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Defence Export Rules Rewritten: OGEL Extended From 41 Countries to Nearly All

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> *On* **August 28, 2026**, *the* **Department of Defence Production, Ministry of Defence**, *notified a package simplifying the* **Defence Export Standard Operating Procedure** *and the* **Open General Export Licence (OGEL)** *framework, extending OGEL coverage from* **41 countries to all countries** *except negative and sensitive destinations and those under* **UN Security Council sanctions or arms embargoes**.

WHAT AN OGEL IS

An **Open General Export Licence** is a **standing, one-time authorisation** that permits an eligible exporter to **self-generate authorisations for multiple consignments**, within defined limits, without seeking approval for each shipment.

The distinction from an ordinary export licence is the whole point:

	ORDINARY EXPORT AUTHORISATION	OGEL
Applied for	**Per consignment**	**Once**, for a validity period
Approval	Case-by-case government clearance	Exporter **self-generates** within the licence
Compliance check	**Before** shipment	Largely **after**, through reporting and end-use monitoring

WHAT CHANGED

ELEMENT	BEFORE	AFTER
Country coverage	**41 countries**	**All countries** except negative/sensitive and UNSC-sanctioned or embargoed states
Validity	**2 years**	**3 years**
Number of OGEL SOPs	**Three** separate procedures	**One unified SOP**
Stakeholder consultation	Required broadly	**Dispensed with** for non-lethal items to most destinations, and for all items going to international tenders and exhibitions
Long-term FOEM contracts	No dedicated provision	OGEL validity **co-terminus with the underlying contract**

The three procedures that have been merged covered **major platforms and equipment**, **parts and components**, and **intra-company technology transfer**. The revised framework also permits **civil-end-use exports of specified parts of small-calibre arms and protective equipment**.

Safeguards are retained for sensitive countries.

WHY THIS IS A STRUCTURAL CHANGE AND NOT A PROCEDURAL ONE

The reform inverts the default. The historic Indian posture on defence exports was **prohibited unless specifically cleared**. The new posture is **permitted unless specifically barred**. Everything else in the package follows from that inversion.

Who benefits most is the point. A large integrator can absorb repeated licensing cycles: it has a compliance department, and the cost per shipment is small relative to contract value. **An MSME cannot.** For a small component supplier, a per-consignment approval cycle is a working-capital problem, a delivery-schedule risk and a reason for a foreign buyer to source elsewhere. India has **more than 350 Indian offset partners, almost 40 per cent of them MSMEs**, and this reform is aimed squarely at them.

The provision for Foreign Original Equipment Manufacturer contracts is the most commercially significant. Aligning OGEL validity with the life of a long-term contract means an Indian supplier inside a global supply chain no longer has a licence expiring mid-contract. That is precisely the risk that causes a foreign OEM to prefer a supplier in a jurisdiction with predictable authorisation.

CRITICAL ANALYSIS

The burden has moved, not disappeared. Pre-shipment approval is a **preventive** control: a wrong export is stopped before it leaves. Post-shipment end-use monitoring is a **detective** control: a wrong export is discovered after it has arrived. The second is far less costly to industry and far more demanding of the state, because it requires the capacity to verify end use in dozens of jurisdictions.

India has not tested that capacity at scale. With coverage extending from 41 countries to nearly all, the monitoring surface expands enormously while the negative list does the work of exclusion. The **negative and sensitive country list therefore becomes the single most important document in the framework**, and its criteria, review cycle and transparency are now questions worth asking.

The reputational risk is real and asymmetric. A single diversion of Indian-origin defence material to an embargoed party would do more damage to India's standing as a supplier than years of liberalisation would repair. Export-control credibility is what makes a country a preferred partner for technology-bearing contracts.

