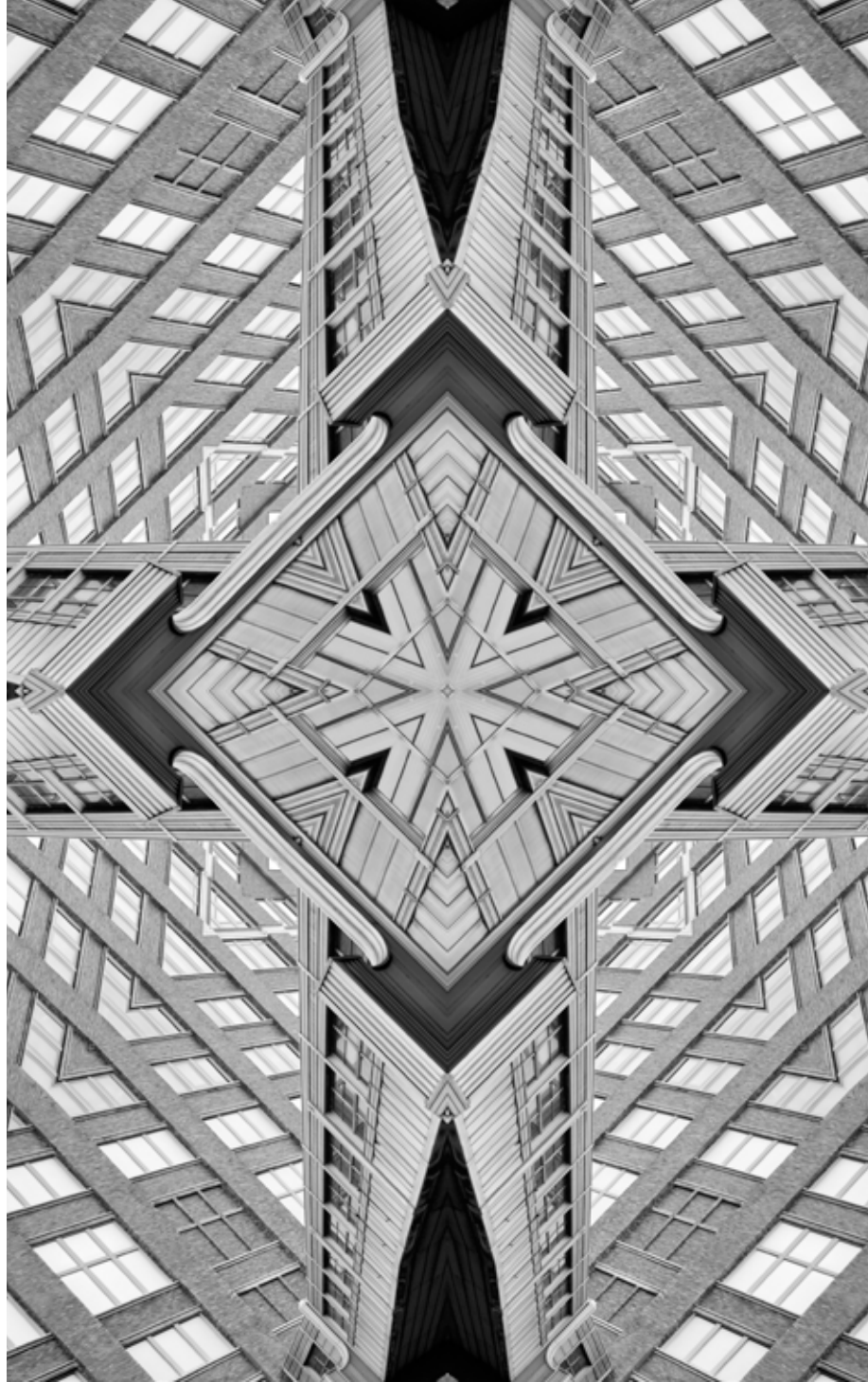


Issue

Brief

ISSUE NO. 440
FEBRUARY 2021



© 2021 Observer Research Foundation. All rights reserved. No part of this publication may be reproduced, copied, archived, retained or transmitted through print, speech or electronic media without prior written approval from ORE.

