category 6 (Munitions List) except those covered under Notes 2 & 3 of Commodity Identification Note (CIN) of the SCOMET is now governed by the Standard Operating Procedure issued by the Department of Defence Production (DDP), Ministry of Defence.
- (iii) Standard Operating Procedure (SOP) for the export of munitions list items has been modified and placed on the website of the DDP.
- (iv) A completely end-to-end online portal for receiving and processing authorisation permission has been developed. The applications submitted on this portal are digitally signed and the authorisation issued is also digitally signed.
- (v) In repeat orders of same product to the same entity, consultation process has been done away with and permission is issued immediately. For the repeat order of same product to different entity, the consultation earlier done with all stakeholders is now limited only with MEA.
- (vi) In Intra-Company business (which is especially relevant for outsourcing of work by defence related parent company abroad to its subsidiary in India), the earlier requirement of getting End User Certificate (EUC) from the Government of importing country has been done away with and ‘Buying’ Company is authorized to issue the EUC.
- (vii) The legitimate export of the parts and components of small arms and body armour for civil use are now being permitted after prior consultation with MEA.
- (viii) For export of items for exhibition purposes, the requirement of consultation with stakeholders has been done way with (except for select countries).

- (ix) Powers have been delegated to DRDO, DGOF, and CMD's of DPSUs for exploring export opportunities and participation in global tenders.
- (x) New End User Certificate Format for Parts & Components has been provided in SOP.
- (xi) Validity of Export Authorization has been increased for 02 years to date of completion of order/component whichever is later.
- (xii) A new provision for re-exporting parts and components for undertaking repair or rework to provide replacement for a component under warranty obligation is inserted in the SOP as a sub-classification of repeat orders.
- (xiii) MHA vide Notification dated 1.11.2018 has delegated its powers to this Department to issue export license under Arms Rules 2016 in Form X-A, for parts & components of small arms. With this the Department of Defence Production becomes the single point of contact for exporter for export of parts and components of Small Arms & Ammunitions.
- (xiv) The Government has notified the Open General Export License (OGEL) - a one time export license, which permits the industry to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorisation during the validity of the OGEL.
- (xv) Scheme for Promotion of Defence Exports has been notified to provide an opportunity to the prospective exporters an option to get their product certified by the Govt. and provides access to the testing infrastructure of Ministry of Defence for initial validation of the product and its subsequent field trials. The certificate can be produced by the prospective exporter for marketing their products suitably in the global market.
- (xvi) A separate Cell has been formed in the Department of Defence Production to co-ordinate and follow up on export related action including enquiries received from various countries and facilitate private sector and public sector companies for export promotion.
- (xvii) A Scheme to provide financial support to Defence Attaches for taking up actions for promoting exports of Indian made defence products both of public and private sector in the countries to which they are attached has been notified.

**ANNEXURE-II REFERRED IN THE REPLY GIVEN IN PART (c) & (d) OF
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**Measures Taken To Simplify Procedures To Promote Domestic Defence
Manufacturing**

(i) In May, 2001, the Defence Industry sector, which was hitherto reserved for the public sector, was opened up to 100% for Indian private sector participation, with Foreign Direct Investment (FDI) up to 26% both subject to licensing. Further, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry vide Press Note No. 5 (2016 Series), has allowed FDI under automatic route upto 49% and above 49% through government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.

(ii) The initial validity of industrial licenses under I(D&R) Act, 1951 has been revised to 15 years, further extendable up to 18 years for existing as well as future licenses vide Press Note 10(2015 Series) dated 22.09.2015. Further, under Arms Act, 1959/Arms Rules 2016, license granted shall be valid for the lifetime of licensee company provided the licensee shall be required to setup facility and fulfill other conditions within a period of seven years from the date of grant of a license.

(iii) Based on the initiative taken by Department of Defence Production to review Defence Product List for the liberalization in defence manufacturing sector, the Defence Product List has got rationalized and trimmed.

(iv) So far, government has issued 452 licenses for manufacture of a wide range of defence items to Indian companies. Further, 42 FDI proposals/Joint Ventures have been approved for manufacture of various defence equipments, both in public and private sector.
