

Defence manufacturing rules eased

Licensing process made simpler for private industry to build a range of equipment

SPECIAL CORRESPONDENT

NEW DELHI

The government issued a notification last week simplifying the the process for approval of manufacturing of a range of defence and aerospace equipment and components by private industry, by bringing them under the licensing authority of the Department of Industrial Policy and Promotion (DIPP).

The notification was issued as a press note dated January 1 by the DIPP, which is under the Ministry of Commerce and Industry.

Building warships

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The most significant aspect is that warships of all kinds, sur-



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face and sub-surface, have been included in the listing. “With the list of defence items requiring industrial licences being pruned down by removing the requirement of licensing for ‘parts and components of the equipment’, this would accrue benefits towards Tier-I/Tier-II

vendors giving a boost to the small and medium enterprises (SMEs),” industry body Associated Chambers of Commerce and Industry of India (ASSOCHAM) said in a statement.

This notification, which supersedes DIPP’s earlier press note of June 2014 on this issue,

segregates defence items in two categories covered by two different Acts – the Industries (Development and Regulation) Act, 1951, and the Arms Act, 1959.

Foreign manufacturers

This move is also expected to help foreign Original Equipment Manufacturers (OEM) looking for partnerships with the private sector. The Defence Ministry has formulated an ambitious Strategic Partnership (SP) model under the Defence Procurement Procedure (DPP), covering four specific areas to promote role of private sector in defence manufacturing. However, progress on finalising the projects under the SP model has been slow.

The ASSOCHAM statement said the creation of a strong supply chain is critical.