The Capital Procurement of defence equipment is undertaken based on threat perception, operational challenges and technological changes and to keep the Armed Forces in a state of readiness to meet the entire spectrum of security challenges. While doing so, attempt is made at achieving substantive self reliance in the design, development and production of equipment, weapon systems, platforms required for defence in as early a time frame as possible and creating conditions conducive for private industry to play an active role in this endeavour and enhancing the potential of SMEs in indigenisation and broadening the defence R&D base in the country.

A number of measures have been taken to promote ‘Make in India’ in defence manufacturing by harnessing the capabilities of the public and private sectors such as introduction of new category of procurement ‘Buy {Indian-IDDM (Indigenously, Designed, Developed and Manufactured)} and ‘Strategic Partnership Model’ in Defence Procurement Procedure (DPP); according preference to ‘Buy (Indian-IDDM)’, ‘Buy (Indian)’, ‘Buy &Make (Indian)’ & ‘Make’ categories of capital acquisition over ‘Buy (Global)’ & ‘Buy &Make (Global)’ categories, simplification of Make-II procedure, etc. As a result of the aforesaid initiatives, the Government in the last three years i.e. from 2016-17 to 2018-19 and till December, 2019, has accorded Acceptance of Necessity (AoN) to 138 proposals worth Rs. 2,69,465.26 crore approximately, under these categories of Capital Procurement which promote domestic manufacturing as per DPP-2016.

The ‘Make’ procedure seeks to address the multiple objectives of self-reliance, wider participation of Indian Industry, impetus for MSME sector, sound implementation, transparent execution and timely induction of equipment into Indian Armed Forces. The ‘Make’ category, is further sub divided into the following:

1. **Make-I (Government Funded)** - Projects under Make-I sub category have been simplified with provisions for funding of 90% of development cost by the Government to Indian Industry and reserving Government funded Make-I projects not exceeding development cost of Rs. 10 crore and procurement cost of Rs. 50 crore per year for MSMEs.

2. **Make-II (Industry Funded)** - A new separate ‘Make-II (Industry Funded)’ procedure was notified by the Government in February, 2018, to primarily focus upon development of equipment/ system/ platform or their upgrades or their subsystems/ sub-assembly/ assemblies/ components and import substitution. Under this procedure, no Government funding is envisaged for prototype development purposes but there is an assurance of orders on successful prototype development. This procedure has number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, reduced timelines, provision for consideration of Suo-moto proposals by industry/individuals, etc. Out of 44 projects which have been accorded AIP, 13 projects have been accorded “Acceptance of Necessity (AoN)” and “Project Sanction Order (PSO)” has been issued for 09 Projects.

The Defence Procurement Procedure stipulates a time schedule for completion of the development & procurement cycle of Make Procedure. However, the time taken to undertake capital procurement of defence equipment depends on the nature and complexity of the equipment being developed involving rigorous trials, after which detailed bid evaluations and
comprehensive commercial negotiations have to be undertaken. Nonetheless, under the Defence Procurement Procedure (DPP)-2016, Government has laid down further provisions for ensuring swift decision making and simplification of the processes.

Due to strategic consideration, specific details of individual projects is not being disclosed.

This information was given by Raksha Rajya Mantri Shri Shripad Naik in a written reply to Col. Rajyavardhan Rathore in Lok Sabha today.

ABB/SS/Nampi/KA/DK/Savvy

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