

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:5340
ANSWERED ON:29.04.2013
DEFENCE PROCUREMENT PROCEDURE
Rajesh Shri M. B.

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government is considering to change the defence procurement procedure;
- (b) if so, the details thereof;
- (c) whether the Government has come out with a new defence procurement procedure which will govern all defence procurements henceforth; and
- (d) if so, the details thereof along with the time by which it is likely to be implemented?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (d): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 5340 FOR ANSWER ON 29.4.2013

(a) to (d): Yes, Madam. The review of the Defence Procurement Procedure (DPP) which deals with capital acquisition cases, is a continuous and an ongoing process. Para-76 of DPP-2011 stipulates review of the procurement procedure to be undertaken by the Defence Procurement Board (DPB) after every two years. The amendment proposals based on the current review have recently been approved by the Defence Acquisition Council (DAC). These amendments aim at enhancing indigenization, reducing processing time and bring further clarity in the capital acquisition process. Some of the salient features of these amendments are as follows:-

(i) Prioritization of various categories of capital acquisitions under DPP: Preference will now be given for indigenous production. The Categorization Committees will now follow a preferred order of categorization beginning with (1)'Buy (Indian)' followed by (2)'Buy & Make (Indian)', (3)'Make' (4)'Buy & Make with Transfer of Technology' and (5)'Buy (Global)'.

(ii) Finalization of Services Qualitative Requirements (SQRs) before grant of Acceptance of Necessity (AON) and reducing the time of validity of AON: The proposed amendments now stipulate that the SQR will be frozen before the AON has been granted. Further, the validity period of AON has also been reduced from two years to one year. Together, these measures are expected to expedite the acquisition process and increase transparency.

(iii) Simplification of 'Buy & make (Indian)' procedure: The procedure for 'Buy & Make (Indian)' cases has been further simplified. It is expected to result in faster processing of the cases under this category.

(iv) Clear definition of Indigenous Content: The 'Indigenous Content' has now been defined in more specific term providing requisite clarity.

(v) Enhanced delegation of financial powers: The financial powers of the Defence Procurement Board (DPB) for according AON has been enhanced from the existing `100 crore to `300 crore for capital acquisition cases. Likewise, the financial powers of the Services Capital Acquisition Plan Categorization Higher Committee (SCAPCHC) has been enhanced from the existing `50 crore to `150 crore.

(vi) Advance Consultations for 'Make' Procedure: The proposed amendments also mandate advance consultations with various stakeholders including DRDO and the Indian Industry on the potential 'Make' cases. This is expected to improve the participation of the Indian Industry in the 'Make' category cases.

(vii) Powers of DAC: Approval of all deviations from the DPP will henceforth be sought from the DAC instead of the Raksha Mantri.

Efforts are at hand to promulgate the amended DPP within the current quarter of the Financial Year 2013-14.