



Directorate General of Foreign Trade  
Ministry of Commerce and Industry  
Government of India

# Handbook on INDIA'S STRATEGIC TRADE CONTROL SYSTEM

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January 2024



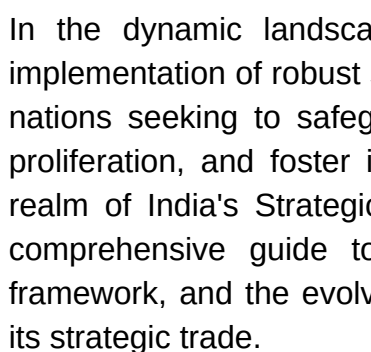


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## PREFACE




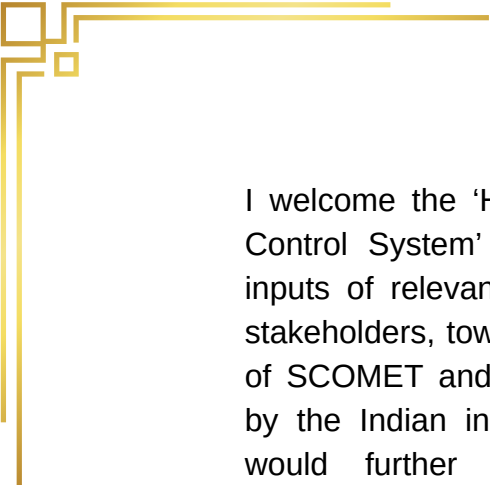
In the dynamic landscape of global affairs, the formulation and implementation of robust strategic trade controls are indispensable for nations seeking to safeguard their security interests, promote non-proliferation, and foster international stability. As we delve into the realm of India's Strategic Trade Controls, this booklet serves as a comprehensive guide to understand the policies and regulatory framework, and the evolving nature of India's approach to managing its strategic trade.

India, with its rich geopolitical history and technological advancements, has strategically positioned itself on the global stage as a responsible actor committed to ensuring the responsible export/transfer of sensitive technologies and goods. The nation's strategic trade controls play a pivotal role in striking a delicate balance between facilitating legitimate trade, fostering innovation, and preventing the proliferation of weapons of mass destruction and their delivery systems.

Within the pages of this booklet, policies related to India's Strategic Trade Controls i.e the export of sensitive items falling under the SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies) category are simplified. In addition to exploring India's stringent controls, this booklet sheds light on the nation's forward-looking approach through liberalized policies, such as General Authorizations for certain SCOMET items. This booklet will serve as a valuable resource for policymakers, researchers, and practitioners alike. Understanding India's Strategic Trade Controls is not merely an academic exercise but a crucial step toward fostering transparency, building trust, and collectively addressing the challenges posed by global trade in sensitive goods and technologies.

**Santosh Sarangi**  
**Additional Secretary & DG, DGFT**  
**Directorate General Foreign Trade(DGFT)**  
**Department of Commerce, Ministry of Commerce & Industry**





I welcome the 'Handbook on India's Strategic Trade Control System' being released by DGFT with the inputs of relevant Government of India and Industry stakeholders, towards enabling a better understanding of SCOMET and Strategic Trade Control compliance by the Indian industry and other stakeholders. This would further strengthen our established non-proliferation credentials in export/transfer of dual-use goods and technologies.

**Muanpuii Saiawi**  
**Joint Secretary (D&ISA)**  
**Ministry of External Affairs**



# INTRODUCTION: STRATEGIC TRADE CONTROLS (EXPORT CONTROLS)

## What are Strategic Trade Controls / Export Controls?

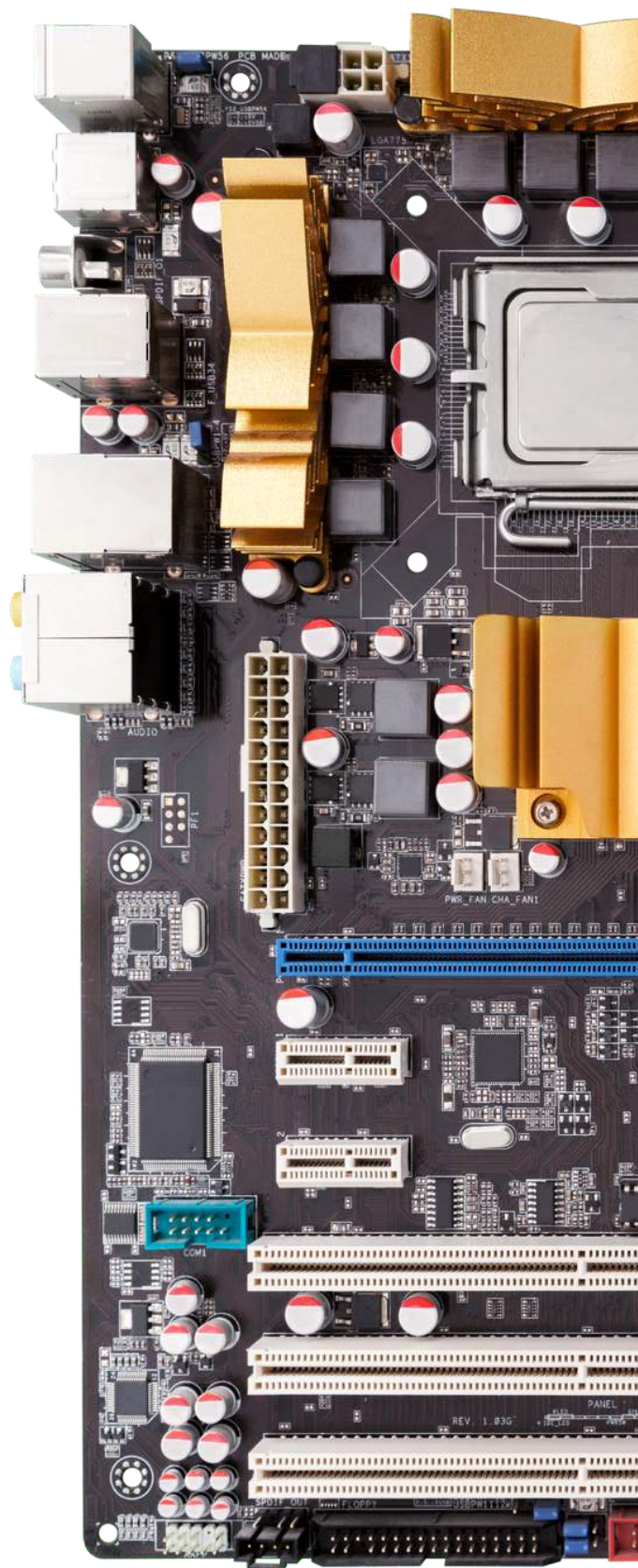
Strategic Trade Controls are laws and regulations on managing the flow of dual use goods, services and technologies across national borders. These laws and regulations primarily focus on controlling the export of such items in order to balance the country's commercial and security considerations.

'Dual Use' implies the usage of these goods and technologies in military applications or its use in Nuclear / Chemical / Biological Weapons of Mass Destruction (WMD), along with their Civilian / Industrial applications.

## Objectives

The primary objectives of strategic trade controls / export controls are on preventing the proliferation of WMD and their delivery systems, as well as the uncontrolled transfer of conventional arms / military items. Various nations including major producers and / or exporters of dual-use goods and technologies exercise such controls.

Accordingly, India maintains a harmonized 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 authorization or license (unless specifically exempted), except for certain items that are prohibited.



# India's Strategic Trade Control System

## Legal Framework

India has a robust law-based system on non-proliferation and strategic trade related matters that has evolved over the last two decades and is based on the elements in its various national laws; and which prohibits access of WMD and their delivery systems to non-state actors (in particular for terrorist purposes), and provides for measures and controls on WMD, their delivery systems and related dual-use goods and technologies.