Defence Acquisition Procedure 2020: Imperatives for Further Reforms

Laxman Kumar Behera

Abstract

The Ministry of Defence released the Defence Acquisition Procedure 2020 (DAP 2020) in September last year, in a move to further streamline the procurement process and provide a boost to indigenous arms manufacturing. This brief argues that measures articulated in the DAP—highly anticipated as it was—need to be complemented by additional reforms to create a robust procurement machinery that supports faster and cheaper acquisition as well as higher indigenisation. The brief suggests, among others, early articulation of the national security strategy; adequate resource back-up for procurement; greater accountability in procurement; creation of a dedicated cadre of acquisition professionals; formation of a dedicated weapon specification cell within tri-survive agency, Headquarters Integrated Defence Staff (HQ IDS); and articulation of a long- and medium- term indigenisation plan.

After deliberations that lasted over a year, the Ministry of Defence (MoD) released in September 2020 the Defence Acquisition Procedure 2020 (DAP 2020).¹ The 657-page document, which supersedes the 489-page Defence Procurement Procedure 2016 (DPP 2016), is the second attempt of the government of Prime Minister Narendra Modi to streamline India's defence procurement system and promote 'Make in India' in defence manufacturing.

The new procurement manual refines some of the existing provisions in the predecessor document, and adds new ones as well. The new manual, which came into effect from 1 October 2020, includes changes to the procurement plan documents, several new chapters and procurement categories, and a revamped offset guideline. It also puts emphasis on higher indigenous content in procurement, and faster acquisition.

To be sure, however, like in the previous versions, the essence of this procurement manual remains the same. It still contains a system of classification of procurement to support domestic arms manufacturers, a multi-stage procurement process, special procedures for certain types of procurement, a standardised template for tender document, and a detailed offset guideline.² It also stipulates the roles and responsibilities of various authorities involved in the procurement chain.

“The essence of DAP 2020 remains the same as that of its predecessor document.”

Procurement Planning

The DAP 2020 has for the first time reduced the timeframe for the Long-Term Integrated Perspective Plan (LTIPP)—from 15 years to 10 years, besides changing the classified document's name to Integrated Capability Development Plan (ICDP). While the document does not specify the merits of either reducing the time horizon or changing the document's name, DAP 2020 is now linked to the five-year Defence Capability Development Plan (DCAP), which is the new name of the previous Services Capital Acquisition Plan (SCAP). The linkage between ICDP and DCAP is expected to provide sanctity to the long-term plan document, which was a generally grey area in the previous procurement manual.

In addition, the DAP has also amended the two-year roll-on Annual Acquisition Plan (AAP). Compared to two sections with each one having two parts in the DPP 2016, the AAP of DAP 2020 has four sections (See Table 1).

“DAP 2020 refines old provisions and adds new ones.”

Table 1:
Sections of AAP, DPP-2016 and DAP 2020

DPP 2016		DAP 2020	
Section	Contents	Section	Contents
A (Part A)	Schemes from approved DCAP which are accorded AoN in the previous year and during the year	A	Schemes for which Acceptance of Necessity (AoN) has been accorded in the previous year and during the year
A (Part B)	Schemes from approved DCAP which are to be processed for AoN in the coming year	B	Schemes for which AoN is to be processed in the coming year
B (Part A)	Make schemes for which AoN has been accorded in the previous year and during the year	C	Schemes under Make and Design and Development
B (Part B)	Make schemes for which AoN will be initiated in the coming year	D	Schemes to be processed under the Other Capital Procurement Procedure (OCPP)

Source: Adapted from DPP-2016 and DAP-2020

Procurement Categories

The DAP 2020 has refined the procurement categories by tweaking the most prioritised category: Buy (Indian-Indigenously Designed, Developed and Manufactured) or 'Buy (Indian-IDDM)'. It also adds a few new ones. Although the number of prioritised categories remains same, a new category, 'Buy (Global-Manufacture in India)' has been introduced in place of the earlier 'Buy and Make' (See Table 2). The new prioritised category is meant to incentivise foreign companies to manufacture in India, for either the whole contracted items or parts of the equipment, including spares, assemblies and subassemblies. The category also allows the foreign companies to set up Maintenance, Repair and Overhaul (MRO) facilities in India.

