

SCOMET & DAP 2020: What Every Indian Defence Manufacturer Must Know

A practical compliance guide to India's Special Chemicals, Organisms, Materials, Equipment and Technologies export control list and the Defence Acquisition Procedure 2020 — and why both matter before your first supply contract.

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Executive Summary

India's defence manufacturing sector is undergoing the most significant structural transformation in its post-independence history. The Aatmanirbhar Bharat initiative, the Defence Acquisition Procedure 2020 (DAP 2020), and the progressive indigenisation of the armed forces supply chain have created substantial commercial opportunity for private manufacturers. However, this opportunity carries a compliance obligation that many new entrants underestimate: the SCOMET export control framework.

SCOMET — Special Chemicals, Organisms, Materials, Equipment and Technologies — is India's principal dual-use and munitions export control regime, administered by the Directorate General of Foreign Trade (DGFT) under the Ministry of Commerce and Industry. For any Indian company manufacturing artillery ammunition, explosives, propellants, fuze components, guidance systems, or autonomous platforms, SCOMET is not optional background reading. It is a hard legal boundary on what can be manufactured, transferred, exported, or even demonstrated to a foreign national without a licence.

KEY POINT

Non-compliance with SCOMET does not merely result in a denied export licence. It can trigger prosecution under the Foreign Trade (Development and Regulation) Act 1992, disqualification from MoD vendor registration, and in serious cases, referral to national security agencies.

This brief provides a structured, practical introduction to the SCOMET framework as it applies to Indian private defence manufacturers — with particular emphasis on Category 6 (Munitions List) items, the interaction with DAP 2020's Make in India provisions, and the compliance steps a manufacturer should take before entering into any supply or co-production agreement.

1. What Is SCOMET?

SCOMET is India's implementation of its obligations under international non-proliferation regimes, including the Wassenaar Arrangement, the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG), the Australia Group, and the Chemical Weapons Convention. The list is structured in eight categories:

Category 0	Nuclear materials, equipment and technology
Category 1	Toxic chemical agents and precursors
Category 2	Micro-organisms and toxins
Category 3	Materials, materials processing
Category 4	Electronics
Category 5	Computers, telecommunications and information security
Category 6	Sensors and lasers / Munitions List
Category 7	Aerospace and propulsion
Category 8	Other

For ammunition manufacturers, the critical category is Category 6B — the Munitions List. This covers ammunition of all calibres, propellants, explosives, fuzes, warheads, and related production equipment. Manufacturers of 155mm artillery shells, mortar rounds, or any explosive-filled ordnance will find that virtually their entire product range falls within Category 6B.

IMPORTANT	Category 6B items require a SCOMET licence for any export — including deemed exports such as technology transfer, provision of manufacturing know-how to a foreign entity, or demonstration to a foreign buyer on Indian soil.
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2. The DAP 2020 Framework and Its Compliance Interface

The Defence Acquisition Procedure 2020 is the governing procurement framework for the Indian Armed Forces. It replaced DPP 2016 and introduced several provisions directly relevant to private Indian manufacturers:

2.1 Indigenisation Categories

DAP 2020 categorises procurement under Buy (Indian-IDD), Buy (Indian), Buy & Make (Indian), Buy & Make, and Buy (Global — Manufacture in India). Each category specifies minimum indigenous content thresholds. For a private manufacturer, understanding which category a particular requirement falls under determines the permissible foreign content in the product and what technology transfer arrangements are legally permissible.

2.2 Vendor Registration and Industrial Licence

Supply to the Indian Armed Forces requires registration on the SRIJAN indigenisation portal and, for most Category 6B products, a valid Industrial Licence (IL) issued by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Industries (Development and Regulation) Act 1951. The IL specifies permitted products, production quantities, and — critically — the end-user restrictions on the output.

NOTE

An Industrial Licence for ammunition manufacturing does NOT automatically confer SCOMET export authorisation. These are separate licences under separate ministries. A manufacturer holding a valid IL but lacking SCOMET authorisation cannot legally export the same product for which it holds domestic production approval.

