



Ministry of Defence

# Defence Procurement Policy

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Defence Procurement Procedure (DPP)-2016, which has come into effect from April 2016, focuses on institutionalising, streamlining and simplifying defence procurement procedure to give a boost to “Make in India” initiative of the Government of India, by promoting indigenous design, development and manufacturing of defence equipment, platforms, systems and sub-systems. The key features of revised DPP, promoting ‘Make in India’ inter alia include:-

- A new category of procurement ‘Buy {Indian-IDD (Indigenously Designed, Developed and Manufactured)}’ has been introduced in Defence Procurement Procedure-2016 and the same has been accorded top most priority for procurement of capital equipment.
- Preference has been accorded to ‘Buy (Indian)’ and ‘Buy and Make (Indian)’ categories of capital acquisition over ‘Buy (Global)’ & ‘Buy & Make (Global)’ categories.
- Requirement of Indigenous content has been enhanced / rationalised for various categories of capital acquisition.
- The ‘Make’ Procedure has been simplified with provisions for funding of 90 % of development cost by the government to Indian industry and reserving projects not exceeding development cost of Rs. 10 crore (government funded) and Rs. 3 crore (industry funded) for MSMEs.

The following achievement have been made by the Government under this programme:-

- Defence Acquisition Council (DAC) accorded approval of 136 capital procurement cases at an estimated cost of Rs. 4,00,714/- crore during the last two financial years (2014-15 and 2015-16) and current year 2016-17 (upto January 2017), out of which 96 cases involving Rs. 2,46,417/- crore are under the ‘Buy (Indian-IDDM)’, ‘Buy (Indian)’, ‘Buy & Make (Indian)’, ‘Make’ categories.
- 141 contracts with total value of Rs. 2,00,010/- Crore (approx.) were signed during the last two financial years (2014-15 and 2015-16) and current year 2016-17 (upto December 2016), out of which 90 contracts involving a value of Rs. 83,344/- crore (Approx) were signed with Indian vendors.
- Capital expenditure of Rs. 1,75,420/- Crore (approx.) was incurred on purchase of defence items for Armed forces during the last two financial years (2014-15 and 2015-16) and current year 2016-17 (upto December 2016), out of which of Capital expenditure of Rs. 1,05,030/- Crore (approx.) was incurred on purchase from Indian vendors.

The responsibility of quality assurance of raw material used in defence products rests with Organizations such as Ordnance Factory Board (OFB), Defence Public Sector Undertakings (DPSUs), Directorate General of Quality Assurance (DGQA), etc. At present, there is no proposal to open any new lab in the country to check / investigate the defence products. However DGQA, DRDO, OFB, DPSUs and Armed forces already have their own laboratories or test facilities at various locations across the country to check / investigate the defence products. These agencies have offered some of their test facilities to private sector, details of which are available on their respective websites.

This information was given by Minister of State for Defence Dr. Subhash Bhamre in a written reply to Shri George Baker in Lok Sabha today.

NAMPI/Rajib

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