Apart from the five prioritised categories, the DAP includes another five (See Table 3). Of the five categories, the ‘Make’, ‘Innovation’, and ‘Design and Development’ categories are not procurement categories in the traditional sense as they are meant to fostering design and development, leading to prototype development. Procurement of any item developed through these categories are to be processed either through ‘Buy (Indian-IDDM)’ or ‘Buy (Indian)’ depending on which category or subcategory the prototype is being developed.

**Table 2:
Prioritised Procurement Categories and
Indigenous Content (IC) Requirements,
DPP 2016 and DAP 2020**

DPP 2016			DAP 2020		
Prioritised Category	IC (%)	RFP issued to (Indian/ Foreign)	Prioritised Category	IC (%)	RFP issued to (Indian/ Foreign)
Buy (Indian-IDDM)	≥ 40% if indigenous design; else ≥60%	Indian	Buy (Indian -IDDM)	≥ 50% and indigenous design	Indian
Buy (Indian)	≥ 40%	Indian	Buy (Indian)	≥ 50% if indigenous design; else ≥ 60%	Indian
Buy & Make (Indian)	≥ 50% in ‘Make’ portion	Indian	Buy & Make (Indian)	≥ 50% IC in ‘Make’ portion	
Buy & Make	IC on case-to-case basis	Foreign	Buy (Global-Manufacture in India)	≥ 50%	Foreign
Buy (Global)	NA	Foreign/ Indian	Buy (Global)	Nil for foreign; ≥30% for Indian	Foreign/ Indian

Source: Adapted from DPP-2016 and DAP-2020

**Table 3:
Strategic Partnership, Lease, OCPP, Make
and Innovation**

Category	Features
Strategic Partnership Model (SPM)	The category intends to facilitate Indian private companies to become system integrators, by allowing them to tie up with approved foreign vendors to supply essential equipment to the armed forces. The private sector is expected to develop an ecosystem consisting of developmental partners and specialised supplies, particularly from the micro, small and medium enterprises (MSMEs).
Leasing	The category, which has two subcategories, Lease (Indian) and Lease (Global), allows the armed forces to possess and operate equipment without having to own them. It avoids payment of upfront capital cost of procurement and involves periodic rental payment.
Other Capital Procurement Procedure (OCPP)	The category facilitates overhaul, major refits, upgrades and replacement of items of by using capital budget.
Make & Innovation	The category has four subcategories: Make-I (Government Funded up to 70%); Make-II (Industry Funded), Make-III and Innovation. Procurement of Make-I/II items post-successful development would be through Buy (India-IDDM) category with $\geq 50\%$ IC; whereas procurement of Make-III items would be through Buy (Indian) with $\geq 60\%$ IC. Prototype development under 'Innovation' would be through: iDEX, Technology Development Fund (TDF) and Internal Servicers Organisations. Post successful development Buy (Indian-IDDM) would be used for procurement of items developed through iDEX and TDF; whereas either Buy (Indian-IDDM) or Buy (Indian) category could be used for procurement of items developed through the Internal Services Organisations.
Design and Development	The category facilitates design and development by the Defence Research and Development Organisation (DRDO), Defence Public Sector Undertakings (DPSUs) and Ordnance Factory Board (OFB). Procurement of successful products would be through the Buy (Indian-IDDM) category.