2.3 Offset Obligations and Technology Transfer

DAP 2020 retains offset obligations for acquisitions above Rs 2,000 Crore in the Buy (Global) and Buy & Make categories. These offsets frequently involve technology transfer from foreign OEMs to Indian entities. Where the technology transferred falls within SCOMET categories, the Indian recipient must ensure it holds the appropriate SCOMET authorisation before receiving the transfer, regardless of the offset credit structure approved by the Defence Acquisition Council.

3. Key Compliance Obligations for Ammunition Manufacturers

3.1 Licence Application — SCOMET

SCOMET licence applications are filed through the DGFT's online portal. The application requires:

- Description of the item and its SCOMET classification code
- End-user details — including End User Certificate (EUC) from the importing country's authorised government authority
- Import Certificate (IC) from the importing country where required
- Statement of intended end-use
- Details of any foreign technology involved in the item's manufacture
- Declaration of existing SCOMET licences held by the applicant

DGFT consults with the Ministry of External Affairs, Ministry of Defence, and relevant technical agencies before issuing a SCOMET licence for Munitions List items. Processing timelines for Category 6B items typically range from 8 to 16 weeks, though this varies with the destination country and the sensitivity of the technology.

3.2 Deemed Export Obligations

A dimension of SCOMET that surprises many manufacturers is the deemed export provision. Under SCOMET guidelines, a deemed export occurs when controlled technology or items are disclosed to a foreign national on Indian soil. This has direct implications for:

- Plant visits by foreign buyers or foreign technology partners
- Provision of technical documentation, specifications, or test data to foreign entities
- Demonstrations of live-fire capability or manufacturing process to foreign delegations
- Employment of foreign nationals in production or R&D roles involving controlled technology

RISK AREA

Manufacturers hosting foreign defence delegations or entering co-development arrangements with foreign OEMs without prior SCOMET authorisation are exposed to deemed export liability even if no physical goods cross a border.

3.3 Post-Shipment and End-Use Verification

SCOMET-controlled exports are subject to post-shipment verification. The exporting company is required to submit shipping documents to DGFT within 90 days of shipment and, in certain cases, to cooperate with end-use verification conducted by Indian diplomatic missions in the destination country. Failure to cooperate with end-use verification can result in suspension of future SCOMET licences.

4. Five Compliance Steps Before Your First Supply Contract

Based on the regulatory framework above, the following sequenced actions are recommended for any private Indian manufacturer entering the defence supply chain for the first time:

1. Conduct a SCOMET classification audit of your entire product range. Identify every item, component, sub-component, material, and technology that falls within any SCOMET category. Do not limit the review to finished products — raw materials such as RDX, TNT, and specific propellant formulations are themselves SCOMET-controlled.
 2. Verify your Industrial Licence scope. Ensure your IL covers all products you intend to supply. IL amendments require DPIIT application and can take 3–6 months. Begin this process before you receive a request for quotation from the Armed Forces or a foreign buyer.
 3. Establish an Internal Compliance Programme (ICP). DGFT's SCOMET guidelines encourage — and in practice favour — exporters who maintain a documented ICP covering classification procedures, screening of foreign nationals, record-keeping, and employee training. An ICP is not a legal requirement but significantly strengthens your licence applications and provides a defensible record in the event of an audit.
 4. Engage with the Indian Defence Exporters' Association (IDEA) and the FICCI Defence & Aerospace division. Both maintain working groups on export control and have direct engagement with DGFT and MoD on SCOMET policy. Membership provides early notice of regulatory changes and access to government interface channels.
 5. Seek specialised legal and regulatory counsel before entering any co-production, technology transfer, or joint venture arrangement with a foreign entity. The intersection of SCOMET, FDI regulations in the defence sector, and DAP 2020's Make in India provisions creates a complex compliance environment that requires qualified advisory input.
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5. VNAT's Compliance Posture

Vensco NextStrat Advanced Technologies Pvt. Ltd. (VNAT) operates its manufacturing and supply chain activities in full alignment with the SCOMET framework, DAP 2020 requirements, and applicable Industrial Licence conditions. VNAT's Advisory & Compliance Services division provides structured guidance to entities navigating India's defence export control environment, including SCOMET classification support, ICP development, and DAP 2020 procurement navigation.

Enquiries regarding VNAT's Advisory & Compliance Services may be directed to enquiries@vennext.in.

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