

## Indian Army: Internal Challenges in Capability Building and Retention



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### **Summary**

Whereas there is a need for regular evaluation of the effectiveness of policies and procedures at the level of the Ministry of Defence and the government, there is so much more that can be done at the level of the Services. The Army, being the largest service and fielding the largest array of equipment, needs to improve its own processes by carrying out an internal analysis and taking effective steps to speed up the procurement process.

## Introduction

It is no secret that the million plus strong Army, facing two known adversaries who pose serious security challenges individually and potentially in tandem, has been facing numerous hindrances, some of which are its own making, in its capability building to meet the prevailing security threats. The common force management challenges facing the three services involve glaring deficiencies in infrastructure, especially along the Northern border regions, reorientation of training to achieve realism and seamless tri-service synergy, the shortfall in planned force structure due to delays in the induction of required weapon systems and equipment, shortage of officers, efficient use of available human resource and slow pace of modernisation through upgradation of existing equipment. Some of these challenges can only be met through all-of-government initiatives but others can be addressed at the level of the Services. Being comparatively smaller in number and with smaller ranges of major equipment, the Air Force and Navy today are better structured and better geared to achieve the targets of force development in the medium to long term. The Army, on the other hand, has been facing major challenges even in capability retention due to chronic shortage of very basic requirement such as ammunition and fuses. Military capability, particularly the army's capability, is seriously affected by delays in procurement, inadequate attention to the serviceability state of the equipment and organisational constraints.

## Understanding Military Capability

Perhaps there is inadequate understanding among our planners about a viable force structure. The first element of a viable force is '**what it has is wholesome**', meaning that the weapon systems and equipment currently held is adequate in terms of quantity, is fully serviceable, and is backed by the adequate supply of expendables and essentials to sustain capability. Whereas delay in induction of new frontline equipment is often highlighted, the serviceability of existing equipment is not being paid adequate attention. A near 100 per cent equipment serviceability will provide confidence to the users; therefore greater attention needs to be paid to this aspect. Prudent short term planning and timely action by stakeholders can easily take care of this most important aspect.

The second element involves '**periodical upgradation of existing equipment to handle the current challenges and wholesomely meeting the requirement of any planned accretion of forces**'. This will ensure that what we hold is current and matches what our adversaries possess. This element can effectively be taken care of through prudent medium term planning.

The third but equally important element is the '**continuous modernization of the force by gradual induction of latest equipment for giving a futuristic outlook to the force(s)**'. At least 25 per cent of our major weapon systems and equipment needs to be the best in the class available anywhere. This is a function of long term planning and drawing up a clear

road map for implementation. In actual sense, none of the three processes is isolated and should run concurrently.

## Aim

Procurement of weapon systems and equipment is an important function for managing the operational health, morale and capability of the armed forces. The primary aim of this Issue Brief is to analyse the challenges in procurement and the resultant difficulties faced by the Indian Army in capability development, capability retention and attaining optimum operational readiness.

## Challenges

As India aspires for great power status and a major role in global affairs, military capability needs greater focus than what it has been receiving in the years since independence, lest the poor management of security issues and resultant vulnerabilities should make the army hollow. Procurement challenges affecting defence preparedness can be discussed under two broad categories; intrinsic and organisational. Intrinsic challenges comprise the foundational issues which are beyond the Government and organizational control and have become deep rooted due to half-hearted approach and years of indifference in addressing the fundamental aspects having a bearing on self-sufficiency. Organizational challenges are mostly those which are well known but there is little or inadequate attempt to address them entirely due to unrelated considerations. This Issue Brief deals with organisational shortcomings only.

## Organisational Challenges

There are a large number of issues, including some important ones discussed in succeeding paragraphs which, if handled imaginatively, can significantly bring down the procurement delays and enhance self-reliance, thereby ensuring improved capacity building and retention. Organisational challenges in turn fall under two categories, viz, higher level decision making and the improvement of processes in procurement.