The relevant legislations include the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act of 2005 ['WMD Act'], the United Nations (Security Council) Act of 1947, the Customs Act of 1962, the Foreign Trade (Development and Regulation) Act of 1992 ['FTDR Act'], the Arms Act of 1959, the Atomic Energy Act of 1962, the Chemical Weapons Convention Act of 2000, the Environment Protection Act of 1986, the Explosives Act 1884, etc.





## National Commitment to International Conventions and Regimes

India is a signatory to international conventions on disarmament and non-proliferation, viz. the Chemical Weapons Convention (CWC) and Biological and Toxin Weapons Convention (BWC). The United Nations Security Council Resolution 1540 obliges all member States to prohibit the access of WMD and their delivery systems to non-state actors (in particular for terrorist purposes); and prescribes measures and controls on WMD, their delivery systems and related materials, equipment and technology.

India is a member of the major multilateral export control regimes, viz. the Missile Technology Control Regime (MTCR) [on missiles, delivery systems and related dual-use items], Wassenaar Arrangement (WA) [on munitions / military items and Australia Group on Biological and Chemical items.

In consonance with the relevant control lists, guidelines and provisions of the international conventions, mechanisms and regimes, India regulates the exports of dual-use items, nuclear-related items, and military items, including software and technology under the SCOMET list.



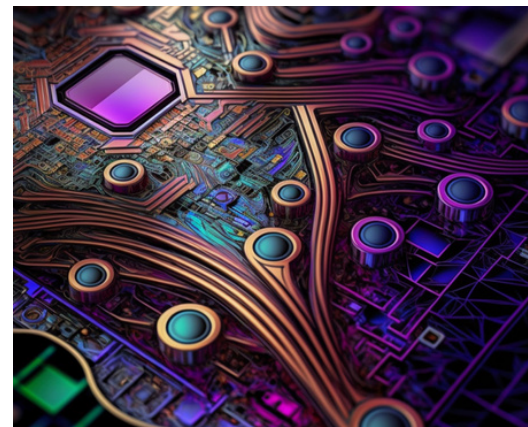
The Australia Group



## What is SCOMET list?

The first control List, described as “Special Materials, Equipment and Technology (SMET)”, was notified in Export Import Policy in 1995. FTDR Act of 1992 was amended in 2010 to add Chapter IVA related to controls on export of specified goods, services and technology that includes SCOMET controls, and to align with certain provisions of the WMD Act.

SCOMET is an acronym for Special Chemicals, Organisms, Materials, Equipment and Technologies. Accordingly, the SCOMET list is our National Export Control List of dual use items, munitions and nuclear related items, including software and technology. The Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) list notified in 2001 was last updated in 2023 (Appendix 3 of Schedule 2 of ITCHS Classification of Export and Import) and is available on the DGFT website.



There are total eight categories of such items. Various categories and licensing authorities in SCOMET are as under:

<b>SCOMET Category</b>	<b>SCOMET items</b>	<b>Licensing Jurisdiction</b>
0	Nuclear materials, nuclear-related other materials, equipment and technology	Department of Atomic Energy (DAE)
1	Toxic chemical agents and other chemicals	DGFT
2	Micro-organisms, Toxins	DGFT
3	Materials, Materials Processing Equipment and related Technologies	DGFT
4	Nuclear-related other equipment and technology, not controlled under Category '0'	DGFT
5	Aerospace systems, equipment, including production and test equipment, and related technology	DGFT
6	Munitions List	Department of Defence Production (DDP), Ministry of Defence (DGFT for Category 6A007 and 6A008 )
7	Reserved	DGFT
8	Special Materials and Related Equipment, Material Processing, Electronics, Computers, Telecommunications, Information Security, Sensors and Lasers, Navigation and Avionics, Marine, Aerospace and Propulsion	DGFT

## Key Components of SCOMET list

### 1. Special Chemicals

This category includes chemicals that have applications in various industries but also possess properties that can be used for chemical weapons or military purposes. Examples may include chemicals used in the production of pharmaceuticals or agriculture, yet with the potential for use in the development of chemical weapons.

### 2. Organisms

Biological agents and organisms fall under this category. It encompasses living entities that may have applications in medical, agricultural, or industrial fields but may also pose a threat in the context of biological weapons or bioterrorism.

### 3. Materials

Materials that can be utilized in both civilian and military applications are covered under SCOMET. This may include metals, alloys, composites and special materials that have properties suitable for dual-use purposes.

### 4. Equipment

Various types of equipment that could have applications in strategic fields. This may encompass machinery, devices, or systems with potential dual-use capabilities.

### 5. Technologies

The technological aspect of SCOMET involves knowledge and information that can be applied in diverse sectors. Technologies with applications in research, development, and manufacturing, but with the potential for military and WMD use, are included.

The SCOMET list is maintained under India's Foreign Trade Policy which is implemented by the Directorate General of Foreign Trade (DGFT). Chapter 10 of the Foreign Trade Policy 2023 specifies the SCOMET policies and Chapter 10 of the Handbook of Procedures specifies the SCOMET licensing procedures.



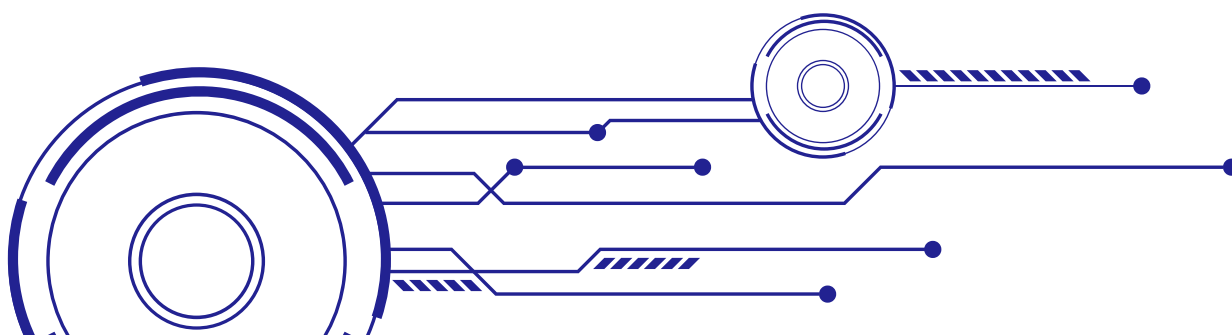
## INDIA'S EXPORT CONTROL / SCOMET LICENSING PROCEDURE AND RELATED REGULATIONS

As per the SCOMET regulations, an export license will be required for exporting any SCOMET-listed item including technology. Export of SCOMET items is either prohibited for export (certain items), or restricted (thus requiring prior export authorisation), or exempted from such authorisation (subject to the issuance of a general authorisation) for export of specified items to certain destinations with certain post-reporting, recordkeeping requirements, etc. India's SCOMET List is harmonized with the control lists prescribed under the WA, AG and MTCR regimes, as well as that of the NSG and CWC.

As per our national laws and regulations, exports of items listed in the SCOMET are subject to export licensing. The licensing is also applicable for the technology related to items specified under the SCOMET list and it is also controlled and requires authorisation from the licensing authority. Accordingly, Intangible Technology Transfers (ITT) related to SCOMET items are also controlled.

*Technology* means information (including information embodied in software) other than information in the public domain, that is capable of being used: in the development, production or use of any goods or software; in the development of, or the carrying out of, an industrial or commercial activity or the provision of a service of any kind in relation to an item specified under India's SCOMET list. This information may take the form of technical data (blueprints, plans, diagrams, models, formulae, algorithms, tables, engineering designs and specifications, manuals, instructions, etc., written or recorded on other media or devices) or technical assistance (instruction, skills, training, working knowledge, consulting services).

Companies and other organizations dealing with dual-use items are mandated to comply with export control regulations. Effective control of exports to prevent the proliferation of dual-use items is possible only if all the stakeholders, including manufacturers of dual-use items, exporters and other organisations/stakeholders with the technical expertise or knowledge on these items, recognise the need for such controls and support their compliance with all the resources available to them. A trust-based partnership between Industry, other organisations/stakeholders and the Government is vital to achieving this shared objective of non-proliferation of dual-use items. An industry or organization's expertise, including the knowledge of the technical characteristics and end use of the items and knowledge of the end-users outside India, plays a key role in the implementation of export controls.