Source: Adapted from DAP-2020

Thrust on Greater Indigenisation

Keeping in view both the ‘Make in India’ initiative and Atmanirbhar Bharat Abhiyan (Self-Reliant India Mission), the DAP includes a host of enabling provisions to promote greater indigenisation in arms manufacturing. As shown in Table 2, the IC requirement in almost all the categories of the DAP 2020 has been enhanced to 50 percent from the earlier 40 percent, which itself was an increase from 30 percent as stipulated in the earlier DPPs. In addition, the DAP 2020 has also incorporated provisions for greater use of indigenous military materials and software in the items procured for the Indian armed forces. In what can only be described as an ambitious move, the DAP also makes a reference to the aero-engines and fab manufacturing as projects of national importance—their procurement would be treated on favourable terms.

Incorporating a provision announced as part of the Atmanirbhar Bharat Abhiyan to promote self-reliance in defence production, the DAP has referred to the list of items which have been banned for import. The negative import list, which presently consists of 101 items, is planned to be implemented in a staggered manner up to December 2025. It is expected to push indigenous manufacturing by providing an assurance to the Indian industry about the future business potential and enabling them to make necessary prior investments and planning.

Revamped Offset Guidelines

The DAP 2020 makes a number of significant changes to strengthen the existing offset guidelines. In a break from the past, the revised offset guidelines focus on technology, investment, and export of major platforms—as opposed to components. To achieve this, changes have been made in the avenues for discharge of offset obligations, the list of items eligible for offset transactions, and multipliers applicable in various situations (See Table 4).

The avenues for discharge of the offset obligation have been revised to allow Indian industry to receive technologies for which the foreign vendors will now be eligible to receive direct credit. The higher technologies are, however, reserved for the government entities – Defence Research and Development Organisation (DRDO), Defence Public Sector Undertakings (DPSUs) and Ordnance Factory Board (OFB).

DAP 2020: Key Contributions

Offset banking, which has been a key feature of the offset guidelines since 2008, has been removed from the new guidelines, apparently to prevent vendors from claiming offset credits for the transactions undertaken as a part of their routine business. The loss to the foreign vendors on this count has, however, been partially compensated by allowing vendors, other than the main supplier and their Tier-I vendors, to discharge the offset obligation on behalf of the main supplier. To improve transparency and accountability, the new guidelines provide for online submission of offset discharge claims, timeframes for some key activities, and a mechanism to settle differences and disputes in a time-bound manner.

Importantly, the DAP 2020 has removed offsets from all the ab-initio single vendors cases including acquisitions based on inter-governmental agreement (IGA) and Foreign Military Sales (FMS). Considering that the IGA/FMS constitutes bulk of India's arms import, the removal of offsets from IGA/FMS will significantly reduce offset inflows in future procurement contracts. This may not be liked by the Indian Offset Partners (IOPs), particularly those who depend on steady and continuous flow of offsets for their business survival.

“The new DAP includes provisions for the promotion of indigenous arms manufacturing.”

**Table 4:
Key Features of Offset Guidelines 2020**

Offset Discharge Avenue	IOP	Offset Discharge Subject To	Multiplier
Direct purchase of eligible defence products & Services	Both private and public sector including DPSUs / OFB	List of eligible defence products in seven categories (civil infrastructure generally excluded)	0.5 for components of eligible product; 1.0 for eligible products; 1.5 if IOP is Micro Small and Medium Enterprise (MSME)
Investment for manufacture of eligible defence products*	Private sector / DPSUs / OFB	List of eligible defence products in seven categories (civil infrastructure generally excluded); No restriction on production, sale or export	2.0 if investment is in notified Defence Industrial corridors; 1.5 in other places
Transfer of technology for manufacture of eligible products	Private sector / DPSUs / OFB	List of eligible defence products in seven categories (civil infrastructure generally excluded).	2.0
Technology acquisition for government institutions*	DRDO / DPSUs / OFB, etc.	Identified list of technologies in 49 areas	3.0
Technology acquisition*	DRDO	List of critical technologies in 32 areas	4.0

Note: *: Offset discharge is permitted by entities other than the main vendor and its Tier-I sub-vendor on a case-to-case basis.

Source: Adapted from DAP 2020.

