

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
**LOK SABHA**  
**UNSTARRED QUESTION NO.355**  
TO BE ANSWERED ON 3<sup>rd</sup> February, 2021

**EASE OF DOING BUSINESS IN DEFENCE MANUFACTURING**

355. COL. RAJYAVARDHAN RATHORE:

Will the Minister of DEFENCE j{k k ea=h  
be pleased to state:

- (a) the measures taken to increase the ease of doing business in defence manufacturing and the average time taken to process applications for industrial licenses for defence manufacturing under the Industries(Development and Regulation) Act, 1951 and Arms Rules,2016;
- (b) the total number of industrial license applications pending with the DIPP and the MoD along with the number of years for which these applications have been pending and the reasons therefor;
- (c) whether there are stipulated timelines for completion of various steps in the license application procedure;
- (d) if so, the average time taken by the Standing Committee on Private Sector Participation in Defence Production to provide comments on license applications; and
- (e) whether the MoD is considering proposals to allow manufacturing of items for non-defence use and issuing licenses subsequently for defence use of those items and if so, the details thereof?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(SHRI SHRIPAD NAIK)

(a) to (e): A statement is attached.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA UNSTARRED QUESTION NO. 355 FOR ANSWER ON 03.02.2021 REGARDING 'EASE OF DOING BUSINESS IN DEFENCE MANUFACTURING'.**

(a) Following measures have been taken up by Government to increase the ease of doing business in defence:

1. The initial validity of industrial licenses under the I(D&R) Act, 1951 which was earlier 7 years, extendable up to 3 years for existing as well as future licenses, issued vide DPIIT Press Note 5 (2015 Series) dated 27.04.2015 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 life time of the 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.
2. Guidelines have been issued to streamline the processing of applications for grant of extension of validity of Industrial Licence.
3. Partial commencement of production is treated as commencement of production of all the items included in the licence.
4. The advanced version of National Industrial Classification (NIC-2008) has been adopted, which is a superior/sophisticated industrial classification.
5. The 'Security Manual for Licensed Defence Industry' has been issued. With the issue of the Security Manual, the requirement of affidavit from the applicants has been done away with.
6. Restriction of annual capacity in the Industrial Licence for Defence Sector has been removed under Industries (Development & Regulation) Act, 1951.
7. Licensee has been allowed to sell the defence items to the government entities under the control of Ministry of Home Affairs (MHA), Public Sector Undertakings (PSUs), State Governments and other Defence Licensee companies without approval of Department of Defence Production.
8. Mapping of Sector specific FDI policy with NIC-2008 code has been completed and Press Note issued.
9. Licensee has been allowed to manufacture enhanced capacity up to fifteen percent of the existing capacity with prior intimation to the licensing authority under Arms Act, 1959.

10. A new online portal has been developed for facilitating filing of online applications for Industrial Licence under Industries (Development & Regulation)-IDR Act, 1951/Arms Act, 1959. The link of the portal is <https://services.dipp.gov.in>. This online portal is available for Public with effect from 16.10.2018 for filing applications.
  11. Subsequent to issue of MHA Notification No. S.O. 6203(E) dated 14.12.2018, Defence products list requiring compulsory licence from DPIIT under Industries (Development & Regulation) Act, 1951 and Arms Act, 1959 has been pruned, and DPIIT Press Note 1(2019 Series) dated 01.01.2019 has been issued. This is in supersession of DPIIT Press Note 3(2014 Series) dated 26.06.2014. With issue of Press Note 1(2019 Series), the licensing in defence sector has been further liberalized.
  12. To facilitate further ease of doing business in Industrial Licensing Press Note 2(2019 Series) dated 11.09.2019 has been issued clarifying that No Industrial Licence/Arms Licence is required for manufacture of any parts or accessories in Defence Sector, unless they are specifically listed in any of the Annexures of Press Note 1(2019 Series). This shall not apply to issue of Arms Licence for small arms by MHA.
  13. Press Note 3(2019 Series) dated 11.09.2019 was issued thereby withdrawing Press Note 17(1984 Series).
  14. Final notification regarding Amendment in the Registration and Licensing of Industrial Undertaking Rules, 1952 under Industries (Development & Regulation) Act, 1951 was published vide Notification No. G.S.R. 637(E) dated 04.09.2019 and the Registration and Licensing of Industrial Undertaking Rules, 2019 has been laid on the table of the Houses of Parliament in the Winter Session, 2019.
- (b) The License applications are processed in consultation with various stakeholders. Currently, 28 License applications in MoD and 30 in Department for Promotion of Industry and Internal Trade (DPIIT) are under examination and stakeholders' consultation as per laid down procedure.
- (c) As per Registration and Licensing of Industrial Undertaking (Amendment) Rules, 2019 dated 04.09.2019 notified by Ministry of Commerce & Industry, the timeline for processing the application is 5 months from the date of registration.
- (d) Meetings of Standing Committee on Private Sector Participation are convened at regular intervals and comments are conveyed to Licensing Authorities.
- (e) No such proposal is under consideration in Department of Defence Production (DDP).

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