

Reforming Defence acquisition in India

What is the issue?

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India has taken many initiatives on its defence acquisition policy landscape, yet it has failed in its implementation.

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What were the initiatives taken on defence acquisition?

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- The Defence Production Policy 2018 had set targets for getting India into the world's top five defence producers and creating 3 million jobs in the defence industry by 2025.

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- It has promised to increase defence exports ten-fold to \$5 billion, while becoming self-sufficient in building fighter aircraft, helicopters, warships, armoured vehicles, missiles and other systems.

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- A draft offsets policy was issued later which proposed that vendors will be allowed to discharge offsets by creating defence manufacturing infrastructure. (such as testing laboratories, ranges and skill centres)

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- This will be made through sponsoring projects that generate high-technology, and through transferring critical technologies that do not exist in India.

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- It has also proposed special incentives for investments in two defence industry corridors in Tamil Nadu and Uttar Pradesh.

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- Also, Raksha Mantri's Advisory Committee on Ministry of Defence Capital Projects (RMCOMP) was set up to review critical weapon procurements and to identify why they were facing delays.

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- All these initiatives, though had grand objectives to promote defence acquisition, have failed to make a mark in its implementation.

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- This has created the need to form a defence procurement organisation in India.

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What are the progress made in forming DPO?

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- The Dhirendra Singh Committee in 2015 articulated the need for setting up a Defence Procurement Organization (DPO) outside Ministry of Defence.
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- Another committee constituted under Vivek Rae in 2016 told that it would be better to refashion and strengthen the existing defence acquisition structure.
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- The committee under Pritam Singh in 2017 recommended the creation of a central, autonomous and an empowered professional organization.
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- This organisation will help building up indigenous defence capability as a strategic imperative for long-term self-reliance.
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- However, the implementation of these committee's recommendations is getting delayed.

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What should a DPO contain?

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- **Focus** - The new DPO must holistically focus on defence acquisition, not just procurement.
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- Procurement involves the straight purchase of existing defence equipment from global or domestic "original equipment manufacturers (OEMs)".

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- Acquisition includes meeting the military's need through channels such as indigenous development.
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- The DRDO is currently pursuing 52 mission-mode projects (MMPs) involving an outlay of over Rs 370 billion.

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- But since the military is not a stakeholder in these MMPs, it does not seriously consider MMPs as acquisition options.

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- To overcome this, the military must take financial stakes in MMPs and participate in their oversight.

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- The reformed DPO must be empowered to meet a service requirement through direct purchase, manufacture under technology transfer, or through an MMP nearing fruition.

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- **Specialisation** - The requirements for each acquisition must be met through purpose-built Integrated Programme Teams (IPTs).

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- Each IPT should include the specialists needed for that specific task.

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- The specialist requirement will vary not just from project to project, but also at different times within the same project.

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- The IPT, therefore, must be constituted and re-constituted continually, in order to optimise the use of manpower to contribute to IPTs when required.

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- Such flexible IPT structures should eliminate the rationale for a rigid and centralised DPO.

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- **Role allocation** - A refurbished DPO must focus exclusively on equipment acquisition.

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- At present, the defence secretary spends 60% of his time on procurement rather than focussing on long-term strategy and defence diplomacy.

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- To overcome this, the defence acquisition wing should be upgraded, which is currently under the Department of Defence, into a full-fledged department under a secretary-level official.

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- Also, the dilemma regarding chairing the DPO either with a cadre of specialist acquisitions managers or with the serving bureaucrats needs to be resolved.

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Source: Business Standard

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