



Embargo on defence product imports to support MSMEs and large firms

Government of India's move to impose embargo on 101 defence products will boost micro, small and medium enterprises that supply critical components to large defence manufacturers such as L&T, Mahindra Defence, Bharat Forge, Ordnance Factory Board etc. On August 9, 2020, Government of India imposed import embargo on 101 defence products to enhance self-reliance by supporting domestic manufacture of these items.

Unlike in the past, the current list of 101 items include not just simple parts but also some high technology weapon systems such as light combat helicopters (LCHs), radars, artillery guns, assault rifles, corvettes, sonar systems, transport aircrafts etc. The list also includes, wheeled armoured fighting vehicles (AFVs).

In the next 5-7 years, government is expected to place orders worth Rs 4 lakh crore for procurement of these items from private and public sector defence companies. In another significant move, the government has created a separate budget head with an outlay of nearly Rs 52,000 crore for domestic capital procurement in the current financial year.

The move will not only increase self-reliance of India in defence manufacturing, but also reduce import, save foreign exchange and create employment in the sector. Local defence companies will be encouraged to incur capital expenditure to expand their production base as there is certainty that government will place orders with them instead of buying from abroad.

Way Forward:

In the days ahead, the government has to support the defence manufacturing sector by addressing key concerns of the industry. Some of the key concerns of the industry are: lack of level playing field between private sector defence manufacturers and public sector defence undertakings, huge delay in procurement of defence goods, lack of sufficient budget for procurement of defence equipments. The government's move to create a separate budget head for domestic procurement sends the right signal about the commitment of the government to procure from domestic manufacturers. Now, the government needs to ensure timely procurement of the identified list of defence goods. The government should also make it easier for domestic defence companies to import technology and machineries for manufacturing these items. Lastly, the government should facilitate defence manufacturers and the defence forces to conduct trials of defence equipments by making available field firing range without delay. One of the complaints of the defence forces is that there was delay in conducting trials of defence equipments as field firing range was not made available by the government on time.



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Notifications

Press Information Bureau, Government of India

Indian products deserve fair access to other countries

<https://pib.gov.in/PressReleasePage.aspx?PRID=1644817>

Indigenously manufactured items among negative list of imports

<https://pib.gov.in/PressReleasePage.aspx?PRID=1644780>

Recent steps to give relief to MSMEs

<https://pib.gov.in/PressReleasePage.aspx?PRID=1644760>

DGFT

Certification of Inspection for export of rice to Europe

<https://content.dgft.gov.in/Website/dgftprod/97dd6bc7-3a23-431a-ba2f-41b7045e2d44/Noti%2024%20Eng.pdf>

No issue of advance authorization for export of gold medallions

<https://content.dgft.gov.in/Website/dgftprod/302694b2-5d83-4406-a92c-e840563099c9/Notification%2025%20English.pdf>

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Provisional anti-dumping duty on imports of Black Toner in powder form

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd22-2020.pdf;jsessionid=63BD3FC1C0EC1BEC8CFA4E72FE14864E>