

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



Manjeet Negi

New Delhi

April 26, 2022 UPDATED: April 26, 2022 04:35 IST



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.

"Post contract, integrity pact will be covered through the performance cum warranty bank guarantee [PWBG]. Further, as per extant government of India policy, EMD is not required from Micro and Small Enterprises [MSEs]," it said.

READ | [Make in India IAF's focus for next mega fighter deal](#)

To encourage wider participation and a broad base of indigenous defence manufacturing sector in the country, the total order quantities in acquisition cases are to be split between shortlisted vendors, wherever viable, according to the ministry.

"Further, the other technically qualified bidders who have not been awarded a contract will be issued a certificate by the services indicating that the product has been successfully trial evaluated, to facilitate vendors to explore other markets," it said.

The defence ministry also decided to cut waiting time for projects under the iDEX framework.

The iDEX programme was launched in 2018 as an ecosystem to foster innovation and technology development in the defence and aerospace sectors by engaging innovators and entrepreneurs.

"To enable the budding startup talent pool of the country to contribute towards the twin mantras of self-sufficiency and indigenisation, the procurement process under the iDEX procedure of DAP [Defence Acquisition Procedure] 2020 has been simplified.

"With this simplification, time taken from grant of AoN to signing of the contract will be reduced to 22 weeks," the ministry said.

It said the Make-II procedure of DAP-2020, involving indigenisation of defence equipment through industry-funded projects at the prototype development stage, has been simplified by incorporating single-stage composite trials of prototypes and dispensing off with quantity vetting and scaling for initial procurements.

Post simplification, the timelines in the Make-II procedure will be reduced to 101-109 weeks from an existing total time period of 122-180 weeks, the ministry said.