



GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

DEFENCE

PRODUCTION

POLICY

DEPARTMENT OF DEFENCE PRODUCTION

JANUARY 1, 2011

DEFENCE PRODUCTION POLICY

Self-reliance in Defence is of vital importance for both strategic and economic reasons and has therefore been an important guiding principle for the Government since Independence. Accordingly, Government have, over the years assiduously built up capabilities in Defence R&D, Ordnance factories and Defence PSUs to provide our Armed forces with weapons/ ammunition/ equipment/ platforms and systems that they need for the defence of our country. Government considers that the industrial and technological growth in the past decades has made it possible to achieve this objective by harnessing the emerging dynamism of the Indian industry along with the capabilities available in the academia as well as research and development Institutions.

2. Consequently, after careful consideration and in consultation with all stakeholders, Government have decided to put in place a Defence Production Policy. The objectives of the Policy are to achieve substantive self reliance in the design, development and production of equipment/ weapon systems/ platforms required for defence in as early a time frame as possible; to create conditions conducive for the private industry to take an active role in this endeavour; to enhance potential of SMEs in indigenization and to broaden the defence R&D base of the country. However, while pursuing the above objectives, the overall aim of ensuring that our forces have an edge over our potential adversaries at all times – in immediate terms as well as in sustainability – will be ensured. Accordingly, Government have decided that:-

3. Preference will be given to indigenous design, development and manufacture of defence equipment. Therefore, wherever the required arms, ammunition and equipment are possible to be made by the Indian industry within the timelines required by the Services, the procurement will be made from indigenous sources. Whenever the Indian industry is not in a position to make and deliver the equipment as per the SQRs in the requisite time frame, procurement from foreign sources would be resorted to, in accordance with the Defence Procurement Procedure. While examining procurement cases, the time taken in the procurement and delivery from foreign sources vis-à-vis the time required for making it in the country, along with the urgency and criticality of the requirement will be examined as per the Defence Procurement Procedure before deciding to proceed with procurements from foreign sources.

4. Based on the approved Long Term Integrated Perspective Plan (LTIPP), equipment/ weapon systems/ platforms required 10 years and further down the line will by and large be developed/ integrated/ made within the country. Sub-systems/ equipment/ components that are not economically viable or practical to be made within the country may be imported, ensuring their availability at all times. However, as far as possible, the design and integration of the platform/ system will be undertaken within the country.

5. Government will endeavour to build up a robust indigenous defence industrial base by, proactively encouraging larger involvement of the Indian private sector in design, development and manufacture of defence equipment. Towards this end, efforts would be made in progressively identifying and addressing any issue which impacts; or has the potential of impacting the competitiveness of the Indian defence industry in comparison to foreign companies.

6. In order to synergize and enhance the national competence in producing state of the art defence equipment/ weapon systems/ platforms within the price lines and timelines that are globally competitive; all viable approaches such as formation of consortia, joint ventures and public private partnerships etc. within the Government approved framework will be undertaken. The Academia, Research and Development Institutions as well as technical and scientific organizations of repute will be involved for achieving this objective.

7. Government will further simplify the procedures under the "MAKE" category of the Defence Procurement Procedure in such a manner that it enables the indigenous design and development of the required equipment/ weapon systems/ platforms by both public and private industry in a faster timeframe.

8. Service Headquarters (SHQs), while laying down the qualitative requirements for defence equipment/ weapon systems/ platforms to be developed/ integrated/ made, will exercise due diligence at all times to keep in view feasibility and practicability of the QRs. It will be ensured that the systems/platforms designed/ developed/ integrated in the country provide a competitive edge to our Services vis-à-vis our potential adversaries.

9. Government also recognizes that development of complex systems is generally a stage process with incremental changes progressing from Mk-I and Mk-II and so on. The stage process will be followed. However, at every review of such developmental projects by the Defence Production Board or Defence R&D Board as the case may be, it will be ensured that our equipment, weapons systems and platforms are such that they provide an edge to our forces over our potential adversaries. In case of delays in the realization of the projects, the corresponding proposal will be processed as per the Defence Procurement Procedure and the option of "Buy" shall be followed for the necessary numbers till indigenous production capability is established where after indigenous systems shall be procured.

10. Policies will be put in place to encourage the OFB, DPSUs and the Private Sector to strengthen their research and development wings so that constant up-gradation and improvement in systems under manufacture is possible.
11. Government will set up a separate fund to provide necessary resources to public/private sector including SMEs as well as academic and scientific institutions to support research and development of defence equipment/systems enhancing cutting edge technology.
12. In all cases of Transfer of Technology, DDP along with DRDO, HQIDS and SHQs will be involved in identification and evaluation of requisite technology, and subsequently would be responsible to ensure that appropriate absorption of technology takes place in the Indian industry. Thereafter, successive generations of the weapon systems/ platforms will be developed in the country.
13. Upgrades will be carried out by the Indian Industry as far as possible. DRDO, HQIDS, SHQs, OFB, DPSUs and the private sector will work in close coordination for continuous upgradation in systems.
14. The Committees set up under the Defence Procurement Procedure will process the acquisition proposals in accordance with the above policy guidelines.
15. The Raksha Mantri will hold an Annual Review of the progress in self-reliance that has been achieved during the year.
16. This Policy will come into force with immediate effect.