The following items, among others, indicate the dual use of the items covered under the SCOMET list.

<b>Category</b>	<b>Products</b>	<b>Civil / Industrial Use</b>	<b>Military / WMD Use</b>
<b>Category 1</b>	Triethanolamine	Cosmetics and Personal Care Products, Pharmaceuticals	Ammunition Manufacturing, Chemical Weapons
	Sodium Sulphide	Chemical Manufacturing, Paper and Pulp Industry	Chemical Warfare Agents
<b>Category 2</b>	Clostridium butyricum	Probiotic, Biotechnology	Biological warfare
<b>Category 5</b>	UAVs, Drones	Aerial Photography and Videography, Search and Rescue, Infrastructure Inspection	Surveillance and Reconnaissance, Target Acquisition, Strike Operations, Electronic Warfare, Mine Detection and Clearance
<b>Category 6</b>	TNT, Explosives, HMX, Propellants	Demolition and Construction, Mining, Pyrotechnics	Demolition and Breaching, Landmines, Controlled Explosive Devices, Blast Mitigation
<b>Category 8</b>	Telecommunication systems and equipment/Encryption Software /Information Security	Telephony, Television and Broadcasting, Satellite Communications, Energy and Utility Monitoring	Command and Control, Secure Communication, Secure Military Networks, Interoperability
	Integrated circuits	Consumer, Electronics, Smart Home Technology, Industrial Automation	Missiles and Guided Munitions, Communications and Encryption, Military Electronics
	Lasers, components and optical equipment	Laser Surgery and Medical Devices, Barcode Scanners and Optical Readers, Entertainment and Laser Shows, Astronomy and Space Observation.	Laser Targeting and Range finding, Night Vision and Targeting, Laser Weapons, Laser Range Designators

## Scope of SCOMET list and related Controls

- **Items Subject to Control:** Both new and used goods are subject to SCOMET controls
- **Co-mingling/integration:** The SCOMET list specifies that non-controlled goods containing one or more controlled components when the controlled component or components are the principal element of the goods and can feasibly be removed or used for other purposes) are still subject to Indian export controls
- **Applicable for Goods, Software and Technology:** If items are prima facie, classifiable under two or more headings, the heading that provides the most specific description shall be preferred to the heading providing a more general description. The end-use of the item would be a relevant criteria in determining the classification.
- **Catch-All Provision:** Specified in Para 10.05 of the FTP 2023, the Catch-All provision specifies that the export of items not in the SCOMET List may also be regulated under provisions of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act,2005. If the exporter has been notified in writing by DGFT or he knows or has reason to believe that an item not covered in the SCOMET list has a potential risk of use in or diversion to weapons of mass destruction (WMD) or in their missile system or military end use (including by terrorists and non-state actors), the export of such an item may be denied or permitted subject to the grant of a license, as per the procedure provided for SCOMET items in Para 10.05 and 10.06 of HBP.

These controls apply to:

- The whole of India including its Exclusive Economic Zone
- Citizens of India outside India; companies or bodies corporate, registered or incorporated in India or having their associates, branches or subsidiaries, outside India
- Any ship, aircraft or other means of transport registered in India or outside India, wherever it may be
- Foreigners while in India; and persons in the service of the Government of India, within and beyond India



## **United Nations Security Council (UNSC) Sanctions**

India implements the UNSC sanctions on non-proliferation as well as the UNSC arms embargo through the United Nations (Security Council) Act of 1947, WMD Act and other relevant Government of India Acts. Hence, the Indian companies and organisations involved in strategic trade of goods and technologies must be aware and take suitable internal compliance measures related to: the countries/jurisdictions under the UNSC sanctions on non-proliferation and UNSC arms embargo; trade, finance and other prohibitions/restrictions under the respective sanctions regimes; the consolidated sanctioned list of individuals and entities, etc.

The UNSC consolidated list of sanctioned individuals and entities and the various UNSC sanctions regimes are available at:

***<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>***

## **SCOMET Dual Use Licensing Process**

### **Inter Ministerial Working Group (IMWG)**

An Inter-Ministerial Working Group (IMWG) in DGFT (Hqrs.) comprising representatives of other Ministries / Departments / Organizations of the Government of India, as considered appropriate, shall consider applications for export of SCOMET items as specified in Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items based on the following guidelines / factors:

I. Applications for Authorisation to export items or technology or software on SCOMET List are considered on the basis of following general criteria:

(a) Credential of end-user, credibility of declaration of end-use of the item or technology, integrity of chain of transmission of item from supplier to end-user, and on potential of the item or technology, including timing of its export, to contribute to end-uses that are not in conformity with India's national security or foreign policy goals and objectives, goals and objectives of global non-proliferation, or India's obligations under International Treaties/Agreements/Conventions to which it is a State party.

(b) Assessed risk that exported items will fall into hands of terrorists, terrorist groups, and non-State actors;

(c) Export control measures instituted by the recipient State;



(d) Capabilities and objectives of programs of the recipient State relating to weapons and their delivery;

(e) Assessment of end-use(s) of item(s);

(f) Applicability of provisions of relevant bilateral or multilateral Agreements and Arrangements, to which India is a party, or adherent. This is including but not limited to the control lists of the Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group (and its Warning List or Awareness Raising Guidelines) and Wassenaar Arrangement (and its Sensitive List and Very Sensitive List) as amended from time to time;

II. Timeline for comments/NOC by IMWG members: The members of IMWG will endeavour to furnish their written comments/views/no objection to DGFT within 30 days from the date of forwarding of online application by DGFT (Hqrs.). If no comments/views/no objection is received within the stipulated period, the cases will be placed before IMWG for taking a decision as deemed appropriate.

III. The IMWG shall normally meet once every month. Where a case has been deferred in the IMWG meeting and subsequently comments/views/NOC(s) are received from all concerned agencies with no divergence in views, authorisation shall be issued with the approval of Chairman, IMWG and the case shall be brought before IMWG in its subsequent meeting for approval on ex-post facto basis.

## **Documentation requirements for different categories of Dual Use Exports under SCOMET**

<b>Type of Export under SCOMET</b>	<b>Policy Provision/ Documentary Requirements</b>
<p><b>1. Supply of SCOMET Items from DTA to SEZ/EoU and outside the Country</b></p> <p><i>(Refer to Page 2 of SCOMET List notified in Annexure 2 to Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items)</i></p>	<ul style="list-style-type: none"><li>• No export authorisation is required for supply of SCOMET items from DTA to SEZ/EoU.</li><li>• An annual report of such supplies from DTA to SEZ/EoU shall be reported to SCOMET Section, DGFT (Hqrs) by the Development Commissioner (DC) of respective SEZ/EoU.</li></ul>

<p><b>2. Export of SCOMET Items from SEZ / EOU to outside the country</b></p>	<ul style="list-style-type: none"> <li>• Export authorization is required if the SCOMET items are to be physically exported outside the country from SEZ / EOU i.e. to another country (Refer Rule 26 of the SEZ Rules, 2006).</li> </ul>
<p><b>3. Fresh Export of SCOMET Item (Under Category 1-5 &amp; 8)</b></p> <p><i>(Exporting an SCOMET item for the first time)</i></p> <p><i>(Direct export to ultimate end user)</i></p>	<ul style="list-style-type: none"> <li>• Identify the category/subcategory under which your item falls</li> <li>• Application in the prescribed proforma (ANF 10A- 10E) as applicable</li> <li>• End user certificate (to be filled by all entities in the supply chain on their letter head duly signed and stamped with all details filled)</li> <li>• End user certificate to be filled in prescribed proforma</li> <li>• (Appendix 10j(i), 10j(ii) and 10j(iii) as applicable.</li> <li>• Purchase Order copies(in appropriate readable form)</li> <li>• Technical Specification of the item</li> <li>• Supply chain diagram</li> </ul>
<p><b>4. Export for repeat orders of same SCOMET items</b></p> <p><i>(Repeat export of items of same technical specifications which have earlier been allowed for export to the same countries /entities after due verification process)</i></p> <p><i>(Repeat order Policy excludes Repeat under Category 3A401 and software and technology under any category)</i>  <i>Para 10.09 of HBP 2023</i></p>	<ul style="list-style-type: none"> <li>• Application in the prescribed proforma(ANF 10A)</li> <li>• Repeat Order Certificate in the prescribed proformab[Appendix 10B(i)</li> <li>• A declaration by the authorized signatory of the exporter firm on the qualifying conditions as per (i) to (iv) above shall be submitted on prescribed proforma [Appendix 10B(ii)]</li> </ul>

