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Ministry of Defence releases draft Defence Acquisition Procedure 2026

The Department of Defence, Ministry of Defence, Government of India, had released the draft Defence Acquisition Procedure 2026 (“**DAP 2026**”), inviting comments and suggestions from all stakeholders. It is intended to replace the Defence Acquisition Procedure 2020 (“**DAP 2020**”) upon approval. It sets out the framework governing capital acquisitions of defence equipment under the capital budget of the Indian armed forces. DAP 2026 represents a significant step in the ongoing reform of India’s defence procurement architecture. It focuses on strengthening self-reliance, accelerating acquisition timelines and enhancing the role of the domestic defence industrial ecosystem. It also reinforces indigenous design and content requirements, seeks to reduce import dependence, streamlines procurement processes. DAP 2026 introduces refined acquisition categories, while continuing to emphasise on transparency, accountability and ease of doing business.

Salient features

1. **Objectives and guiding principles:** DAP 2026 establishes the overarching framework for capital acquisitions by the Ministry of Defence and the Service Headquarters. Its objective is to ensure timely procurement of equipment that meets prescribed standards of performance, capability and quality. It also seeks to uphold probity, transparency, accountability and fair competition. The guiding principles underlying the framework include (a) national security imperatives and operational readiness; promotion of *Atmanirbhar Bharat* and indigenisation; (b) cost-effectiveness and lifecycle value optimisation; (c) transparency and competitive processes; (d) ease of doing business; (e) institutional accountability and oversight; and (f) operational flexibility and responsiveness.
2. **Rationalisation of procurement categories:** A key structural change proposed under DAP 2026 is the reduction of prioritised procurement categories from 5 (five) to 4 (four), thereby simplifying the acquisition framework. Under DAP 2020, procurement was undertaken through 5 (five) primary routes, including (a) Buy (Indian-IDDMM); (b) Buy (Indian); (c) Buy and Make (Indian); (d) Buy (Global – Manufacture in India); and (e) Buy (Global). The draft DAP 2026 removes the standalone Buy (Indian) category, consolidating the framework into 4 (four) principal categories.

The earlier Buy (Indian) route permitted procurement from an Indian vendor even where the equipment was not indigenously designed or developed, provided certain indigenous content thresholds were met. With its removal, the draft DAP 2026 places clear structural preference on the Buy (Indian-IDDMM) category as the primary domestic procurement route. This rationalisation is intended to eliminate overlap between categories, reduce interpretational ambiguity, and align the categorisation framework more closely with the objective of strengthening indigenous capability.

3. **Indigenous content:** DAP 2026 strengthens the emphasis on domestic value addition by increasing the overall indigenous content requirement under the Buy (Indian-IDDM) category from 50% under DAP 2020 to at least 60%. This upward revision reflects a clear policy shift towards deeper localisation and reinforces the centrality of the Buy (Indian-IDDM) route within the procurement framework. Even foreign vendors supplying equipment under the Buy (Global) category, which previously had no indigenous content requirement, will now be required to ensure 30% indigenous content in their products.
4. **Indigenous design:** DAP 2026 places heightened emphasis on indigenous design by shifting the focus from mere domestic manufacture to ownership and control of design, source code and core intellectual property. Under the revised framework, a system qualifies as indigenously designed only where the Indian entity owns the design documents, software source code, system architecture and critical technical data, rather than relying solely on transfer-of-technology arrangements. This marks a structural move away from dependence on original equipment manufacturers for upgrades, modifications and subsystem integration, and seeks to ensure enduring control over lifecycle support and capability enhancement. By prioritising design ownership and perpetual access to critical intellectual property, DAP 2026 aligns procurement policy with the objective of strengthening strategic autonomy and operational sovereignty, particularly in technology-intensive and software-driven defence systems.
5. **Introduction of new procurement mechanisms:** DAP 2026 introduces additional procurement pathways to address varied operational and industry requirements. The 'Long Term Bulk Acquisition' mechanism is intended to provide greater visibility of future demand, enabling industry to plan investments and production capacity more effectively. The 'Low-Cost Capital Acquisition' route, capped at ₹75 crore per project with an annual ceiling of ₹2,000 crore, is designed for relatively lower-value, technology-driven acquisitions where expedited procurement is necessary.
6. **Additional changes proposed:** In addition to changes specified above, DAP 2026 proposes amendments relating *inter alia*, to: (a) involving subject experts in the finalisation of services qualitative requirement /specifications and oversight of trials; (b) introduction of Technology Readiness Level ("TRL") based categorisation and allowing *ab-initio* single vendors in Buy (Indian-indigenous design, development, and manufacture) for TRL 6 (six) to 9 (nine) equipment; (d) refining 'Fast Track Procedure' with downward delegation for procurement involving emerging and shorter development cycle technology; (e) provision of 2 (two) stage trials, allowing services to choose the mode of quality assurance trials for faster procurement cycle and compensation to all vendors who are successful in trial evaluations; (f) development-cum-production partner selection for defence research and development organisation projects reviewed to ensure level playing field; and (g) updating 'Make/iDEX' projects with spiral development and 5 (five) years of assured orders.

Conclusion

The draft DAP 2026 reflects a continued effort to recalibrate India's defence acquisition framework in line with national security priorities and long-term industrial objectives. By rationalising procurement categories, strengthening Indigenous Content requirements and placing greater emphasis on ownership of design and intellectual property, the proposed framework signals a deeper push towards indigenisation and structural capability creation. At the same time, it reiterates core principles of transparency, cost-effectiveness, lifecycle value and ease of doing business.

For industry, the draft presents both opportunity and adjustment. Enhanced clarity in procurement pathways and long-term planning mechanisms may provide improved visibility and investment confidence. However, the more stringent approach to indigenous design and localisation may require businesses to reassess technology partnerships, intellectual property arrangements and compliance frameworks. As with previous iterations of the procedure, the practical impact of the draft DAP 2026 will depend on the efficiency and consistency of its implementation across the acquisition lifecycle.

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This Prism has been prepared by:



Vishnu Sudarsan
Partner



Sugandha Somani
Gopal
Partner



Mehar Vasant
Senior Associate



Vihaan Pathak
Associate



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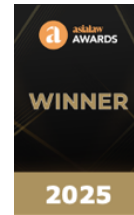
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