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Policy tweak to speed up defence purchases

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On track: A MiG-21 aircraft. The Air Force urgently needs a single-engine jet to replace the ageing fleet.

Single vendors to be considered in select areas

Under a proposed change to defence procurement policy in select areas, acquisition will continue even if only one foreign original equipment manufacturer (OEM) is shortlisted after competitive evaluation, resulting in a single vendor situation.

Under existing rules, the procurement process has to be cancelled and started afresh in such cases, which has considerably delayed critical procurements.

The proposed guidelines for Strategic Partnership (SP), which intends to give the Indian private sector greater role in defence manufacturing, are under final discussion. The policy now awaits clearance from the Defence Acquisition Council and then final

approval from the Cabinet Committee on Security (CCS).

Preferably, two or more OEMs should be shortlisted for each segment, the proposed policy states. However, it adds that, “Even if only one OEM is shortlisted, the process will be taken forward.” There are still considerable concerns from various quarters on the idea of selecting a single company on a long term basis.

Four segments

There are four segments listed in the proposed policy — single engine fighter aircraft, helicopters, submarines and armoured fighting vehicles/ Main Battle Tanks (MBT). More segments could be added later.

The provision on fighter aircraft is particularly interesting as it specifies “single engine.” The IAF is waiting for the promulgation of the SP model to initiate the

process for selecting a single engine fighter to replace the Mig-21s, which are being phased out. The MoD had in the past broadly stated the need for fighter aircraft for the IAF, resulting in much confusion over single and twin engine jets. The MoD shared details of the SP model with the industry last week, details of which were accessed by *The Hindu*.

To boost the capabilities of the Indian private sector in defence manufacturing the Government intends to select six companies in each segment .

Shortlisting of OEMs will follow the normal process as now and in this Transfer of technology (ToT) will be the “main factor” including various parameters such as extent of ToT, extent of indigenous content proposed, future R&D in India.