Need for a Defence Procurement Regulator

What is the issue?

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- A Parliamentary standing committee report has highlighted contradiction between actual defence procurements and budget estimates.
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- To resolve such claims union Budget 2018 is expected to announce a regulatory body for defence procurement.
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How are defence procurements made in India?

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- Defence spending is classified under Non-plan expenditure.
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- The respective funds will be allocated by the finance ministry through budget estimates.
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- Allocated funds will be utilized by
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i. Defence Research & Development Organisation (DRDO)
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ii. Ordinance factory board (OFB)
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iii. individual tri-defence forces under ministry of defence
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- Defence procurements are typically conducted through a competitive two stage bidding process.
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- It happens as per the guidelines contained in the Defence Procurement Procedure of India (DPP).
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- Apart from this, defence procurement can also be made through inter-governmental agreements between friendly countries.
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What are the concerns?

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- The report highlights inadequate budget allocations made by the Ministry of Finance (MoF).
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- There are perpetual delays in capital acquisitions.
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- Also, there is constant miscommunication between the Ministry of Defence (MoD) and the Ministry of Finance (MoF).
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- Persistent failure of the defence ministry to utilise the allocated funds has also contributed to reduction in budget allocations.
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- Armed forces are sadly under-equipped and procurement planning is grossly inadequate.
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- It is concluded that India is not combat ready.
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How could a regulator help?

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- The shortfalls can be resolved better by an independent regulator for defence acquisitions.
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- Implementation of the procurement policy can better be overseen.
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- The regulator could check whether the policies are in line with the current and future requirements of the armed forces.
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- A regulator could ensure proper acquisition decisions by MoD, MoF, armed forces and Cabinet Committee on Security.

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Source: Business Standard

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