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Defense Manufacturing Rules Eased

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The government has simplified the approval process for the manufacturing of defense and aerospace equipment and components by private industry.

- The government has brought the equipment under the **licensing authority of the Department of Industrial Policy and Promotion (DIPP)**, Ministry of Commerce and Industry
- The Equipment is listed in three categories — **defense aircraft, warships of all kinds, and allied items of defense equipment.**
- Defense items are covered by two different Acts — the **Industries (Development and Regulation) Act, 1951**, (IDRA act) and the **Arms Act, 1959.**
- Items of defense aerospace and warships now do not require a license under Arms Act. Such items shall now be covered by IDRA act.

Significance

- The most significant aspect is that warships of all kinds, surface and sub-surface, have been included in the listing.
- This move is also expected to **help foreign Original Equipment Manufacturers (OEM)** looking for partnerships with the private sector.
- The new guidelines would give a **boost to the small and medium enterprises (SMEs).**

Defense Procurement Procedure

- The government has appointed **Dhirendra Singh Committee** in May 2015 to review the Defense Procurement Procedure (DPP), 2013.
- Based on the recommendations of the committee Defence Procurement Procedure (DPP-2016) was brought which replaced the DPP-2013.
- DPP, 2016 focuses **to boost the Make-in-India initiative** by promoting indigenous design, development, and manufacturing of defense equipment, platforms, and systems.

- The government has introduced a newly incorporated procurement class called “**Buy Indian (IDDM)**”, where **IDDM stands for Indigenous Designed Developed and Manufactured**. This would have the first preference in all acquisitions once the DPP comes into effect.
- Besides this, preference has been accorded to ‘**Buy (Indian)**’ and ‘**Buy and Make (Indian)**’ categories of capital acquisition over ‘**Buy (Global)**’ & ‘**Buy & Make (Global)**’ categories.

Special Partnership Model under the Defense Procurement Procedure

- **Ministry of Defence has formulated the Strategic Partnership (SP) model** under the Defence Procurement Procedure (DPP), covering four specific areas to promote the role of the private sector in defense manufacturing.
- **The Strategic Partnership Model (SPM) is a different category in addition to the existing categories i.e. ‘Buy (Indian-IDDM)’; ‘Buy (Indian)’; ‘Buy & Make (Indian)’; ‘Buy & Make’ and ‘Buy (Global)’.**
- The policy is intended to **institutionalize a transparent, objective and functional mechanism to encourage participation of the private sector**, in manufacturing the defense equipment such as aircraft, submarines, helicopters, and armored vehicles.
- The policy aims to enhance competition, increase efficiencies, facilitate faster absorption of technology, leading to the reduction in dependence on imports and greater self-reliance in defense manufacturing.