	<ul style="list-style-type: none"> <li>• Same country/entities would imply that (a) the foreign buyer (b) the consignee or the intermediaries, if any (c) the end user and (d) the end use are exactly the same for which export authorisation has been issued to the applicant exporter earlier after due consultation/verification.</li> <li>• Copy of Original SCOMET Authorization</li> <li>• Purchase Order Copy</li> <li>• End user Certificate in the Prescribed format Appendix 10j(i), 10j(ii), 10j(iii) as applicable</li> <li>• Technical Specification of the item</li> </ul>
<p><b>5. Export for Stock and Sale purpose Bulk export of SCOMET items (excluding Category 0, Category 3A4001, Category 6 and transfer of technology under any category)</b></p> <p><i>(Export of items initially to the stockist abroad and then from the stockist to the ultimate end users in the same country or approved countries)</i></p> <p><i>Para 10.10 of HBP 2023</i></p>	<ul style="list-style-type: none"> <li>• Application in prescribed proforma (ANF-10B)</li> <li>• Documentary proof regarding corporate relationship between the Indian exporter and stockist</li> <li>• End-use/End-user Certificate from stockist entity abroad in Appendix10J(iii)</li> <li>• List of countries (in the EUC) to which the items imported from India would be exported by the stockist;</li> </ul>
<p><b>6. Export of spare parts under SCOMET under Stock and Sale</b></p> <p><i>(Export of spare parts along with main item/ equipment under stock and sale)</i></p>	<p>In addition to requirements specified in 5 above, the applicant needs to indicate the requirement of spare parts after judicious and reasonable assessment with justification thereof</p>

<p><b>7. Procedure/ Guidelines for filing / Evaluation of Applications for Entering into an Arrangement or Understanding for Site Visits, On-site Verification and Access to Records /Documentation</b></p> <p><i>Kindly refer to appendix 10A and para 10.08 of HBP 2023</i></p>	<ul style="list-style-type: none"> <li>• Application in proforma ANF 10E</li> <li>• EUC as per proforma Appendix 10L</li> <li>• Profile of the foreign national</li> <li>• Passport Copy</li> <li>• Details of the entire arrangement</li> </ul>
<p><b>8. Export for repair/replacement of defective SCOMET items</b></p> <p><i>Kindly refer to Appendix 10D, 10E, 10F and para 10.12 of HBP 2023</i></p>	<p>(i) Re-export for Repair/replacement of imported item(s) abroad and return back to India</p> <ul style="list-style-type: none"> <li>• Legal Undertaking on the stamp paper of Rs. 200/-in prescribed proforma (Appendix 10K).</li> <li>• Proof of import of the item(s)</li> <li>• Proof of obligation for replacement or repair of defective/damaged items.</li> <li>• Contract agreement with the supplier/OEM(including agency authorized by OEM)</li> <li>• Purchase order containing terms of import</li> <li>• Warranty policy/conditions on replacement/repair of defective/damaged items;</li> </ul>
	<p>(ii) repair/replacement of indigenous SCOMET items</p> <ul style="list-style-type: none"> <li>• Copy of the SCOMET License issued for the export of the items to be replaced/repared;</li> <li>• Shipping bills</li> <li>• Bill of Entry</li> <li>• Contract agreement of the Indian exporter/OEM with the foreign buyer</li> <li>• Legal Undertaking</li> </ul>

	<p>(iii) Return of items imported for repair at a repair facility in India</p> <ul style="list-style-type: none"> <li>• Proof of import of the item(s)- BOEs, Export License, etc.</li> <li>• Contract agreement and/or 'Statement of Work (SOW)'/ Master Service agreement(MSA) between Indian exporter and entities of repair facility (if different from exporter)with the entity abroad /OEM(including agency authorized by OEM) defining conditions for undertaking repair in India.</li> <li>• An Undertaking from the applicant exporter (on the letter head of the firm duly signed and stamped by the authorized signatory) fulfilling the clauses as mentioned in Appendix 10F.</li> </ul>
<p><b>9. Temporary export of SCOMET items</b></p> <p><i>(Export authorization for demo/display/exhibition/tenders/ RFP/RFQ/NIT abroad or for return abroad after demo/ display/ exhibition/ tenders/ RFP/ RFQ/ NIT etc. in India)</i></p> <p><i>Kindly refer to Para 10.13 of HBP 2023</i></p>	<ul style="list-style-type: none"> <li>• Proof of event (Demo/Display/Exhibition/Tenders/ RFP/RFQ/NIT)</li> <li>• Proof of participation</li> <li>• Legal Undertaking from the applicant firm on the stamp paper of Rs. 200/-, in prescribed proforma (Appendix 10K).</li> </ul>
<p><b>10. Export of imported items to the same foreign entity or to its OEM on the obsolescence of technology, dead on arrival, cancellation of order, calibration, testing, etc.</b></p> <p><i>(Kindly refer to Appendix I &amp; Para 10.14 of HBP 2023)</i></p>	<ul style="list-style-type: none"> <li>• Proof of import of the item(s)- BOEs, Export License, etc.</li> <li>• Proof of obsolescence/cancellation of order for intended items</li> <li>• Proof of obligation for re-export/return for intended item- Contract agreement</li> <li>• An Undertaking on the letter head of the firm duly signed and stamped</li> </ul>

## Validity of SCOMET Authorizations

S.No	Authorization Type	Validity
1	Fresh Export	<b>2 years</b>
2	General Authorization for Intra Company Transfer (GAICT)	<b>3 years</b>
3	General Authorization for Export of Chemicals (GAEC)	<b>5 years</b>
4	General Authorization for Export of Drones (GAED)	<b>3 years</b>
5	General Authorization for Export after Repairs in India (GAER)	<b>1 years</b>

## Licensing process for export of SCOMET Category 0 items - Department of Atomic Energy (DAE)

<p>1. Submission of Form A prescribed in The Atomic Energy (Working of the Mines, Minerals, and Handling of Prescribed Substances) Rules, 1984, along with other specified documents needed for processing the application</p>
<p>2. Authorisations for export of certain items in Category '0' will not be granted unless transfer is additionally under adequate physical protection and is covered by appropriate International Atomic Energy Agency (IAEA) safeguards, or any other mutually agreed controls on transferred items</p>
<p>3. The applications are examined based on various criteria that includes:</p> <ul style="list-style-type: none"> <li>• Credential of end-user</li> <li>• Credibility of declaration of end-use of the item or technology</li> <li>• Integrity of the chain of transmission of item from supplier to end-user</li> </ul>

## **Defence Exports Licensing Process for Munitions List ( SCOMET Category 6 items) - Department of Defence Production**

The export of items specified in Category 6 (Munitions List) except those covered under Notes 2 & 3 of Commodity Identification Note (CIN) of the SCOMET is governed by the Standard Operating Procedure issued by the Department of Defence Production (DDP), Ministry of Defence. The Director General of Foreign Trade (DGFT) vide Public Notice No. 4/2015-20 dated 24th April, 2017 has delegated its authority and notified Department of Defence Production(DDP) as the Licensing Authority for export items in Category 6 of SCOMET.

