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Simplified 'Make-II': Major Steps Towards 'Make in India' in Defence Production

As a major boost to 'Make in India' in Defence, the Defence Acquisition Council, chaired by Raksha Mantri Smt Nirmala Sitharaman, in its meeting on 16 January 2018, has cleared a simplified 'Make-II' procedure which will enable greater participation of industry in acquisition of defence equipment. This process will greatly help import substitution and promote innovative solutions. This simplified 'Make-II' procedure will amend the existing 'Make Procedure' in Defence Procurement Procedure (DPP)-2016.

The revised procedure has been finalized after a series of consultations held with industry. The salient features of the new 'Make-II' procedure include the following:

- The industry can suggest projects, especially among those items which are currently being imported. Start-ups or individuals can also suggest proposals. Service Headquarters will also list out a series of projects which can be undertaken as 'Make-II' projects under the new procedure.
- The potential 'Make-II' projects will be approved by a collegiate comprising of DRDO, HQ (IDS), Department of Defence under a committee chaired by Secretary (Defence Production). Based on the in-principle approval agreed by this committee, the projects will be hosted on Ministry of Defence/Department of Defence Production's website inviting industry to participate.
- There will be no limit to the number of industry who may respond to the EoI for development of the prototype subject to meeting the minimum qualification criteria. The design and development time of 12 to 30 weeks is granted to industry to offer the prototypes.
- There is no limit to the number of industry players who may show interest and offer prototype.
- After this period, a commercial RFP will be issued. Once the RFP is issued, it shall not be retracted. The industry who wins the bid, is assured of an order.

- Service Headquarter (SHQ) will constitute a Project Facilitation Team for facilitating the process under this procedure.
- The case will be progressed even if there is single entity offering an innovative solution.
- The industry who develops the product will retain the title and ownership and all other rights in intellectual property. However, for some specified reasons like National Security, Government shall have 'March-in' rights.
- Normally, there shall be no negotiations by Contract Negotiation Committee (CNC) in multi-vendor contracts.
- 'Make-II' procedure reduces the total time from in-principle approval to placing of order by 50 percent. The estimated time to finish the whole process has come down to 69 to 103 weeks.
- Projects involving developmental cost of less than three crores will be reserved for MSME.

NAo/Rajib