DAP 2020: Key Contributions

New Chapters

In comparison to the seven chapters in DPP-2016, the DAP contains 12. Each of the additional five new chapters (See Table 5) addresses a specific aspect of acquisition which was earlier addressed without proper guidelines, or else in an ad-hoc manner. Among all the chapters, the one on leasing has drawn maximum attention since the release of the DAP—it has been introduced as a new category of procurement.

The new lease category seems to have found acceptability within the armed forces, with the Indian Navy and the Indian Air Force embracing the new option. The Navy has already leased two American drones, MQ-9B, following the release of DAP, though it is unclear if the said procurement was processed under the new procurement manual or under some other government guidelines.³ Plans are underway to lease mid-air refueler and trainer aircraft for the air force.⁴

The budget constraints of the country's defence structures is well-known. Given these gaps, the lease option, especially for high-value items—where payment is made over a fairly longer period—appears to be an attractive option to acquire a range of capabilities to fill up voids in military capability.

The real efficacy of the lease category, in terms of faster and cheaper procurement, would however be known only after its full implementation. What is clear is that the steps articulated in the lease acquisition process is nearly the same as in the normal 'Buy' and 'Buy and Make' categories.⁵ Given that the latter two are often susceptible to time overruns, there is no guarantee that the former will be any more expeditious. The lease category could also prove to be of limited utility because of potential complications that may arise due to the involvement in the negotiations of additional players—e.g., Original Equipment Manufacturers (OEMs) and financiers – apart from the lessor. The involvement of these players is likely to lengthen the negotiation process which, under normal circumstances, are already susceptible to undue delays.

**Table 5:
New Chapters in DAP-2020**

Chapter	Title	Remarks
Chapter IV	Procedure for Acquisition of systems designed and developed by DRDO/ DPSU/OFB	The chapter expands an earlier provision of the DPP-2016 to facilitate procurement of items indigenously designed by the state-owned R&D and production agencies
Chapter VIII	Acquisition of Systems Products and ICT Systems	A dedicated chapter that attempts to address the uniqueness of procurement of ICT products especially in respect to interoperability and built-in upgradability, security requirement and change management
Chapter IX	Leasing	Facilitates operating defence equipment without owning them, thus substituting huge initial capital expenditure.
Chapter X	Other Capital Procurement Procedure	Formalises the earlier practice followed by the armed forces to procure some of the revenue-oriented 'stores' items by using the capital budget
Chapter XI	Post Contract Management	Articulates procedures to deal with post-contract-signing issues such as inspections, levying of liquidated damages, and contract amendment.

With regard to cost-effectiveness, the lease option may not always be cheaper because of the nature of conditions stipulated in the DAP for such type of procurement. The conditions, such as those relating to India-specific modifications and their reverse after the end of lease period, as well as the cost of insurance to protect the financial interest of the lessor—all add to the extra cost. They make the whole leasing of any essential item costlier over the long period.

DAP 2020: Key Contributions

In addition to the above probable complications, the lease category, particularly concerning foreign equipment, may not be in sync with India's defence indigenisation efforts. The category's provision of lessor (i.e the MoD) having the rights to own the equipment after the conclusion of lease period creates a possibility of eventual import, albeit long after the equipment is in operation with the Indian armed forces. Keeping in view the painstaking efforts undertaken by the government to ward off direct import, all efforts must be taken to ensure that the new category does not open a back-door entry for import and harm the government's Make in India initiative and Atmanirbhar Bharat Abhiyan.

FDI in Defence Manufacturing

In May 2020 the Modi government announced an increase in the foreign direct investment (FDI) cap in the defence sector from early 49 percent to 74 percent under the automatic route.⁶ The DAP has thereafter incorporated this as an enabling provision to attract foreign arms manufacturers. It is important to note, however, that the higher FDI is not applicable to all types of procurement. Procurement under 'Buy (Indian-IDDMM)', Make-I, Make-II, Strategic Partnership Model (SPM), Design and Development through DRDO, DPSUs and OFB would still be subject to the maximum FDI of 49 percent. This means higher FDI of upto 74 percent is allowed under the 'Buy (Indian)', 'Buy and Make (Indian)', and 'Buy (Global - Manufacture in India)' and Make-III. The distinction in applicability of FDI cap in the procurement categories is made so as to protect the interest of the Indian industry while encouraging the OEMs to manufacture in India certain categories of arms.