The Procedure for Licensing is divided into 7 parts as per the SOP issued by the Department of Defence Production ( SOP available at [www.ddpmod.gov.in](http://www.ddpmod.gov.in))

- A.** Export of ML Items as per Appendix II (Major platforms and equipment)
- B.** Export of ML Items other than as per Appendix II
- C.** Export of ML Items for Exhibition purpose
- D.** Export of ML Items for testing and evaluation
- E.** In-principal approval for ML items for participation in Tender/RPF/NIT or exploring export opportunity
- F.** Approval for transfer of technology/software for design, development, manufacturing, etc. of ML items under Category 6 of SCOMET
- G.** Re-export of an item

The exporters are required to submit their online applications to DDP attaching a copy of EUC, Purchase Order, Technical Specification of the items, undertaking in requisite format etc. Consultation is done with the relevant stakeholders as per the process laid out for different parts/categories of exports in the SOP.

The secretary (DP) is the competent authority for major platform and equipment items covered under Appendix – II. The competent authority for the rest of the items mentioned above is JS (DIP).

DDP has also notified the Open General Export License (OGEL) - one-time export license, which permits the industry to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorization during the validity of the OGEL. OGEL has been integrated with end to end online Portal.

## Violation of SCOMET Policy

Infringements of export control regulations carry legal consequences, such as penalty,, suspension/cancellation of importer exporter code under the FTP / FTDR Act or imprisonment under the WMD Act, Customs Act of 1962, etc.

01

Penal action under Section 11(2) of Chapter IV under the FTDR Act including cancellation of IEC

02

Section 14(E) & 8(c) of the FTDR Act

03

Fiscal Penalty upto 5 times the in value of goods in terms of Section 11(2) of the FTDR Act

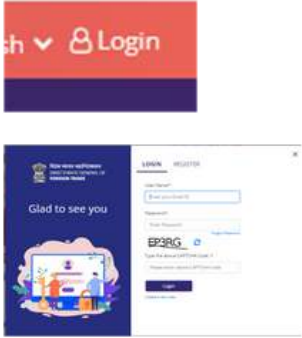
04

Other criminal actions as per provisions of WMD Act, and Section 14(3) of FTDR Act including Imprisonment.





**Elements of Standard Licensing Process - Step by step guide to file SCOMET Application- Regulations -> ANFs and Appendices on the website of DGFT**

<p><b>Registration</b></p>	<p>The exporter has to register themselves on the DGFT website</p>	
<p><b>Identifying the SCOMET item</b></p>	<p>The exporter needs to identify whether his products falls under SCOMET or not.</p>	<p>SCOMET List needs to be referred for the same.</p>
<p><b>Identifying the SCOMET Category and Sub category</b></p>	<p>The exporter has to refer to the SCOMET List and classify the category and sub category under which the intended item for exports falls</p>	<p>Subsequent to identifying the category and sub category, the exporter may refer to the policy options available for export under the specific category (as applicable).</p>
<p><b>Filing Application</b></p>	<p>An online application has to be filed by the applicant in the prescribed Proforma on the DGFT's online portal</p>	<p>Services          → Export Management System          → SCOMET on the website of DGFT</p>
<p><b>Identifying Broad Sub category of Intended Exports</b></p>	<p>The applicant needs to identify the nature of its intended exports (Fresh, Repeat, Demo, Repair and Return, General Authorizations) and submit the required documents in prescribed proforma.</p>	<p>For the documents applicable for specific category of exports under SCOMET Appendix (10 - 10M) and ANF (10A- 10F) may be referred.</p> <p>These Appendices provide detailed information on the documentation requirement.</p>

# FREQUENTLY ASKED QUESTIONS (FAQs) on VARIOUS SCOMET POLICIES AND GENERAL AUTHORISATIONS

## A. Repeat Order Policy

### 1. What is a Repeat Order Policy?

This policy provision enables an exporter to export the same SCOMET items (same intended end use, same sub-category, same specifications) to the same country/entities (buyer/consignee/end-user) for which authorization has already been granted to the exporter within a valid timeline by DGFT.

### 2. What if I want to export the same item to a different country/entity?

Such cases would not be considered under "Repeat". Export of the same item to a different country/end-user would require the applicant to file for a new application under the category "Fresh Exports". IMWG evaluates the application and decided on it after verifying the credentials of the foreign buyer, consignee, and end-user.

### 3. What are the documents to be submitted while filing for a Repeat Order?

- (i) Repeat Order Certificate from the end user in the prescribed format (Appendix 10B(i) declaring his Annual Operational Capacity.
- (ii) Declaration by the Exporter fulfilling the clauses (i) to (iv) of Para 10.09 of HBP 2023 in the prescribed format Appendix 10B(ii)
- (iii) End user certificate from all the entities involved in the Supply Chain (buyer, consignee/end-user) in the prescribed format Appendix 10j(i), 10j(ii), 10j(iii) as applicable.
- (iv) Purchase Order in a clear readable format
- (v) Technical Specifications/Technical Diagrams of the intended item of Export.

### 4. What is an Annual Operational Capacity(AOC)?

The Annual Operational Capacity is the amount of the end product a generating plant would have produced if the plant had been running at full capacity during that year. As far as declaring the AOC in Appendix 10B(i) is concerned, the end user needs to declare the maximum amount of the current SCOMET item required by him during a year to produce the end product if it were operating at full capacity. (For eg: AOC for FY 22-23 would mean: 100 kgs of a particular SCOMET item (say, Sodium Sulphide) is essential for production during the financial year 2022-23.

### 5. Is there any limit to the number of repeat authorizations that could be applied for?

No, there is no limit to the number of repeat authorizations that could be taken by the exporter. However, it should be applied within 3 years of the validity of approval of the Original SCOMET Authorization (Eg. A SCOMET Authorization issued on 01.01.2024 is valid for multiple repeats until 01.01.2027)

## **B. Stock and Sale Policy**

### **1. What does the 'Stock and Sale' policy refer to in SCOMET item exports?**

The 'Stock and Sale' policy allows Indian exporters to send SCOMET items to an entity abroad (stockist) for subsequent transfer to ultimate end users.

### **2. Who qualifies as a 'Stockist' under this policy?**

'Stockist' refers to the entity abroad to whom the SCOMET items are originally exported by an Indian principal/wholly owned subsidiary. The Stockist entity should be a subsidiary/principal company abroad of the Indian exporter;

### **3. What documents are required for the application to export to a stockist abroad?**

- (i) Application in the prescribed proforma (ANF-10B)
- (ii) Proof of corporate relationship between the Indian exporter and stockist
- (iii) End-use/End-user Certificate from stockist entity abroad in Appendix 10J(iii)
- (iv) List of countries for export where the item would be exported by the stockist
- (v) Purchase orders
- (vi) Technical specifications
- (vii) The stockist's Internal Compliance Program Document (if any)

### **4. Is there a need for authorizations for transfers within the country of the stockist?**

No authorizations are required for transfers within the country of the stockist or for re-export to end users in approved countries. However, in case of sale/transfer by the stockist within the same country and for re-export/re-transfer to the end users in countries, for which, in-principle approval has been granted, post reporting requirement is to be fulfilled.

### **5. What does "same country transfers" imply in the policy?**

"Same country transfers" refer to transfers within an independent sovereign entity. Transfers within an economic or customs union do not qualify as "same-country transfers."

### **6. Are there specific regulations for re-export to approved countries?**

Yes, re-export to approved countries is subject to the export control regulations of the country where the stockist is located.

### **7. Do I need to report the transfers made under the authorization? If yes, How?**

Yes, the exporter must submit post-reporting details of such transfers to the SCOMET Division in ANF-10B, including End-use/End-user Certificates and Bill of Entry within 3 months of each transfer.

### **8. Can I apply for repeat orders under this policy?**

Yes, Repeat can be applied for the export of the same SCOMET items to the same stockist entity, and re-export/re-transfer of the same SCOMET items from the stockist entity to the end users (within the country of the stockist entity and only the countries of ultimate end use where in-principle approval has been granted).

