

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
RAJYA SABHA
UNSTARRED QUESTION NO. 1325
TO BE ANSWERED ON 19th December, 2022

STATUS OF COUNTRY'S DEFENCE EXPORTS

1325 SHRI SUJEET KUMAR:

Will the Minister of Defence be pleased to state:

- (a) the details of country's defence exports for the last three years, country-wise;
- (b) the steps taken by Government to foster defence manufacturing ecosystem in the country;
and
- (c) the steps taken by Government to achieve the target of US \$5 billion for defence exports by 2024?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

- (a) to (c) A statement is attached as per Annexure.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (c) OF RAJYA SABHA UNSTARRED QUESTION NO. 1325 FOR ANSWER ON 19.12.2022 REGARDING “STATUS OF COUNTRY'S DEFENCE EXPORTS”.

(a): Department of Defence Production issues authorisation for export of Munitions List items covered in Category 6 of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET). At present, the exports are being made to more than 75 countries all over the world. Names of the countries cannot be divulged due to strategic reasons. Based on the value of Export Authorization issued by DDP to Private companies and actual export / contract done by DPSUs/OFB, the export value during the last three years is as under: -

	2019-20	2020-21	2021-22	2022-23 (till date)
Total Export Value(in Crores)	9,116	8,435	12,815	6,058

(b):To foster defence manufacturing ecosystem in the country, the Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, there by promoting self-reliance in defence manufacturing & technology in the country. These initiatives, inter-alia, include according priority to procurement of capital items falling in Buy Indian (IDDM) Category from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of four ‘Positive Indigenization Lists’ of total 411 items of Services and three ‘Positive Indigenization Lists’ of total 3738 items of Defence Public Sector Undertakings(DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Rationalised Defence Product List which required Industry License; Liberalization of Foreign Direct Investment(FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Mission DefSpace; Launch of Innovations for Defence Excellence (iDEX) scheme involving Startups& Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; and Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Earmarking of 25% defence R&D Budget for industry led R&D; and Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources.

(c): Government has brought in various reforms including ease of doing business to achieve the target of US \$5 billion for defence exports by 2024-25 and to boost 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 has delegated its authority and 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 have been simplified and placed on the website of the DDP.
- (iv) A completely end-to-end online portal for receiving and processing export authorisation permission has been developed. The applications submitted on this portal are digitally signed and the authorisation are also issued digitally, at faster pace.
- (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 requirement of Government signed EUC in cases of providing engineering services (ToT related to Munitions List) to Wassenaar Arrangement (WA) Countries has been dispensed with.
- (viii) Legitimate export of systems/platforms for civil end use to WA Member countries is considered subject to submission of EUC or import certificate or equivalent document issued by the Government of importing country.
- (ix) The legitimate export of the parts and components for civil use are now being permitted to WA Countries after prior consultation with MEA.
- (x) For export of items for exhibition purposes, the requirement of consultation with stakeholders has been done away with (except for select countries).
- (xi) Powers have been delegated to DRDO and CMDs of DPSUs for exploring export opportunities and participation in global tenders.
- (xii) New simplified End User Certificate Format for Parts & Components has been provided in SOP.
- (xiii) Validity of Export Authorization for export of parts & components has been increased from 02 years to date of completion of order/component whichever is later.
- (xiv) 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.

- (xv) MHA vide Notification dated 1.11.2018 has delegated its powers to Department of Defence of Production 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.
- (xvi) The Government has notified the Open General Export License (OGEL) - 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. OGEL has been integrated with end to end online Portal.
- (xvii) 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 Government 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.
- (xviii) 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, sharing the leads with private sector & public sector companies and facilitate exports.
- (xix) In order to boost defence exports, regular webinars are organized with Friendly Foreign Countries (FFCs) under the aegis of DDP, MoD through Indian Mission abroad and Industry Associations with active participation from Indian Defence Industries.
- (xx) A Scheme to provide financial support to Defence Attaches for taking up actions for promoting Indian defence exports of both public and private sector in the countries to which they are attached, has been notified.
- (xxi) A High Level Committee (HLC) has been constituted under the Chairmanship of RakshaMantri to facilitate faster clearances to export of major indigenous defence platforms to Friendly Foreign Countries.
