

Govt amends Defence Acquisition Procedure 2020 to promote 'Make In India' in military procurement

The government on Monday amended the Defence Acquisition Procedure 2020 in order to promote "Make in India" in military procurement.



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In an effort to further promote 'Make in India' and 'Aatmanirbharta' in defence and enable the ease of doing business, the Defence Acquisition Procedure (DAP) 2020 has been amended based on the approvals accorded by the Defence Acquisition Council (DAC).

"Going forward, all modernisation requirements of the defence services and Indian Coast Guard are to be indigenously sourced irrespective of the nature of the procurement," the ministry said in a statement.

It said the import of defence equipment and sourcing it from the foreign industry under capital acquisitions should only be an exception and undertaken with specific approval of the defence acquisition council or the defence minister.

"As advised by the Ministry of Finance and to reduce the financial burden on the Indian defence industry whilst maintaining financial safeguards, the requirement of Integrity Pact Bank Guarantee [IPBG] has been dispensed with," the ministry said.

"Instead, Earnest Money Deposit [EMD] will be taken as a bid security for all acquisition cases with Acceptance of Necessity [AoN] cost more than Rs 100 crore," it added.

The ministry said the EMD will be valid for the selected vendor up to the signing of contracts and returned to remaining vendors post declaration of selection.