### **9. Is there an annual reporting requirement for stock and sale authorizations?**

Yes, exporters must submit a statement by January 31st each year, detailing exports, transfers, and inventory with the stockist as of December 31st of the previous year.

### **10. What happens if there is a failure to provide annual reports?**

Failure to submit annual reports may lead to penalties or the cancellation of the stock and sale authorization, or relevant action under FTD&R Act.

### **11. Is there a validity period for transferring items to end users?**

Yes, items exported to the stockist under the stock and sale authorization should be transferred to final end-users within the validity period mentioned in the authorization i.e. 2 years.

## **C. Demo/Display Policy**

### **1. What is the SCOMET policy to send items abroad only for Demo/Display etc.?**

Yes, the policy is simplified for the following type of export/re-export and does not go through the IMWG evaluation process -

- (i) Export of indigenous/imported SCOMET item(s) for demo/display/exhibition/tenders/RFP/RFQ/NIT purposes abroad ( SCOMET license can be applied
- (ii) Export of SCOMET item(s) imported for participation in demo/display/exhibition /tenders/RFP/RFQ/NIT in India

### **2. Are there any specific categories under SCOMET that are only allowed under the Demo/Display policy?**

Authorizations for the export of SCOMET items (except those under Category 0, 1, 2 & 6 or 'Technology' or 'Software' in any category) are eligible for application under Demo/Display policy.

### **3. What are the conditions for exporting indigenous/imported SCOMET items for the mentioned purposes abroad?**

- (i) The export is temporary and for a specified period.
- (ii) No end-user certificate is required.
- (iii) No commercial transactions like selling/buying/renting/leasing are allowed.
- (iv) No transfer of technology through exchange/disclosure of information.
- (v) No authorization for UNSC-sanctioned destinations or high-risk countries/entities.

#### **4. What are the documents required for the export of Indigenous goods for participation in Demo/Display abroad?**

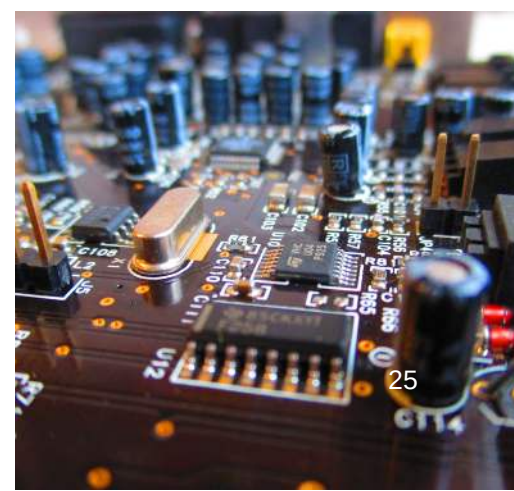
- (i) Application in proforma - Appendix 10A
- (ii) Proof of the event
- (iii) Proof of Participation
- (iv) Legal Undertaking, in prescribed proforma (Appendix 10K)

#### **5. Are there any other conditions under Demo/Display policy for items once the demo is over?**

Exported items should be brought back to India within 90 days after the event or within the extended time allowed by DGFT. The licensee must submit a Bill of Entry confirming the return to DGFT(Hqrs).

#### **6. What are the documents required for the export of imported SCOMET items after participation in demo/display/exhibition /tenders/RFP/RFQ/NIT in India?**

- (i) Bill of entry containing details of the items being exported after completion of Demo/Display
- (ii) Export License (if applicable) issued by the foreign country for the original import of the items to India
- (iii) The proof of event/participation like an invitation letter or advertisement detailing the purpose, schedule, and specific location (venue, city) of the exhibition, display, demo, tender, RFP, RFQ, or NIT
- (iv) An Undertaking from the applicant firm in Appendix 10H.



## D. General Licensing for Exporting certain SCOMET items

The licensing process of the SCOMET-listed items/technologies has been liberalized for certain categories of items depending on their end use and sensitivity as well as destination/end users. Bulk licensing( General Authorisation/OGEL) has been introduced by the Licensing authorities to streamline the process of SCOMET application filing and reduce the transaction cost involved in taking the license every time the export is to be made. General authorization with a validity of 2-3 years ensures business certainty while also reducing the compliance burden in certain categories of SCOMET items. The Industry has been taking benefit of the various General Authorizations.

<p><b>What are General Authorizations?</b></p>	<p>General Authorizations are bulk authorizations focusing on specific sectors and specific SCOMET Categories to certain approved destinations without any quantity restrictions.</p> <p>Introduced to liberalize the exports of SCOMET items to help the Indian Industry. The following is covered under General Authorisations:</p> <ul style="list-style-type: none"> <li>(i) General Authorization for Export of Chemicals and Related Equipments (GAEC)</li> <li>(ii) General Authorization for Export of Drones(GAED)</li> <li>(iii) General Authorization for Export after Repair in India(GAER)</li> <li>(iv) General Authorisation for Intra-Company Transfer(GAICT)</li> </ul>
<p><b>How do I know whether I am eligible for obtaining a General Authorization for export of my SCOMET item?</b></p>	<ol style="list-style-type: none"> <li>1. Kindly identify the category under which the item falls.</li> <li>2. Post identifying the category, refer to the SCOMET List available on the DGFT website and the policy provision mentioned against the specific categories to identify whether the exports may be considered under GAEC Application or a Standard/General SCOMET Application.</li> </ol>

**General Authorization for export of Chemicals and Related Equipments(GAEC)**  
*Para 10.10 of HBP 2023*

<p><b>What is GAEC?</b></p>	<p>1. GAEC stands for General Authorization for Export of Chemicals and Related Equipments and is applicable for certain SCOMET items. It is a one-time general authorization issued by DGFT.</p> <p>2. GAEC covers the following categories of export to certain specified destinations subject to fulfilling certain conditions as per para 10.16 of HBP 2023:</p> <ul style="list-style-type: none"> <li>• SCOMET Category 1C,1D, 1E</li> <li>• SCOMET Category 30001, 3D004</li> <li>• The mixture of Chemicals containing 1% or less of chemicals 1B010, 1B011, 1B012 and 1B040 under SCOMET list.</li> <li>• The mixture of Chemicals containing 30% or less of chemicals listed under 1 C in the SCOMET List (Kindly refer to Table 1 of Appendix 10N).</li> <li>• The mixture of Chemicals containing 30% or less of chemicals listed under 1E in the SCOMET List.</li> <li>• Category 3A306</li> </ul> <p>Kindly refer to Appendix 10N which provides an exhaustive list of items covered, applicable list of countries applicable, etc.)</p>
<p><b>What are the documents required for filing application under GAEC?</b></p>	<p>(i) If past exports under same category/sub-category are done:</p> <ul style="list-style-type: none"> <li>• Detailed description of the item along with the technical specification/model/part no., etc</li> <li>• Details of past exports/copy of shipping bill as a proof/EUC copies</li> <li>• Undertaking on the letterhead duly signed and stamped by authorized signatory fulfilling clauses as mentioned in the relevant PN</li> </ul> <p>(ii) If past exports under same category/sub-category are not done:</p> <ul style="list-style-type: none"> <li>• Detailed description of the item along with the technical specification/model/part no., etc.</li> <li>• Details of entire supply chain (buyer, consignee and end user, etc.) of intended exports.</li> <li>• EUC in the letterhead of parties involved in the supply chain in Appendix 10j(i),10j(ii) (as applicable)</li> <li>• Undertaking on the letterhead duly signed and stamped by authorized signatory fulfilling clauses as mentioned in the relevant PN.</li> </ul>