Thrust on Expeditious Procurement

Like all the previous procurement manuals, DAP 2020 has also attempted to expedite procurement processes through a number of provisions. Some efforts have gone into further streamlining the formulation of Qualitative Requirement (QR) and trial procedures – two vital components of the acquisition which have a maximum impact on timelines and cost of the procurement. To cut down on delays, procedural changes have been made to provide single stage accord of AoN^a upto INR 5.0 billion. In case of procurement under the fast-track procedures (FTP), the delegated powers would now be used to process it, thereby considerably shortening the procurement cycle.

^a AoN refers to in-principle approval by the competent authority, and the sets the stage for capital procurement to start the tendering process.

DAP 2020: In Need of Complementary Reforms

The DAP 2020 is undoubtedly a bold attempt to promote greater indigenisation and expedite procurement. The rigour with which the document was prepared through a wider consultative process is overwhelming and is indicative of the maturity of the document, which has evolved since it was first publicly articulated in 2002. The fact that the document will remain in force for at least five years (till September 2025), in comparison to revisions of past DPPs every two to three years, is indicative of the confidence of the MoD about the robustness of the newly evolved processes. This notwithstanding, the new manual needs to be complemented with additional reforms to make the defence acquisition faster, cheaper and more friendly to the domestic arms industry.

Early Promulgation of National Security Strategy

One of the key problems facing India's defence acquisition has been the lack of a national security strategy (NSS), or a defence white paper, therefore subjecting defence procurement to ad hocism. Though the DAP makes a reference to the "National Security Strategy/Guidelines (as and when promulgated)", for the purpose of acquisition planning, the delay in the promulgation of a document as vital as the NSS—even after the creation of the Defence Planning Committee (DPC) under the chairmanship of the National Security Advisor (NSA) and the appointment of the first-ever Chief of Defence Staff (CDS)—is discomfiting, to say the least. To ensure that the acquisition flows from a clear strategy, it is imperative that the government promulgates the national security strategy, or a defence white paper, at the earliest.

“A key problem in defence acquisition is the lack of either a National Security Strategy (NSS), or a defence white paper.”

DAP 2020: In Need of Complementary Reforms

Resource Commitment

Along with the articulation of an NSS, there is a need to ensure adequate resources for acquisitions. As has been observed in the last several years, the procurement planning process often tends to lose much of its sheen due to inadequate resources. In the last four years (from 2016-17 to 2019-20), funds required by the MoD to pay for the ongoing procurement contracts (let alone pay for newer contracts) has fallen short by 15-33 percent. It is no surprise, with such a deficiency, that the procurement processes are faltering. To avoid this, both the 10- and five-year plans must be thoroughly costed and approved by the higher political leadership. It will not only provide greater sanctity to the plan documents through short- to medium-term resource visibility, but will also ensure accountability on the part of the MoD and the armed forces to stay within the approved budgets.

Accountability in Procurement

India's arms procurement has historically been characterised by lack of accountability, largely due to too much decentralisation. All the fundamental procurement functions – drawing up technical specifications, field trials, quality assurance, contract negotiation, and financing—are dealt with by as many as eight different agencies which are accountable to different administrative and bureaucratic heads. The Comptroller and Auditor General of India (CAG) has noticed 55 approval points (points at which a file is processed for approval by the competent authorities) across the 11 different stages of procurement before a contract is signed.⁷ The involvement of so many decision-makers, leads to diffusion of responsibility and dilution of accountability, ultimately resulting in delays and cost overruns in procurement.⁸ All procurement functions should be centralized under one administrative head to enhance accountability and ensure timely procurement.

“Arms procurement in India has historically had little accountability.”

