

What is the protocol for defence exports? | Explained

What are the rules laid down in the Handbook on India's Strategic Trade Control Systems? Why is there a 'harmonised list' on export control of dual-use and military items, including software and technologies? What is the primary objective of strategic export controls on defence equipment?

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Defence Ministry announced that defence exports have hit a new high of ₹23,622 crore for FY 2024–25. | Photo Credit: Ministry of Defence via PTI Photo

The story so far: India's robust legal and regulatory framework on strategic trade continues to guide overseas commercial ventures by its companies, the Ministry of External Affairs said last week. It was responding to a U.S. media report it termed "factually incorrect and misleading", which claimed that Defence Public Sector Undertaking (DPSU) Hindustan Aeronautics Limited (HAL) supplied items sourced from a British firm to Russia.

What did the MEA say?

The MEA said the Indian entity mentioned in the report has scrupulously followed all its international obligations on strategic trade controls and end-user commitments. It observed that the report had tried to “frame issues and distort facts” to suit a “political narrative”. This is not the first time such an allegation has been made. There have been similar allegations in the last couple of years, since the beginning of the Ukraine war in 2022.

Why is the regulation important?

The primary objective of strategic trade controls/export controls is to prevent the proliferation of Weapons of Mass Destruction (WMD) and their delivery systems, as well as the uncontrolled transfer of conventional arms/military items, states the Handbook on India’s Strategic Trade Control Systems released by the Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry. “Accordingly, India maintains a harmonised list on export control of dual-use and military items, including software and technologies, having potential civilian/industrial applications as well as military and WMD use. It is restricted/permitted under an export authorisation or licence (unless specifically exempted), except for certain items that are prohibited,” it states.

Effective export controls are critical as India looks to significantly expand its defence exports with a current target of reaching ₹50,000 crore by 2029. On April 1, the Defence Ministry announced that defence exports have hit a new high of ₹23,622 crore for FY 2024-25, a growth of ₹2,539 crore or 12.04% over the previous financial year. The government, in the last few years, has taken a series of steps to boost exports by simplifying licensing requirements. As reported by The Hindu, defence

sources had stressed that in the initial days of the Gaza offensive, Israel had requested artillery shells but India took a policy decision not to supply them; it similarly decided to stay neutral between Russia and Ukraine and took a stand to not supply “kinetic equipment” to either of them.

How does the licensing system work?

India is a member-signatory to international conventions on disarmament and non-proliferation such as the Chemical Weapons Convention (CWC) and Biological Weapons Convention (BWC). India is also a member of major multilateral export control regimes — the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement on munitions and military items; and the Australia Group on biological and chemical items. In line with this, India maintains a list of items controlled for export under the Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) list. There are eight categories under the SCOMET list and the Department of Defence Production (DDP) issues authorisation for export of Munitions List items covered in Category 6.

According to a December 2024 report, the Defence Secretary informed the Parliamentary standing committee, “I will tell you very briefly that we are exporting to more than 100 countries and most of them are done by our PSUs. But now the private sector is also coming forward. The major platforms we have done are Dornier 228 aircraft, 155 mm advanced towed artillery gun, Brahmos missile, Akash missiles, radar simulators, Pinaka rockets etc. There are many things, but most of the exports are PSU-driven.”

What are the steps taken to boost exports?

Various policy measures have been adopted to ease the approval/certifications for Indian firms for defence production while maintaining effective controls. The Defence Products list requiring industrial licences has been rationalised and the manufacture of most of the parts or components does not require an industrial licence. A Defence Production and Export Promotion Policy has also been formulated. The DDP issues the authorisation for export of items on the Munitions List. In a written reply to Parliament in February 2023, the Defence Ministry stated that, “These equipment are exported to different countries all over the world. Names of the countries with whom contracts have been signed and negotiations held cannot be divulged due to strategic reasons.”

The Defence Ministry further informed the standing committee that the standard operating procedures for export have been streamlined, an Export Promotion Cell has been set up and DPSUs have been assigned geographical areas for marketing. A Defence Export Promotion Scheme was launched in 2018 to promote Make in India products. A complete 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 is also issued digitally, improving the pace, according to the Defence Ministry. “The requirement of government signed End User Certification in cases of providing engineering services (transfer of technology) related to Munitions List to Wassenaar Arrangement (WA) countries has been dispensed with,” the Defence Ministry said.

Further, the Home Ministry through a notification in November 2018 has delegated its powers to DDP to issue export licence under Arms Rules 2016 for parts and components of small arms. With this DDP becomes the single point of contact for the export of parts and components of small arms and ammunitions, the Ministry said.

The government has also notified the Open General Export Licence (OGEL) — a one-time export licence — which permits the defence industry firms to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorisation.

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