<b>General Authorization for Export of Drones(GAED)</b> <i>DGFT Public Notice 19 dated 23.06.2023</i>	
<b>What is GAED?</b>	GAED stands for General Authorization for Export of Drones which is a one time license requirement for the export of drones subject to certain conditions as specified in Public Notice 19 dated 23.06.2023.
<b>Which type of drones does it apply to?</b>	It applies to Unmanned Aerial Vehicles including drones, remotely piloted air vehicles and autonomous programmable vehicles specified at 5B(a)(ii) and capable of a range equal to or less than 25 km and delivering a payload of not more than 25 kgs (excluding the software and technology of these items). The type of Drones/UAVs covered elsewhere (other than Category 5B(a)(ii)) in the SCOMET list are not eligible for GAED.
<b>What documents are required for application under GAED ?</b>	<ul style="list-style-type: none"> <li>• ANF10G</li> <li>• EUC [Appendix 10 J (i)] of all entities involved in supply chain</li> <li>• List of countries where the export is expected to be done under GAED</li> <li>• Undertaking of the firm as per Para 10.16(A)II.d</li> <li>• Internal Compliance Programme Document.</li> </ul>
<b>What specifications of the drones/UAVs do I need to include in the description of the drone?</b>	<ul style="list-style-type: none"> <li>• Payloads such as model, part number</li> <li>• Payload capacity</li> <li>• Altitude</li> <li>• Range</li> <li>• Endurance</li> <li>• Speed</li> <li>• Communication type (Encrypted or Unencrypted, GPRS or satellite based)</li> <li>• Accuracy</li> <li>• Other relevant details (as applicable)</li> </ul>
<b>General Authorization for Export after Repair in India (GAER)</b> <i>Para 10.12D of HBP 2023 and Appendix 10F(i)</i>	
<b>What is GAER?</b>	GAER Stands for one-time General authorization for Export after Repair of imported SCOMET items to the same entity abroad after repair in India.
<b>What are the documents required for applying under GAER ?</b>	<ul style="list-style-type: none"> <li>• ANF 10A</li> <li>• Proof of import of the item(s) - BOEs, Export license, etc.</li> <li>• Proof of obligation for repair of defective/damaged items- Contract agreement and/or 'Statement of Work (SOW)'/ Master Service agreement (MSA)</li> <li>• An Undertaking from the applicant exporter (on the letter head of the firm duly signed and stamped by the authorized signatory) as per para 10.12D of HBP 2023.</li> </ul>



**Global Authorisation for Intra-Company Transfers (GAICT) of SCOMET Items including /Software/Technology.**

*Para 10.15 of HBP 2023*

<b>What is GAICT?</b>	GAICT stands for Global Authorization for Intra-Company Transfers. GAICT is intended to facilitate the export and re-export of SCOMET items, including software and technology, between Indian parent companies or subsidiaries and foreign companies or subsidiaries, subject to certain conditions.
<b>What types of items fall under GAICT?</b>	Items, software, and technology falling under SCOMET Category 8 (except items listed in Appendix 10M) are eligible for GAICT. These may include items used in design, encryption, research, development, and related services.
<b>Which countries are eligible for GAICT transfers?</b>	GAICT transfers are generally allowed to countries listed in Table 1 of Para10.15A (ii.b). However, in exceptional cases, the Inter-Ministerial Working Group (IMWG) may consider other countries based on specific criteria considering description/end use/end user of the item.
<b>What documents are required for filing application under GAICT ?</b>	<ul style="list-style-type: none"><li>• ANF10C</li><li>• Certified/approved ICP of the Indian parent company</li><li>• Documentary proof of the corporate relationship between entities involved.</li><li>• Exporter must submit certified ICP or show compliance with foreign parent company's ICP, approved by Compliance Manager or a relevant Government agency (e.g., AEO scheme).</li><li>• Undertaking on the letterhead of the firm duly signed and stamped by the authorised signatory fulfilling clauses of relevant para of HBP 2023.</li><li>• EUC in format APPENDIX- 10J (iv)</li></ul>

## E. Post Export Reporting under various Policies

### What is Post Export Reporting?

Post Export Reporting means to report to DGFT/IMWG regarding the exports done under different authorizations granted to the exporter. Post-export reporting requires the exporters to include details of the exports and relevant documentary requirements.



Policy	Post-Export Reporting Requirement
<p><b>SCOMET items exported for repair abroad under Repair/return policy</b></p>	<p>Return of item(s) back to India after repair/replacement:</p> <p>(a) Exported items shall be brought back to India within 90 days repair is completed or item is replaced or within the extended time, as allowed by the DGFT;</p> <p>(b) In case the defective/damaged item(s) cannot be imported due to any reason (beyond repair, testing failure analysis etc.), evidence of destruction in the importing country shall be submitted to DGFT within 90 days of export.</p> <p>(c) Bill of Entry confirming the return back of such SCOMET item(s) to India shall be intimated by the licensee to the DGFT(Hqrs) in the prescribed proforma (Annexure-I of Appendix 10K), duly signed in ink and stamped by the authorised signatory.</p>
<p><b>GAER Policy</b></p>	<p>(a) The Indian exporter shall submit post-shipment details of each transfer/consignment of exports of SCOMET items/software/technology under GAER to the SCOMET Division of DGFT (Hqrs), New Delhi, via E-mail (scomet-dgft@nic.in) or on the online portal of DGFT, on quarterly basis (March/June/September/December), by the end of subsequent month of each quarter, in respect of the exports made in the previous quarter.</p> <p>(b) Submission of Bill of Entry (wherever available), shipping bill details, valid export license copy within the timelines mentioned above.</p>

<p><b>GAICT Policy</b></p>	<p>(a) The Indian exporter shall submit post-shipment details of each transfer/consignment of exports of SCOMET items/software/technology under GAICT to the SCOMET Division of DGFT (Hqrs), New Delhi, through online system on DGFT website, on quarterly basis (March / June / September / December), by the end of subsequent month of each quarter, in respect of the exports made in the previous quarter</p> <p>(b) The post-shipment details shall be submitted in proforma ANF 10D along with a copy of EUC in Appendix 10J(iv) within the timelines mentioned above, from the foreign subsidiary company or foreign parent company / another subsidiary of foreign parent company.</p>
<p><b>Stock and Sale Policy</b></p>	<p>Sale/transfer by the stockist within the same country and for reexport/re-transfer to the end users in countries, for which, in-principle approval has been granted, the Indian exporter/licensee shall submit details of all such transfers to SCOMET Division of DGFT (Hqrs) in ANF-10B, including EUCs[Appendix-10J(i), 10J(ii)as applicable] from all ultimate end users and Bill of Entry into the ultimate destination countries(for export outside the country of stockist), within 3 months of every such transfer.</p>
<p><b>GAED Policy</b></p>	<p>(i)EUCfrom all entities involved in the apply chain in the prescribed proforma (Appendix 10J(i))duly signed and stamped by the authorized signatory  (ii) Copy of Bill of Entry into the destination country  (iii) Agreement/Purchase Order  (iv)Post shipment details of each export/re-export done under GAED .</p>
<p><b>GAEC Policy</b></p>	<p>(i)The Indian exporter shall submit post-shipment details of each export/ re-export &amp; Copy of the bill of entry into the destination country within 30 days of delivery at destination point.  (ii) It has to be done within 30 days of such export in the prescribed format [ANF 10A along with the End-Use Certificate (EUC) in the prescribed proforma [Appendix 10J (i) or (ii)]</p>

# INDUSTRY COMPLIANCE

## Internal Compliance Programme (ICP)

Companies and other organizations dealing with dual-use items are mandated to comply with export control regulations. Effective control of exports to prevent the proliferation of dual-use items is possible only if all the stakeholders, including manufacturers of dual-use items, exporters and other organisations/stakeholders with the technical expertise or knowledge on these items, recognize the need for such controls and support their compliance with all the resources available to them. A trust-based partnership between industry, other organisations/stakeholders and the government is vital to achieving this shared objective of the non-proliferation of dual-use items. An industry or organization's expertise, including the knowledge of the technical characteristics of the items and knowledge of the end-users outside India, plays a key role in the implementation of export controls. To ensure necessary compliance, the Industry is expected to establish a set of internal policies and procedures, also known as an **Internal Compliance Programme (ICP)**.