DAP 2020: In Need of Complementary Reforms

Dedicated Acquisition Cadre

Though the DAP 2020 has for the first time provided for institutionalised training of personnel, both in India and abroad, the number of functionaries involved in procurement and their professional training leaves much to be desired. The present acquisition setup in the MoD has just 130-odd functionaries. In comparison, the counterparts in the UK and France each have over 10,000 dedicated functionaries; the US procurement set up has over 150,000 officials. More importantly, while the acquisition officials in these countries are career professionals, the Indian officials are drawn from various services without prior training. To make their tasks even more cumbersome, officials are posted only for few years. The lack of prior exposure and the learning on the job are the main reasons why officials tend to avoid taking key decision on file as any unintended mistake could lead to life-long hounding by the oversight agencies. Given that the acquisition is specialised task requiring expertise in contracting, finance, national and international export control laws, the government needs to create a dedicated cadre for procurement.

Fewer Procurement Categories

While the heft of the DAP in creating dedicated procurement categories to promote indigenisation and simplification is overwhelming, it has unwittingly created confusion by their sheer proliferation. As mentioned earlier, the DAP has five prioritised procurement categories, apart from three others – Leasing, SPM and OCPP. Adding the ‘Make’, ‘Innovation’ and ‘Design and Development’ procedures, the number of categories and subcategories that the officials have to deal with come to over a dozen. Some of the categories which are similar in intent need to be merged for the sake of simplicity. For instance, the ‘Buy (Indian)’ and ‘Buy (Indian-IDDMM)’ could be merged into one, with graded incentive for indigenous design and higher indigenous content. Similarly, ‘Buy and Make (Indian)’ and SPM could be combined, as both of them intend to promote Indian industry as system integrators of defence equipment.

QR Cell within HQ IDS

The DAP, like the previous manuals, has attempted to streamline the process of formulation of QRs by emphasising on ‘Comparative Analysis of Specifications’. It does not seem to be enough, however, considering the challenges on this front. Suffice it to say that the inappropriate formulations of the QRs have impeded faster and cheaper procurement. This has been repeatedly pointed out by various oversight agencies. The CAG in a 2007 report had noted that

DAP 2020: In Need of Complementary Reforms

that QRs prepared by the Indian Army for many of its procurements were unrealistic with respect to the actual requirements on the ground, inconsistent with the technology available in the world market, could not be tested due to lack of testing facilities, and caused poor competition with 60 percent of cases having a single vendor qualified.⁹

The situation on this front does not seem to have improved since. The 2019 report of the CAG on acquisition of the Indian Air Force noted some of the same problems. Among others weaknesses, the CAG observed that the QRs were vendor-driven, and subject to repeated changes during the procurement process. It also said that the QRs, instead of being formulated in a broad-based manner, were framed in an exhaustive fashion and included unwarranted specifications. Providing specific examples, the CAG pointed out that the retracted medium multi-role combat aircraft (MMRCA) tender contained 660 parameters. Even a simple item like Doppler Weather Radar had 166 parameters. The supreme auditor observed that such exhaustive parameters created bottlenecks in procurement as none could fully meet all the parameters. Keeping in view the importance of QRs in promoting time-bound and cost-effective procurement, its formulation process needs to be professionalised. The MoD may think of setting up a dedicated and professional QR Cell within the Head Quarters Integrated Defence Staff (HQ IDS) under the overall supervision of the CDS, to drive in accountability in formulation of weapons specifications.

Medium- and Long-Term Defence Indigenisation Plan

While the focus on the greater indigenisation in the DAP is reflective of a strong will of the present political dispensation, it needs to be complemented by a robust and institutionalised indigenisation plan. The list of items banned for import needs to be supplemented by a long- and medium-term defence production plans as a corollary of 10- and five-year procurement plans. This would provide greater sanctity to the indigenisation efforts and help the industry to plan better. Considering that the newly created Department of Military Affairs under the CDS has indigenisation as a key charter, it is ideally suited to translate the 10-year and 5-year acquisition plans into a long- and medium-term indigenisation plan.

