PLANNING FOR DEFENCE PROCUREMENTS

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The Government of India had appointed a Committee of Experts to advise it on reviewing and reforming the Defence Procurement Procedure 2013. The author of this piece was privileged to have been asked to give his views to the Committee. This article is a synopsis of the presentation made by him on 27 May 2015 to the Committee of Experts.

Defence procurements are made to enable the Armed Forces address security threats facing a nation and hence the starting point of any security evaluation is to know the number of fronts to plan-for in the threat matrix. A ‘front’ has a geographical divide between adversaries as a sub-text. For India, thus, there are two fronts - - the Northern and the Western. However, wars are fought in and through ‘ mediums’ and it is the number of domains (or mediums) in which a conflict may be fought, that is a truer manifestation of the threat to prepare for. Seen from a macro perch, India has to plan to fight wars in five domains; besides the conventional land, sea and air, there are the two global commons of cyber and space that constitute the fourth and the fifth domains. These two would be integral parts of any action that happens in the other three traditional ones and are vital elements of the threat continuum. It goes without saying that preparing to deal with threats in these five domains would require substantial financial resources, if victory is to be ensured.

The definition of ‘victory’ and ‘defeat’ has changed over the years -- two adversaries may genuinely believe that they have won, while an analysis from an outside vantage point may show that actually both had lost in some form. From the 1973 Yom Kippur War to Vietnam, Iraq and
Afghanistan, conflicts are ample proof of the fact that military ascendancy in a confrontation is just one part of the conflict, albeit an important part. Thus, in war, victory and defeat have a contextual angle. Most assessments indicate that India’s wars would be short and sharp implying that time and intensity are inalienable factors in the perception of – and NOT in the making of – ‘victory’ and ‘defeat.’ So, India has to plan its defence procurements such that the equipment enables its war fighters to address the ‘five’ domain challenge in two situations:

- In a short and sharp engagement, and
- If the confrontation drags, the nation must have the ‘strategic’ depth for a continuous supply chain that can come only from an indigenous arms industry.

This is the scenario for which India has to prepare and so the attributes required for equipping our armed forces to ensure ‘victory’ are:

- Quality, to ensure that war of the right intensity can be carried to the enemy.
- Timeliness of supply, to ensure that the war fighter has the firepower that assures positive asymmetry over adversarial equipment at all times.
- Capacity or quantity, to enable the war fighter to sustain the required asymmetry over the probable period of confrontation.

Thus, equipment that is procured must achieve two aims

- Deterrence, to prevent war, and
- if war comes, fight to win.

The process of equipping is ALWAYS primary with its sourcing, though almost as important, coming second. Sourcing from indigenous sources gives the ‘strategic depth’ or strategic autonomy to a nation, but may not always be possible. So, the process of procurement needs to follow the dictates of
ensuring positive equipment asymmetry, even if sourcing is from a foreign entity. The procurement policy and procedures drafted should be such that the timely fulfillment of the needs of the war fighter, even when done from foreign sources, becomes a vehicle for development of an indigenous defence industry. Considering the near absence of modern defence industries in the country, this should be the guiding principle in the formulation of the Defence Procurement Policy (DPPolicy) and Defence Procurement Procedure (DPP).

The DPPolicy and DPP need to be 'living' documents and must cater to the fast obsolescence in the defence trade and industry. This would allow the defence procurement process to be equal to the task, but would happen only if they also enable the following:

- Permit interaction between the researcher, user and manufacturer to bring about synergy from conception through to the application stage.
- Enable futuristic planning and implementation of ideas so that quality and standard of equipment expected is that of the future and not of the present.
- Take into account the omni-presence of cyber and space as intimate elements of conflict prosecution in all future wars, which implies that the challenges these two ‘fronts’ pose should be converted into strengths for the armed forces.
- Permit allowance for retro-modifications on existing equipment through processes that are simpler than for new acquisitions.
- Factor-in Life Cycle Costing (LCC) to get a true picture of the cost of a weapon system, considering the fact of longevity of defence equipment (unlike that in most other professions).
- Enable and permit a systems approach (which includes the required ground and other support infrastructure) rather than an ‘equipment by equipment’ acquisition process, especially one that gets a multitude of agencies involved.
PROBLEM STATEMENT

Anything new said so far? No, but what follows is, what this author truly believes is the reason why we have failed in our indigenous sourcing. There is no structure which has ownership of the defence indigenisation process. The indigenisation drive cannot be pivoted on individuals; every political dispensation may not be pushy but the momentum generated can be maintained only if there is an institutional entity that claims to own the process. Everyone at present is concerned that India imports 70% of its arms, but no one is paying the penalty for this sorry state. This is because no one has ownership – no bureaucrat, no uniformed person and certainly no elected representative. Till ownership is earmarked, revision of the DPP would be an exercise in futility.

What happens elsewhere? In the US, the Defence Acquisition University was born from the ills of what their defense historian William Gregory described as the acquisition system being one that had been “managed and over-reformed into impotence with volumes of oversight regulations;” surely this rings a bell here too. Gregory observed that the US Congress had been pursuing an impossible dream by trying to legislate perfection when, “no regulation could create good management or top-notch people.” The result was the setting up of a permanent Defence Acquisition Corps that ensures continuity ‘from cradle to grave’ of a project. In the UK MoD, there is an integral civil services permanent cadre that follows through to ensure continuity.

SOLUTION

The solution lies in creating an entity that, while procuring armament for the Services, will in parallel shepherd the indigenisation drive – ownership has to rest in this entity. A core group of professionals has to be posted into this permanent body, which will do institutionalized and
integrated policymaking and oversee implementation. This permanent body should be an empowered one and must have:

- Quasi-decision takers (Joint Secretary level officers) of ALL concerned ministries (taxation, excise, industrial production et al) under one roof and under one boss.

- The head may be called the DG Defence Indigenisation or whatever, but ownership has to rest there -- it would be his/her success or failure.

- The members should have a fixed tenure of five years at least (not less) and it should be clear to them that *indigenisation results would determine further career progression*.

- Parallely, the Government should fast track defence acquisition training at the soon to be set-up National Defence University to produce acquisition professionals.

**IMPLEMENTATION**

Can this be done? Why not, for once the Government decides to push through reforms, the institutional drive comes into effect to fulfill the mission for which it is created; there is the experience of Telecon Regulatory Authority of India (TRAI) and the Central Electricity Regulatory Commission (CERC) to fall back on.

**TRAI**

- TRAI’s mission statement is to create and nurture conditions for growth of telecommunications in India to enable the country to have a leading role in the emerging global information society.
One of its main objectives is to provide a fair and transparent environment that promotes a level playing field and facilitates fair competition in the market. Has this happened?

- Yes, as it has succeeded in directing the Indian telecom market’s evolution from a government owned monopoly to a multi-operator, multi-service open competitive market.

**CERC**

The Mission of CERC is to promote competition, efficiency and economy in bulk power markets, improve the quality of supply, promote investments and advise government on the removal of institutional barriers to bridge the demand supply gap and thus foster the interests of consumers. It’s an ongoing process but results can be seen in many sectors.

**Recommendation**

To overhaul the defence procurement process, the new DPP must create an empowered body and post quasi-decision takers of ALL concerned ministries (taxation, excise, industrial production et al) under one roof and under one head and task them to deliver on the vision of the DPPolicy. This would be the starting point for any renaissance to take place in defence procurements -- an indigenous defence industry will only then start taking shape.

_(The author was Asst Chief of Integrated Defence Staff at HQ Integrated Defence Staff where he looked after tri-Service procurements for two years. The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])_

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