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DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE

Industrial licence in India: the four industries that need one

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FOUR INDUSTRIES NEED A compulsory industrial licence under the Industries (Development and Regulation) Act, 1951 (the IDR Act): electronic aerospace and defense equipment, industrial explosives, specified hazardous chemicals, and cigars and cigarettes. DPIIT and the National Single Window System list no others, and no fresh licence for cigars and cigarettes has been given since 1999.

KEY FACTS

FDI POLICY

Consolidated FDI Policy Circular of 2020

LAND-BORDER RULE

Press Note No. 2 (2026 Series)

PROCUREMENT

Public Procurement (Preference to Make in India), Order 2017

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Which industries need an industrial licence in India?

Four industries need a compulsory industrial licence under the Industries (Development and Regulation) Act, 1951 (the IDR Act): electronic aerospace and defense equipment, industrial explosives, specified hazardous chemicals, and cigars and cigarettes. DPIIT and the National Single Window System list no others, and no fresh licence for cigars and cigarettes has been given since 1999.

Licensing is one of DPIIT's rules for investors and manufacturers. Small and medium units need a licence for these items too, as do existing and expanding units (NSWS FAQs).

The four industries, from DPIIT's industrial licensing page (last changed September 28, 2026)

Industry	What it covers
Electronic aerospace and defense equipment	The items in Annexure-I of Press Note 1 (2019): defense aircraft (military drones included), warships and allied defense equipment
Industrial explosives	Including detonating fuses, safety fuses, gunpowder, nitrocellulose and matches
Specified hazardous chemicals	Hydrocyanic acid and phosgene, with their derivatives, and isocyanates and di-isocyanates of hydrocarbons not elsewhere specified, such as methyl isocyanate. DPIIT's indicative list names sodium and potassium cyanide, acetonitrile and acrylonitrile among possible derivatives.
Cigars and cigarettes	Of tobacco and of manufactured tobacco substitutes. No fresh licences since 1999, on health grounds.

For licences to make, store and import explosives from PESO, the explosives and gas cylinder regulator, see our guide to PESO licences.

Do defense manufacturers need one, and who issues it?

A defense manufacturer needs an industrial licence from DPIIT if it makes an item in Annexure-I of Press Note 1 (2019). Under the Arms Act, 1959, DPIIT licenses arms and ammunition of 12.7 mm caliber and above, crew-fired weapons and allied defense equipment. The Ministry of Home Affairs licenses smaller calibers.

Press Note 1 (2019), dated January 1, 2019, holds both lists:

- **IDR Act:** Annexure-I, the defense items, which the Ministry of Defense's Department of Defense Production finalized (para 1(A)).
- **Arms Act, 1959:** Annexure-II, for making or proof-testing arms and ammunition such as tanks, guns, howitzers, missile systems, bombs and energetic materials (para 1(B)).

Arms Act applications carry no fee, though the Ministry of Home Affairs sets a licence fee, paid later by demand draft. The licences have no validity period, but the facility must be set up within 7 years, which may be extended by 3. Commercial production needs the Ministry of Home Affairs' prior permission (NSWS FAQs).

DPIIT considers defense licence applications with the Ministry of Defense and the Ministry of External Affairs (Consolidated FDI Policy 2020, para 5.2.6.2(iii)). On investment, see India's FDI policy and sector caps and DPIIT's rules for foreign companies.

How do you apply for an industrial licence?

You apply on the National Single Window System (NSWS) and pay ₹2,500 under the IDR Act. DPIIT gathers comments from the ministries and state concerned, and its licensing committee recommends a decision for the minister in charge of DPIIT to approve. Special Economic Zone units get IDR Act licences from the Department of Commerce.

1. File on NSWS.

Use the form for your Act, with the documents NSWS lists. The ₹2,500 IDR Act fee is paid online; Arms Act applications have none (NSWS FAQs). Units in Special Economic Zones and export-oriented units don't file on NSWS.

2. Complete it.

DPIIT accepts only complete applications. NSWS allows 30 days to send missing documents.

3. Wait for comments.

DPIIT consults the ministries concerned, the Ministry of Home Affairs, the state where the plant will be and other agencies.

4. Go before the committee.

The licensing committee meets on the first and third Thursday of each month and recommends a grant, a rejection or a deferment. The minister in charge of DPIIT then approves the outcome (DPIIT's licensing page).

On timing, NSWS says only that "all efforts are being made to issue the Industrial License within 05 months" of an accepted, complete application. That's a target, not a deadline, and the agencies consulted may need clearances of their own first.

How long is an industrial licence valid?

An industrial licence under the IDR Act is valid for 15 years and may be extended by 3, to 18 at most, under Press Note 1 (2023). If commercial production hasn't started by then, the licence lapses automatically. Until production starts, the holder files a Form G progress report every six months.

