

# Defence Procurement in India



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- ❖ The Defence Supply Chain
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- ❖ Discussions

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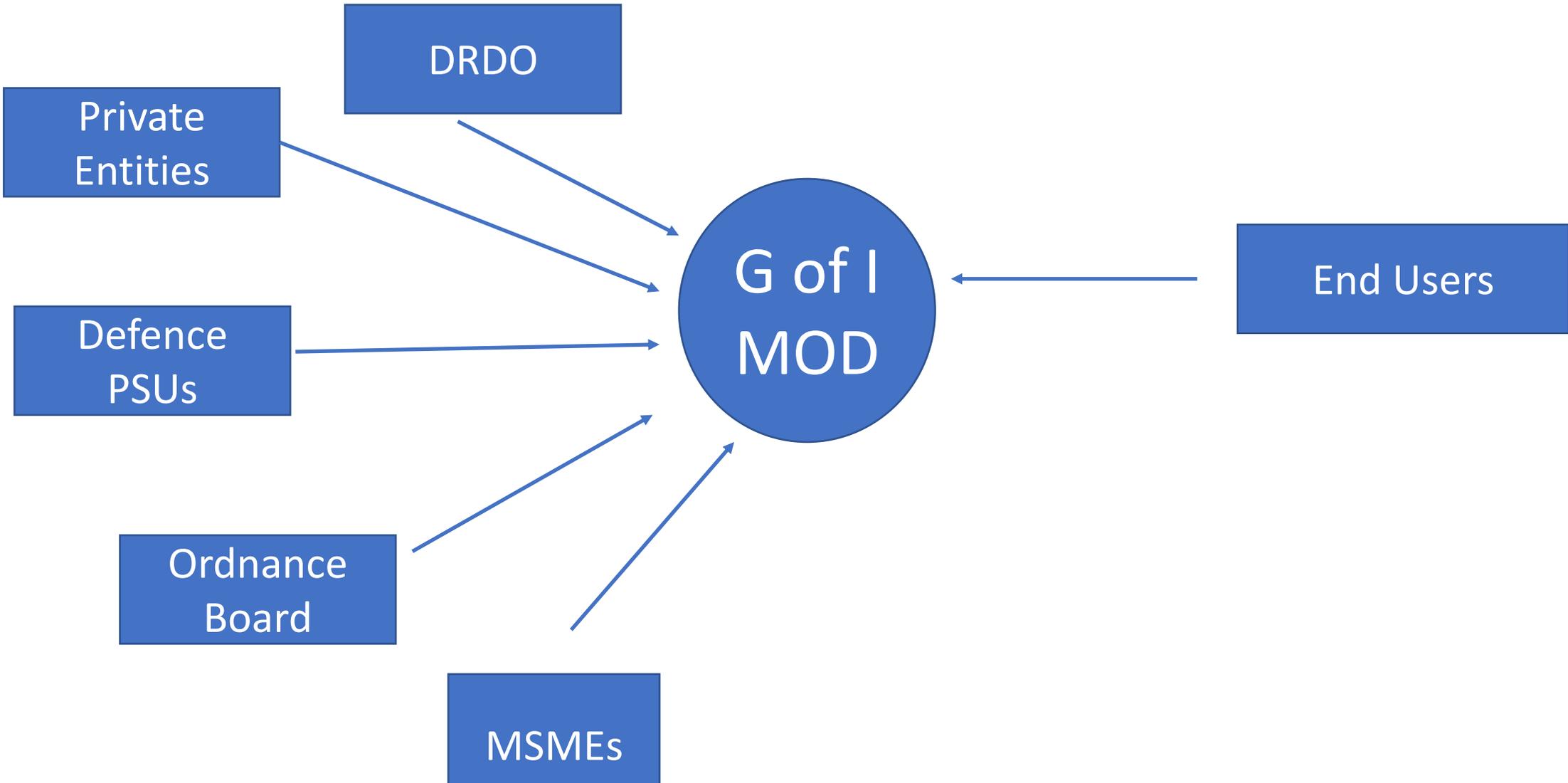
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# Overview

- Buyer – Sovereign State – President of India
- National defence preparedness
- Traditionally – Ordnance Board and PSUs
- Wavering requirements
- Self reliance
- Capacity building
- Internal market vs export



