

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 3563**  
TO BE ANSWERED ON 4<sup>TH</sup> APRIL, 2022

**NEW PROCUREMENT POLICY**

3563. SHRI IRANNA KADADI:

Will the Minister of Defence be pleased to state:

- (a) whether Government is considering to adopt a new procurement policy that would define the level of indigenous content for defence equipment and give higher preference to local vendors in contracts;
- (b) if so, the salient features of the aforesaid policy;
- (c) whether Government has identified other defence equipments wherein the policy can be applied and, if so, the details thereof;
- (d) whether Government has consulted various stakeholders before finalizing the new procurement policy and, if so, the details thereof; and
- (e) the other policy decisions taken by Government to give preference to the Indian vendors?

A N S W E R

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) to (d): Ministry of Defence, after holding stakeholder consultations with Industry Associations, Think Tanks, Services and other government agencies, promulgated Defence Acquisition Procedure(DAP)-2020 with effect from 01 October, 2020. Following are the salient features of DAP-2020 promoting Aatmanirbhar Bharat and 'Make in India':

- (i) Notification of positive indigenisation lists in respect of weapons/platforms to ensure that equipment as mentioned in the list is not procured ex-import post prescribed timelines.

...2/-

: 2 :

- (ii) Highest priority to procurement under Buy(Indian-Indigenous Design, Development & Manufacture[IDDM]) category.
  - (iii) Indigenisation of imported spares through Make-III process introduced with the aim of enhancing self-reliance through import substitution.
  - (iv) Reservation for MSMEs and small shipyards for orders up to Rs 100 Crores/year.
  - (v) Increased Indigenous Content (IC) in various categories of procurement under DAP-2020.
  - (vi) Reservation for Indian Vendors with ownership and control by resident Indians in procurement under the categories viz. Buy(Indian-IDDM)[Chapter-2], Make-I & Make-II[Chapter-3] and Strategic Partnership(SP) Model[Chapter-7] of DAP-2020.
  - (vii) Introduction of new category of Buy(Global-Manufacture in India) to give push to 'Make in India' initiative of the Government.
- (e): To provide further impetus to domestic defence industry, Defence Acquisition Council (DAC) has approved on 22 March, 2022 following amendments in DAP-2020:
- (i) It has been decided that any import of defence equipment/sourcing from Foreign industry, irrespective of value and type of acquisition should only be an exception requiring specific approval of DAC/Raksha Mantri.
  - (ii) To reduce financial burden on Indian Industry Integrity Pact Bank Guarantee (IPBG) has been dispensed with. Earnest Money Deposit (EMD) has been introduced as a bid security and Pre-Contract Integrity Pact (PCIP) cover till conclusion of contract. Post conclusion of contract, Performance cum Warranty Bank Guarantee(PWBG) to provide the PCIP cover. For projects upto Rs. 100 Crs and for MSMEs & Start-ups, EMD requirement has been waived.
  - (iii) Procedure for acquisition through iDEX and Make-II has been simplified with compression of timelines.

\*\*\*\*\*