Guides that say three years are out of date: Press Note 1 (2023), dated July 21, 2023, raised the term to fifteen years for new licences (para I).

To extend, the holder applies to the administrative ministry concerned, or DPIIT's Explosive Section, before the 15 years end (para II(i)). When applying, it needs:

- The land owned, or leased for at least 30 years (para II(iv)(a)).
- Construction finished, and plant and machinery installed or commissioned (para II(iv)(b) and (c)).

- Every change, such as a new name, directors, capacity or premises, endorsed on the licence (para II(ii)).

An Additional or Joint Secretary may approve the extension without the licensing committee (para II(ix)). A licence transferred, suspended or canceled in the meantime can't be extended (para II(v)). NSWS adds that a licence is invalid once its land lease expires.

What happens if you breach the industrial licensing law?

Since December 12, 2023, breaching India's industrial licensing law has carried a civil penalty of up to ₹25 lakh, under the Jan Vishwas (Amendment of Provisions) Act, 2023. A district magistrate or additional district magistrate sets it after an inquiry and a hearing. You can appeal within 30 days to an officer of Joint Secretary rank or above.

S.O. 5318(E), dated December 7, 2023, brought these changes into force on December 12, 2023. An appeal is to be decided within 60 days of filing, and a late one may be admitted for sufficient cause (Jan Vishwas Act, 2023, Schedule, serial 10, new sections 24A and 24B).

DPIIT's Industries (Development and Regulation) Manner of Holding Inquiry and Appeal Rules, 2024 (G.S.R. 764(E), dated December 12, 2024) set the steps:

- Anyone may complain to the adjudicating officer, in Form 1 (rule 3).
- The officer's notice gives you at least seven days from service to show why no inquiry should be held (rule 4(1)).
- The officer is to finish within six months of the notice, but may extend any period for reasonable cause (rules 4(11) and 6).
- You appeal in Form 4 (rule 5(1)).

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Frequently asked questions

Can a foreign company hold an industrial licence in India?

No. Only Indian companies are considered for licences under the IDR Act and the Arms Act, 1959 (NSWS FAQs). Foreign investment in a licensed Indian company is allowed, and follows the FDI policy and the Foreign Exchange Management Act, not the licensing Acts.

What security rules must a licensed defense manufacturer follow?

Press Note 3 (2025), dated July 23, 2025, tells holders of DPIIT industrial licences to comply with the 2025 security manual for licensed defense industries before production starts. The Ministry of Defense's Department of Defense Production publishes the manual.

How much foreign investment can a licensed defense company take?

Up to 100%: automatic up to 74%, and government approval above that (Consolidated FDI Policy 2020, para 5.2.6.1; DPIIT's list of government-route sectors, row 3). Foreign investment in defense also needs security clearance from the Ministry of Home Affairs (para 5.2.6.2(iv)).

Sources

- National Single Window System, frequently asked questions: the Industrial License answers (who needs one, who issues it, foreign companies, how to apply, timing, fees, validity, Form G,

Arms Act licences, land), read October 29, 2026

- DPIIT, Industrial Licensing (IL), as DPIIT's content system serves the page (last changed September 28, 2026): the four industries, the application process and the licensing committee
- DPIIT, indicative list of chemicals under the IDR Act, 1951 (linked from the Industrial Licensing page), item 1
- Press Note No. 1 (2019 Series), dated January 1, 2019: defense items needing an industrial licence under the IDR Act, and arms and ammunition under the Arms Act, 1959, para 1(A) and (B), Annexures I and II
- Press Note No. 1 (2023 Series), dated July 21, 2023: streamlining the procedure for grant of industrial licences, paras I and II(i), (ii), (iv), (v), (vii), (viii) and (ix)
- Press Note No. 03 (2025 series), dated July 23, 2025: the security manual for licensed defense industries
- Consolidated FDI Policy Circular of 2020 (effective October 15, 2020), paras 5.2.6.1 and 5.2.6.2(iii) and (iv)
- DPIIT, FDI Policy: sectors where government approval is required, row 3 (defense)
- The Jan Vishwas (Amendment of Provisions) Act, 2023 (Act No. 18 of 2023, August 11, 2023), section 1(2) and Schedule, serial 10: sections 24, 24A and 24B of the IDR Act as amended
- S.O. 5318(E), dated December 7, 2023 (Gazette of India, Extraordinary, December 13, 2023): the Jan Vishwas Act, 2023 in force for the Industries (Development and Regulation) Act, 1951 from December 12, 2023
- G.S.R. 764(E), dated December 12, 2024 (Gazette of India, Extraordinary, December 13, 2024): the Industries (Development and Regulation) Manner of Holding Inquiry and Appeal Rules, 2024, rules 3, 4(1), 4(11), 5(1) and 6

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