# The Defence Supply Chain – Perceptions and impact



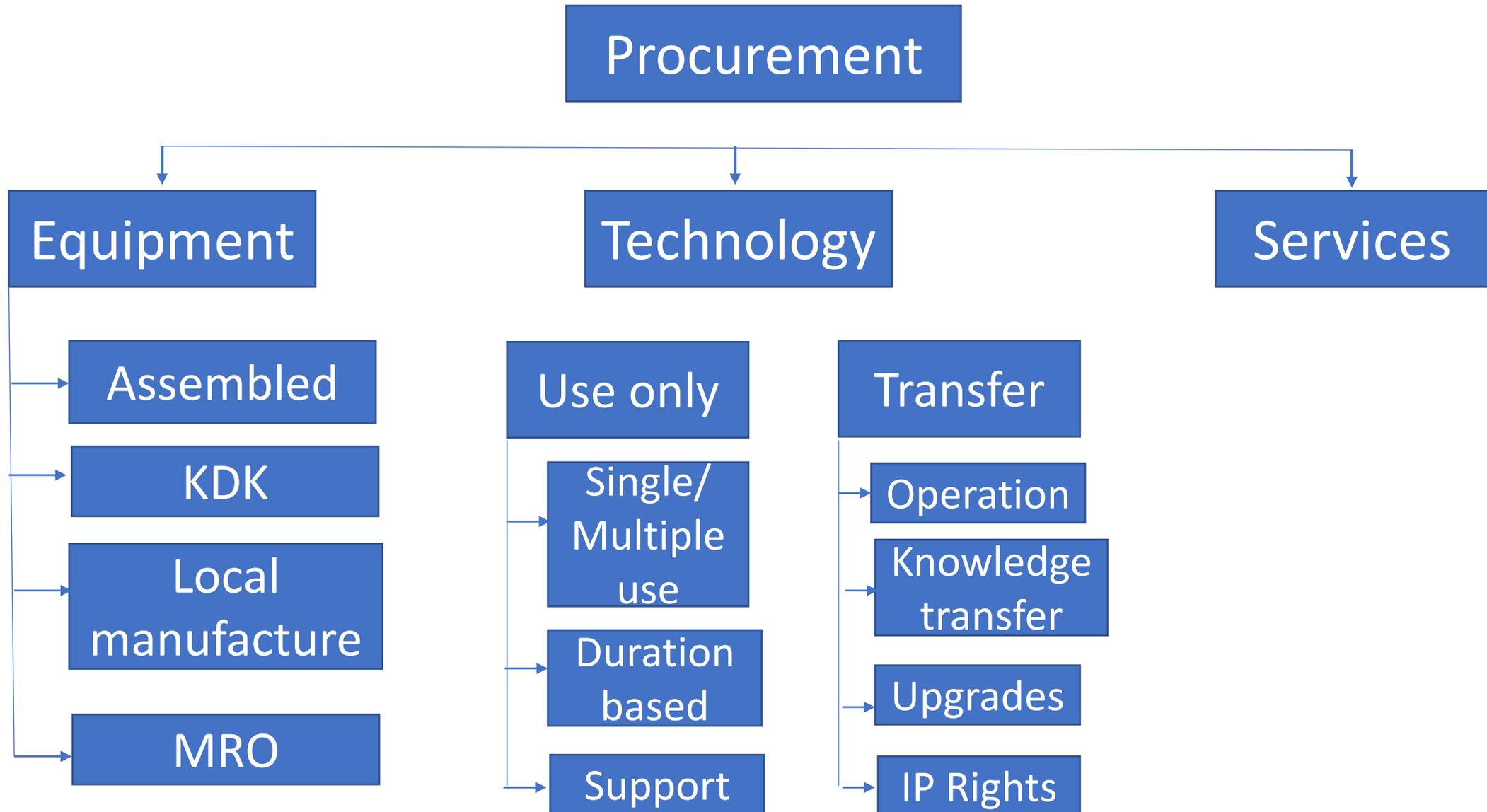
# Defence Procurement Procedure

- First version in 2006
- Multiple revisions and amendments
- [Latest version – Defence Acquisition Procedure 2020](#)
- Defence Procurement Manual - 2006

# Principles of procurement

- Transparency – must pass the principles of natural justice
- Predictability – forecast and evaluate outcomes
- Accountability – trace actions to procedures
- Strategic advantage

# Categorisation of procurement



# Procurement strategies

- Buy (Indian IDDM) – Indigenous design and IC  $\geq 50\%$
- Buy (Indian) – In case of Indigenous design  $\geq 50\%$ , otherwise  $\geq 60\%$
- Buy – Make (Indian) – Initially assembled procurement and then local manufacture
- Buy (Global – Manufacture in India)
- Buy (Global)

# Procurement strategies

- Make & Innovation – Internal agencies
- Design & Development – State agencies
- Strategic Partnership Model – Indian firms with OEMS under “Make in India”
- Leasing – Operating and Finance

# Stages of procurement

- Perspective planning
- Request for Information (RFI)
- Service Qualitative Requirements (SQRs)
- Acceptance of Necessity (AoN)
- Request for Proposals (RFP)
- Evaluation of offers – Technical, field and financial

# Stages of procurement

- Technical Oversight Committee
- Contract Negotiation Committee
- Competent Financial Authority approval
- Contract/ Work Order/Supply Order

# Challenges

- Trust deficit in systems and procedures
- Technological advancement & compatibility
- Quality standards & testing
- Intellectual Rights
- Changing decision makers and influencers





# धन्यवाद



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