The deeper question is what is actually being exported. India's defence exports reached **Rs 38,424 crore in 2025-26**, an all-time high, against defence production of **Rs 1.78 lakh crore**. But whether that export figure rests on **integrated platforms** or on **components and sub-systems** determines what it means. Exporting components into someone else's supply chain is assembly-tier participation, valuable but shallow. Exporting platforms is defence-industrial depth. Easier export procedures accelerate whichever of the two India is already doing; they do not change which one it is.

Read this alongside the end of the offset regime. Draft **DAP 2026** removes defence offsets, which were the mechanism that pulled Indian private firms into global supply chains in the first place. In **2025-26** the private sector share of defence exports **fell below 50 per cent for the first time since 2017-18**. Export liberalisation and offset withdrawal are pulling in opposite directions on the same set of firms, and this reform can reasonably be read as the government's answer to a pipeline it knows is closing.

UPSC RELEVANCE

GS Paper 3: Indian economy, industrial policy and ease of doing business; achievements of Indians in science and technology; indigenisation of technology; security challenges and defence.

GS Paper 2: India's defence exports as an instrument of foreign policy and of relationships with partner countries.

Prelims angle: what an OGEL is, the validity change, the country-coverage change, and the production and export figures.

Mains angle: *"Trade facilitation shifts compliance from prevention to detection. Examine the institutional capacity that shift requires, with reference to India's defence export framework."*

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THE REFORM:

Notified 28 August 2026 by the Department of Defence Production, Ministry of Defence. Raksha Mantri: Rajnath Singh.

OGEL validity: 2 years to 3 years.

Country coverage: 41 countries to all countries, barring negative and sensitive nations and those under UNSC sanctions or arms embargoes.

Three OGEL SOPs merged into one unified SOP, previously covering major platforms and equipment, parts and components, and intra-company technology transfer.

Stakeholder consultation dispensed with for non-lethal items to most destinations and for all items to international tenders and exhibitions.

New provision: OGEL for Indian firms holding long-term contracts with Foreign OEMs, validity aligned to the contract.

Permits civil-end-use exports of specified parts of small-calibre arms and protective equipment.

CONTEXT FIGURES (BACKGROUND, NOT NEW DATA):

Defence production, FY 2025-26: Rs 1.78 lakh crore, an all-time high.

Defence exports, FY 2025-26: Rs 38,424 crore, a record; target Rs 50,000 crore by 2029.

About 145 Indian firms export defence products to more than 80 countries.

THE WIDER FRAMEWORK:

Defence Acquisition Procedure (DAP) 2020 replaced the Defence Procurement Procedure (DPP) 2016. Draft DAP 2026 removes offsets and mandates indigenous content of up to 30 per cent on global buys.

Defence offsets were introduced in 2005, requiring 30 per cent of contract value to be ploughed back through reverse purchase, joint-venture investment or technology transfer.

Positive Indigenisation Lists bar the import of listed items after specified dates. These are issued by the Department of Defence Production (for DPSU items) and separately by the Department of Military Affairs (for services' capital acquisitions).

Defence Industrial Corridors: two, in Uttar Pradesh and Tamil Nadu, announced in the 2018-19 Budget.

iDEX (Innovations for Defence Excellence) was launched in 2018 to fund defence innovation by startups and MSMEs.

SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) is India's dual-use export control list, administered by the DGFT under the Ministry of Commerce and Industry. Munitions fall in SCOMET Category 6, licensed by the Department of Defence Production.

India is a member of the Missile Technology Control Regime (2016), the Wassenaar Arrangement (2017) and the Australia Group (2018). It is not a member of the Nuclear Suppliers Group.

WATCH THE TRAP:

Defence production and defence exports are different figures. Production was Rs 1.78 lakh crore in FY26; exports were Rs 38,424 crore. Exports are roughly a fifth of production, not equal to it.

OGEL is an authorisation regime, not a removal of control. Items on the negative list and destinations under sanction remain barred, and end-use monitoring continues.

India is in the MTCR, Wassenaar and Australia Group but not the NSG. The four are separate regimes with separate memberships.

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