“An imperative is the formulation of a robust indigenisation plan.”

Conclusion


Laxman Kumar Behera is Associate Professor at the Special Centre for National Security Studies (SCNSS), JNU.

The DAP 2020 makes a brave attempt to promote higher indigenisation and speed up the procurement process. The document, however, needs to be complemented by a set of further reform measures to make it more objective, ensure even faster and cheaper procurement, and facilitate deeper participation of domestic arms manufacturers in acquisition projects.

Any key reform to the defence acquisition has to begin with an articulation of the national security strategy or a defence white paper. This will not only provide the necessary sanctity to the entire acquisition planning process but will also eliminate the scope for ad hocism. The high-level guidance paper also needs to be supported by a commitment of steady stream of financing.

Procurement without accountability leads to cost and time overruns. All the acquisition functions must be brought under the control of one administrative head. To ensure faster and efficient decision-making, there is also a need for a dedicated pool of experts conversant with various technical, legal and financial aspects of acquisition.

Given the importance of the QRs to the speed and cost of procurement, and the present shortcomings in their formulation, there is a case for constituting a dedicated and a professional weapon specifications cell—or a QR Cell—within the Headquarters Integrated Defence Staff under the overall responsibility of the CDS. A broad-based and realistic QR are sine qua non for timely and cheaper procurement.

Furthermore, the self-reliance efforts of the DAP 2020 needs to be deepened by articulating a long- and medium-term defence indigenisation plan as followup documents of the 10-year and five-year acquisition plans. An institutionalised defence industrial plan would provide the required seriousness and the enable the domestic industry to plan in advance for the country's self-reliance efforts. 

- 1 Ministry of Defence, Government of India, *Defence Acquisition Procedure 2020*, https://www.mod.gov.in/sites/default/files/DAP2030new_0.pdf
- 2 Amit Cowshish, “Decoding Defence Acquisition Procedure 2020”, *MP-IDSa issue Brief*, November 20, 2020, <https://idsa.in/issuebrief/decoding-dap-2020-acowshish-201120>.
- 3 Rahul Singh, “India leases hi-tech US naval drones to boost surveillance, intel”, *The Hindustan Times*, November 25, 2020, <https://www.hindustantimes.com/india-news/india-leases-hi-tech-us-naval-drones-to-boost-surveillance-intel/story-NeW0gNA1HYJ44V3m9C5qAL.html>.
- 4 Pradip R Sagar, “To lease or buy?: Option to lease military platforms has experts divided”, *The Week*, November 19, 2020, <https://www.theweek.in/news/india/2020/11/19/to-lease-or-buy-thats-the-question-option-to-lease-military-platforms-has-experts-divided.html>.
- 5 The major difference between the steps articulated under ‘Lease’ and other categories of procurement pertains to trials. Unlike in ‘Buy’ and ‘Buy and Make’ categories where the provision exists for extensive and time-consuming field trials, the lease category has a relatively simpler trial provision.
- 6 Ministry of Finance, Government of India, “Highlights of Finance Minister’s Stimulus Package – IV”, May 16, 2020, <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1624481>
- 7 “Capital Acquisition in Indian Air Force”, Report No. 3 of 2019, Comptroller and Auditor General of India, pp. 31-32.
- 8 For a review of the India’s defence acquisition problems, see Laxman Kumar Behera, *India’ Defence Economy: Planning, Budgeting, Industry and Procurement* (New York: Routledge, 2021), pp. 103-129.
- 9 “Union Government (Defence Services): Army and Ordnance Factories”, Report No. 4 of 2007, Comptroller and Auditor General of India, pp. 10-11.

Images used in this paper are from Getty Images/Busà Photography.



Ideas . Forums . Leadership . Impact

20, Rouse Avenue Institutional Area,
New Delhi - 110 002, INDIA
Ph. : +91-11-35332000. Fax : +91-11-35332005
E-mail: contactus@orfonline.org
Website: www.orfonline.org