



Defence Acquisition Procedure

For Prelims: Defense Acquisition Procedure, Initiatives to Boost Domestic Production.

For Mains: Significance of Defence Acquisition Procedure in Indigenisation of Defence.

Why in News?

The Ministry of Defence approved projects that will involve design and development of the military hardware covering [light tanks](#), [airborne stand-off jammers](#), communication equipment and simulators under [Defence Acquisition Procedure \(DAP\)](#).

- The defense ministry has cleared nine such projects: four under the 'Make-I' and five under the 'Make-2' categories of the DAP 2020.
- In the [Union Budget 2022](#), India earmarked Rs 84,598 crore - **68% of the military's capital acquisition budget --- for purchasing locally produced weapons** and systems to boost self-reliance in the defence sector, **besides setting aside 25% of the defence R&D budget for private industry**, startups and academia to encourage them to pursue design and development of military platforms.

What is the 'Make' Category?

- The 'Make' category of capital acquisition is **the cornerstone of the [Make in India initiative](#)** that seeks to build indigenous capabilities through the involvement of both public and private sector.
- **'Make-I'** refers to government-funded projects while **'Make-II'** covers industry-funded programmes.
 - **Make-I** involved in development of **big-ticket platforms such as light tank and communication equipment** with Indian security protocols.
 - Make-II category involves **prototype development of military hardware** or its upgrade for import substitution for which no government funding is provided.
 - The five projects approved under the industry-funded Make-II procedure are simulators for [Apache attacks helicopters and Chinook multi-mission choppers](#), wearable robotic equipment for aircraft maintenance, autonomous combat vehicle and integrated surveillance and targeting system for mechanised forces.
- Another sub-category under **'Make'** is **'Make-III'** that covers **military hardware that may not be designed and developed indigenously, but can be manufactured in the country for import substitution**, and Indian firms may manufacture these in collaboration with foreign partners.

What is DAP 2020?

- It enables the **notification of a [List of Weapons](#) or Platforms that will be banned** for import.
- It focuses on [Foreign Direct Investment \(FDI\)](#) in defence manufacturing and indigenization

of the manufacturing prices.

- It also introduces **several new ideas such as the need to incorporate artificial intelligence in platforms and systems**, use of indigenous software in defence equipment and 'innovation' by **Start-ups** and **MSMEs (Micro, Small and Medium Enterprises)** as a new category of defence acquisition.
- **It includes following procurement categories:** Buy (Indian - Indigenously Designed Developed and Manufactured), Buy (Indian), Buy and Make (Indian), Buy (Global - Manufacture in India) and Buy (Global).
 - It **increases the Indigenous Content (IC) requirement for all projects** from 40% to 50% earlier, depending on the category, to 50% to 60%.
 - Only under procurement through Buy (Global), **foreign vendors can have 30% IC** from Indian companies.

Category wise IC Requirement

Category	Vendors eligible to participate	Indigenous Content
Buy (IDDM)	Indian	Indigenous design and $\geq 50\%$
Buy (Indian)	Indian	In case of indigenous design $\geq 50\%$, otherwise $\geq 60\%$
Buy and Make (Indian) (Buy portion may be nil)	Indian	$\geq 50\%$ of the 'Make' portion and transfer of critical technologies from the foreign vendors as per the specified range, depth and scope
Buy (Global - Manufacture in India)	Foreign and Indian	$\geq 50\%$
Buy (Global)	Foreign and Indian	Foreign Vendor - Nil Indian Vendor $\geq 30\%$

What are the other Initiatives to Boost Domestic Production of Defence Equipment?

- **Increased Capital Acquisition Budget (CAB) for Domestic Sector**
- **[Defence Industrial Corridors.](#)**
- **[Corporatization of the Ordnance Factory Boards](#)**
- **[Defence India Startup Challenge](#)**
- **SRIJAN Portal**
- **[Draft Defence Production and Export Promotion Policy 2020](#)**
- **[Innovations for Defence Excellence \(iDEX\)](#)**
- **[Mission Raksha Gyan Shakti](#)**

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