The elements specified below (based on the booklet 'Elements of an Effective Internal Compliance Program for Export/Transfer of Dual-Use Items') provide a foundation for the basic structure of an organisation's ICP. The manner in which these elements may be implemented depends on the size of the organisation, nature of its operations, geographic location of the organisation, its subsidiaries and customers, nature of the dual-use items that the organisation deals in, the potential end-use and end-users of these dual-use items, etc.

### Elements of an Effective ICP



## Indicative Checklist for ICP Document

*Note: This is an indicative checklist that may be referred by the companies and other organizations while instituting an Internal Compliance Program*

<b>Questions</b>
Has the top-level management signed a statement committing to Internal Compliance Procedures in the organization?
How is the risk analysis for the transaction of export-controlled items being performed? Which risks are identified and how are they assessed?
Which department/unit in the organisation is the anchor of export controls and how is this department/unit connected to other organisational units (organisational chart)?
Do employees have direct access to the Chief Export Control Officer(CECO) or any other equivalent designation?
What rules are in place for the absence of export control staff in cases of sickness, vacation etc.?
How is the responsibility for classification of items under the SCOMET list handled?
What procedures are in place to ensure that the classification of products/items under the SCOMET list is kept up to date, and how is this documented?
Who can release a shipment that has been stopped due to concerns of non-compliance with export control laws and regulations?
Does the organisation have an IT system for managing exports? If yes, what are the main features of this system in relation to export control compliance?
Do the exportcontrol compliance-related employees in the organisation have access to the textof the applicable export controllaws and regulations and the SCOMET list?
How are the organisational, process-related and work instructions in the export control context made accessible to all the employees?
How does the organisation take into account the UNSC arms embargo or proliferation related UNSC sanctions?
How is the end-use by the consignee/end-user and its reliability assessed?
How does the organisation handle red flags associated with export of dual-use items?
How does the organisation ensure that controlled items are not exported without a license?
How does the organization ensure compliance with the Intangible Transfer of Technology (ITT) requirements or other software/tech-specific issues (for example, e-mail and access to the Intranet from abroad, cloud computing)? Has the organization issued clear and written instructions in relation to ITT compliance?

What internal procedures are in place to ensure a final check before export that all the required measures have been undertaken?

What internal procedures have been set in place to ensure compliance with the conditions of the export authorisation or license?

Are the export control-relevant documents stored in accordance with the legal provisions?

What system/procedures are in place to retrieve relevant recorded documents when needed?

What trainings are conducted for employees associated with export control transactions, how frequently do they take place and how are they documented?

How and for whom is awareness raised for risks associated with export of dual-use items?

How frequently do audits of the organisation's ICP take place and who performs such audits?

How are discovered errors handled?

Do employees have access to a clear and written procedure for reporting potential or actual non-compliance?

What procedures are in place to investigate a reported incident of non-compliance?

What actions are taken as a response to the confirmed non-compliance?

How does the organisation ensure physical security of the dual-use items? What are the suitable premises-related and access control measures in place for providing protection of dual-use items against unlawful entry/intrusion and to prevent unauthorised access to restricted areas?

What are the appropriate measures in place for effective security relating to the handling of goods and the conveyances used for the transportation of goods?

How does the organisation conduct appropriate security screening of employees/personnel in security sensitive positions or having access to restricted access areas?

How are the organisation's IT or information security procedures and safeguards in relation to the secured storage/protection of and access to dual-use items?

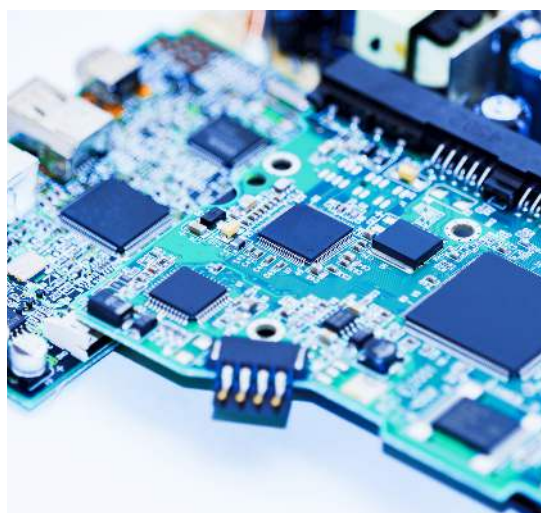
## Authorized Economic Operator (AEO) Programme

The Indian Authorized Economic Operator (AEO) Programme was started in 2011 by Customs (CBIC) to set standards for ensuring safety and security in the supply chain, wherein an entity engaged in international trade is approved by Customs as compliant with supply chain security standards and granted AEO status, enabling them to avail certain benefits. The program has a membership of nearly 5000 AEO-certified entities. Further details on the AEO program are available at:

<https://www.aeoindia.gov.in/>

An ICP certified by the Compliance Manager of the company or Government certified such as AEO is a pre-requisite for obtaining the Global Authorisation for Inter-Company Transfers (GAICT) scheme, General Authorisation for Export of Drones(GAED) of the DGFT and Open General Export License (OGEL) schemes of the DDP.

An ICP within the organization or AEO certification may become a mandatory requirement for the Indian exporter to apply for the various General Authorisation schemes, as the Government liberalizes the export of other SCOMET items/technologies. Therefore, the Industry and other relevant stakeholders must move towards ICPs or AEO certification, to ensure that the essential elements and best practices are followed to comply with the strategic trade control / export control related regulations.



## WAY FORWARD

As we navigate through an era marked by rapid technological advancements and changes in the security landscape, it is imperative to periodically assess the SCOMET policy to ensure its effectiveness in balancing non-proliferation and trade considerations.

Directorate General of Foreign Trade(DGFT) in its efforts to facilitate trade is working with the Industry to further streamline the SCOMET policy and procedures and introducing General Authorisations and similar schemes for certain SCOMET items while ensuring that necessary compliance including the documentary requirements are fulfilled, as per our International commitments and national security considerations. Effective enforcement of SCOMET policy at the borders will also remain a focus area.



Continuous engagement with Industry and other Stakeholders is needed to gain diverse perspectives and align the policies with our rapidly growing industries and technological advancement. In this context, there would be a focus on sector-specific policies for promoting *Make in India* goods/technologies in sectors such as Telecommunications, Information Security, etc. At the same time, it is expected that the Industry and other Stakeholders would move towards Internal compliance and the institution of Internal Compliance Programs(ICPs) within the organizations and work towards getting AEO certified to make it easy for the Industry to take benefit of General license/authorization schemes.



## Important Links

1. The SCOMET policy is available on the DGFT website under “Regulations -> Import, Export and SCOMET policy”.
2. The online process of filing a SCOMET application is outlined in the Trade Notice No. 11 dated 28.07.2021
3. To raise awareness of the SCOMET category '0' licensing process widely among relevant stakeholders, a list of Frequently Asked Questions (FAQs) on export control on nuclear-related items has been framed and uploaded to DAE website (<https://dae.gov.in/frequently-asked-questions-faq-on-theexport-control-of-nuclear-related-items>).
4. The DAE has also notified the "Guidelines for Nuclear Transfers (Exports)" (<https://dae.gov.in/acts-rules/>) to regulate the exports of the Prescribed Substances, Prescribed Equipment, and Prescribed Technology, as again notified by the Department under the Atomic Energy Act of 1962.
5. The SOP of DDP has been simplified and may be referred at DDP's website (<https://www.ddpmod.gov.in/>).



**DISCLAIMER:** This document is only for informational /reference purposes and for providing clarity to the Industry and other stakeholders regarding the relevant laws and regulations of the Government of India.

For more information, kindly refer to Chapter 10 of Foreign Trade Policy 2023, Chapter 10 of Handbook of Procedures 2023 & Appendix 3 to Schedule 2 of ITC (HS)(SCOMET List as updated on 28.08.2023)

This document has been prepared by the Directorate General of Foreign Trade with contributions from various experts in the field of Strategic Trade Controls including the Disarmament and International Security Affairs Division of the Ministry of External Affairs, other Government of India organizations and relevant Industry stakeholders.

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