

Moneylife » New DPP industry friendly: CII

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**New Delhi :** Lauding the new "industry friendly" provisions of the Defence Procurement Procedure (DPP), industry lobby CII noted that its recommendations, including a level playing field, fast-tracking of procurement and preference in procurement from indigenous sources have been accepted and included in the revised document

"These provisions include clearly stated goals like giving a boost to Make in India initiative, enhance the involvement of the private sector, build indigenous design and development capabilities, promote absorption of world-class technologies, provide premium consideration to high quality products, promote the growth of the MSME sector, reduce time lines across various stages of procurement, among other procedural refinements effected to enhance efficiency and effectiveness of the defence procurement process," the Confederation of Indian Industry (CII) said.

"The long standing demands and aspirations of the Indian defence industry have been duly addressed. (Defence Minister Manohar Parrikar's) vision of accelerating indigenous manufacturing in defence can be seen through the introduction of Buy Indian (IDDM) category, to promote indigenous design, development and manufacturing. This will specially benefit the MSMEs who have enormous capabilities," CII director general Chandrajit Banerjee said.

According to Ashok Atluri, managing director of Zen Technologies, one of India's largest manufactgrers of simulators, "the new category of Buy Indigenously Designed,

Developed and Manufacturing (IDDM) is ingenious. This changes everything. The impact will be far-reaching and will have cascading effect."

"This will change India from being a destination for low-cost manufacturing, to being a starting place for cutting-edge innovation; from being a consumer of out-dated equipment to being a producer of trail-blazing technology; from being the world's largest importer to being a leader in export of defence equipment," Atluri added.

The IDDM has been introduced as a new procurement category in addition to the existing ones. Under this category 40 percent indigenous content (IC) would be mandatory for indigenously designed equipment, or 60 percent IC for other equipment.

Moving a step ahead from DPP 2013, the IDDM category will be given the first preference. The previous DPP had Buy Indian as the most preferred acquisition category.

Whilst indigenous content requirement for Buy (Indian) cases has been raised to 40 percent from 30 percent, Buy and Make (Indian) and Buy and Make categories will require 50 percent indigenous content. The new DPP will also address the users' requirement of having a wide vendor base.

Selected companies dealing with specific projects can further work on the improvement of the product based on mutually agreed parameters. Companies meeting the requirements of enhanced performance parameters will get additional credit scores while evaluation of their product cost.

New provisions for the private sector's involvement as production agencies (PAs) and TOT (Transfer of Technology) partners have also been introduced.

The rules for the retraction of Request for Proposals will be made more stringent. Even single vendor cases are going to see light of the day, however, with due justification.

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