

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF MILITARY AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO.3628
TO BE ANSWERED ON 17th March, 2021

DOMESTIC PROCUREMENTS

3628. SHRI KOMATI REDDY VENKAT REDDY:
SHRIMATI VANGA GEETHA VISWANATH:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government is working on domestic procurements and the new 'negative list' is expected to be issued and if so, the details thereof;
- (b) whether around 10 mid-sized projects are likely to be allotted to the private sector in future and the deal for Light Utility Helicopters/Light Combat Helicopters is likely to be signed soon and if so, the details thereof;
- (c) whether the Government and private sector will be working with Start-ups under the Innovation for Defence Excellence(iDEX) initiative as a part of series of efforts to streamline defence procurement; and
- (d) if so, the details thereof, project-wise and the steps being taken to bring down the delays in time-lines of capital acquisition?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI SHRIPAD NAIK)

- (a) Yes, Sir. The Government is working on Second 'Positive Indigenisation List' as part of Aatmanirbhar Bharat Abhiyan on domestic procurements.
- (b) (i) Government is pursuing initiatives to achieve higher levels of Indigenisation and self-reliance in the defence sector by harnessing the capabilities of the public and private sector industries in the country.

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- (ii) Case for procurement of Light Utility Helicopters (LUH) and Light Combat Helicopters (LCH) is being progressed in accordance with extant procedures.
- (c) & (d):
- (i) Innovations for Defence Excellence (iDEX) framework was launched in April, 2018 with an aim to achieve self-reliance and to foster innovation and technology development in defence and aerospace by engaging industries including MSMEs, Start-ups, individual innovators, R&D institutes and academia.
 - (ii) iDEX provides grants for prototype development and promotes innovation and entrepreneurship among the Defence Start-ups.
 - (iii) Various initiatives being undertaken under iDEX are placed at Annexure-1.
 - (iv) Steps to bring down the delays in timelines of capital acquisition are placed at Annexure-2.

ANNEXURE-1 REFERRED TO IN REPLY TO PARTS (c) & (d) (iii) OF LOK SABHA UNSTARRED QUESTION NO. 3628 FOR ANSWER ON 17.03.2021 REGARDING 'DOMESTIC PROCUREMENTS'.

Details of Initiatives under iDEX

1. **Defence India Startup Challenge (DISC).** iDEX is emerging as a front runner & has gained substantial traction in the Defence Startup Community. Various MSMEs/Startups have been funded so far, to evolve services related research towards challenges/Problem Statement of Indian Forces. DISC IV was launched on 29 September, 2020 by the Hon'ble RM.
2. **iDEX Open Challenges.** As part of the iDEX Open Challenges, the received proposals are reviewed for approval by the High Powered Selection Committee (HPSC).
3. **iDEX 4 FAUJI.** iDEX 4 FAUJI was launched, along with Defence India Startup Challenge IV to support innovations identified by grass root service personnel serving in the field conditions. This would incorporate the first-hand experience for improving and bringing operational and maintenance improvements in existing platforms, as also generate futuristic ideas for innovations in defence manufacturing. These would then be issued as challenges under iDEX with the shortlisted start-ups being assisted by the applicant servicemen.
4. As part of iDEX initiative, OFB has taken up in-house R&D projects for development of Armament, Ammunition & Equipment items of Land Systems pertaining to i.e. Artillery & Air Defence Gun Systems, Small Arms Weapons Systems, Armored Fighting Vehicles and futuristic smart ammunition systems.
5. DRDO through Technology development scheme (TDF) scheme aims to fund private sector industry especially MSMEs including Start-ups. Total 25 Projects have been awarded to various private industries including MSMEs and start-ups under TDF scheme so far. The DRDO has also launched a pan India contest' to bring innovators, entrepreneurs, individual and start-ups for innovative ideas in the field of Defence and Aerospace.
6. There are 11 projects of Indian Army as part of DISC and Open Challenges of iDEX which involves hand holding of 23 start-ups. Indian Navy has leveraged iDEX scheme and is presently engaging 21 start-ups in design and development for 09 projects. IAF, as part of these initiatives, is progressing 11 cases and is engaged with 17 start-ups/individual innovators/MSMEs for design and development of innovative equipment through iDEX.

ANNEXURE-2 REFERRED TO IN REPLY TO PARTS (c) & (d) (iv) OF LOK SABHA UNSTARRED QUESTION NO. 3628 FOR ANSWER ON 17.03.2021 REGARDING 'DOMESTIC PROCUREMENTS'.

Steps taken to bring down Delays in Timelines of Capital Acquisition

1. The aim of the Defence Acquisition Procedure- 2020 (DAP) is to ensure timely procurement of military equipment, systems and platforms are required by the Armed Forces in terms of performance, capabilities and quality standards, through optimum utilisation of allocated budgetary resources. The following measures have been envisaged in DAP for achieving timely, efficient and effective procurement:-

- (a) Exemption of CNC (Contract Negotiation Committee) from furnishing Reasonability of Cost Certificate for DPSU Equipment already Priced by Committee constituted under orders of Hon'ble Raksha Mantri.
- (b) Delegation of Financial powers to Services Headquarters from Rs.150 Crores to Rs. 300 Crores.
- (c) Broad timeframe for completing procurement activities (from AoN to award of contract) had been reduced from 80-117 weeks to 70-94 weeks in multi vendor cases and from 92-137 weeks to 82-114 weeks in resultant Single Vendor cases.
- (d) Acceptance of Necessity (AoN) validity has been reduced to six months (from one year) for 'Buy' cases and to one year (from two years) for 'Buy & Make (Indian)' cases.
- (e) Draft Request for Proposal (RFP) has to accompany Statement of case (SOC) for AoN.
- (f) Single vendor cases at the bid submission and TEC stages will not be automatically retraced but processed with due justification with the approval of Defence Acquisition Council(DAC).
- (g) Guidelines for change of Name of Vendor have been incorporated in DPP-2016 and Guidelines for Handling of Complaints have been notified to address avoid delays on this account.
- (h) To rationalize time taken for Field Evaluation Trials (FET), it has been provided that FET be held in conditions where equipment is most likely to be deployed. In addition, provisions have been incorporated for increased use of certification and simulations in the technical evaluation of equipment.

2. **Monitoring Mechanism.** As part of DAP-2020, various monitoring mechanisms have been introduced. Some of the existing monitoring mechanisms for the Acquisition schemes are as follows:-

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- (a) Periodic review of Pre-contract schemes by PSO/APSO at SHQ and by DG(Acq) at MoD.
- (b) Periodic review of delayed cases by DPB/DAC.
- (c) Six monthly Review of shipbuilding cases by the Apex Steering Committee, headed by Secretary (DP) and Quarterly review by CWP&A.
- (d) Empowered Project Committee (EPC) for SP Model 10(1) schemes, FTP cases.
- (e) Monitoring of Make cases by Secretary (DP) and Head PMU-Make.
- (f) Post Contract Monitoring for Projects.
