

The relaxed norms will give impetus to Indian defence Industry to invest in defence R&D and manufacturing - FICCI

New Delhi, 27 June, 2014: FICCI welcomes Ministry of Defence initiative to prune down the defence items requiring industrial licence for manufacturing and limit it to only major defence platforms, small arms and ammunitions and other sensitive products. A reformed list of defence items as finalized by Department of Defence Production, Ministry of Defence, notified vide Press Note No.3(2014 Series), on June 26, 2014 has restricted the conditions of defence licence to Tanks and other armour fighting vehicles, defence aircrafts, space craft and parts thereof, warships of all kinds and arms and ammunition and allied items of defence equipment, parts and accessories.

The relaxed norms, in FICCI opinion, will relive Indian defence industry including large number of MSMEs engaged in manufacture of components in synchronising with global supply chains of OEMs, as also benefit manufacturers of dual use item. This will give impetus to Indian Industry to invest in defence R&D, manufacturing and enter into strategic sector to strengthen the indigenous capabilities and march towards self reliance and greater indigenisation.

This move will also help Foreign OEMs harness frugal manufacturing by MSMEs working in niche technology and products so also expand offset relationships erstwhile restricted for participation due to cumbersome licensing procedure and requirements. **De-licensed companies, especially MSMEs will now have greater access to funds through liberalised automatic route of FDI.** While this pruning down of industrial licence is a welcome step, DIPP also needs to streamline procedures and adhere to strict guidelines for the industry requiring defence industrial licence.

FICCI advocates the use of this list of Defence items in conjunction with SCOMET list (item 7; Security IT and Software (Special Chemicals, Organisms, Materials, Equipment) for Export Clearance.

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