### Higher Level Decision Making

A few interesting questions come to mind while analysing the higher level decision making on issues affecting India's defence. To begin with, is the nation and the government fully aware of the state of defence preparedness and the shortcomings thereof? The answer is yes - a number of studies ordered by the government from time *inter alia* the Kargil Committee Report, the Kelkar and Rama Rao Committee Reports as well as the recent Naresh Chandra Task Force and the Government Task Force Report on Modernisation and Self Reliance had a purpose; to provide an insight into the issues affecting National Security and recommend measures for overcoming the challenges in concerned areas. The

second question that follows is, whether the findings and recommendations contained in these reports have been implemented? While a complete analysis of these reports is beyond the scope of this Issue Brief, it can be said with certainty that a large number of the recommendations remain un-implemented or only partly implemented.

Essentially, the government is aware of the problems, knows what can effectively resolve the shortcomings and also has a mandate to do so. But effective decision making has been absent. The big question is why so? The collective decision making or the lack of it and a labyrinthine civil-military bureaucracy with differing perceptions even on issues affecting national security is the primary reason for this state of affairs. For the Department of Defence Production the interests of the work force in Ordnance Factories and Defence Public Sector Undertakings (DPSUs) could be as important as the requirement to bring in the private industry to address the lack of self-reliance; similarly, the Army and Defence Research and Development Organisation (DRDO) could differ on the planned capabilities and the process to achieve them; and so on. In order to avoid unpleasantness, the government steers clear of controversial decisions. It is essential to identify the criticalities, take firm decisions to address systemic anomalies, define policies in clear cut terms, and oversee the implementation of decisions in a demanding and timely manner.

Then there are issues related to legalities in defence procurement such as a ban on companies following corrupt practices. With most foreign companies consolidating their business in large consortiums through mergers and acquisitions, banning a few companies could result in a limited vendor base and lack of competitive bidding. In some cases, the banned vendors could be the single or best source for a particular type of equipment.

Yet another area where swifter government decision making could help is the disposal of anonymous complaints, issue based complaints or court cases filed by vendors. Most anonymous complaints are an outcome of business rivalries and are aimed at diminishing the prospects of other vendor(s). These complaints often result in delays until the same are investigated and disposed off in accordance with set procedures aimed at ensuring transparency and ruling out malpractices. The expeditious disposal of complaints including anonymous complaints can save crucial time and cost over-runs. And specific complaints need to be dealt with urgency to speed up the procurement process.

The revised offset policy is a welcome step as it includes technology transfer as part of the offsets. Since offsets are not free of cost, the government must ensure drawing maximum value from offset provisions. Establishing complete assembly lines, manufacturing facilities of the whole equipment or crucial assemblies and sub-assemblies or sustainment ancillaries will be necessary to benefit from the offset provisions.

### **Adequacy and Training of Human Resource**

Another area which needs clear emphasis is the adequacy and training of the human resource involved in procurement. Most of the officers involved in the process, civilian or

military, have no prior experience or formal training to undertake or discharge the major responsibility entrusted to them. On-the-job training is inadequate to understand the complexities of defence trade and the internal policies. Lack of basic tools such as a well equipped reference library denies officers the knowledge essential for conducting their business. Possibly, as an immediate measure, the government could look into organising short capsules (10 to 30 days) and medium term courses (2 to 3 months duration) to facilitate understanding of the acquisition processes. The training can be appropriately reoriented through creation of a full fledged Defence Acquisition Wing as part of the National Defence University as and when it is established. This wing will cater for training, research and evolving best practices for acquisition.

A tenure of even three years for functional level appointees, especially from the Army, is considered inadequate. However, much shorter tenures for senior appointees as at present has a definite adverse impact on procurement. It is rare for a Brigadier to Lieutenant General Rank officer to have a tenure of even two years in the procurement wing. A sizeable portion of this tenure goes into learning the trade as most officers are posted for the first time in such an assignment and some of them could be averse to taking meaningful decisions in the last stages of their tenure. The government and the Army Headquarters should look into this aspect from a functional perspective and the specialized nature of the job. The case is no different for the civilian bureaucracy as can be seen in the third change of JS (LS) within a little over one and a half years.

Considering the scale of acquisitions for an organisation of the size of the Indian Army, what is needed is a well trained and organised cadre of specialists to do the job efficiently. While the procurement process suffers due to inadequacies of strength, domain specialisation, research tools and specialists to execute various procurement steps, a large number of capable Colonel and Brigadier rank officers are being posted in not so important assignments. Overall, the acquisition set-up does not have adequate numbers for domain specialisation and conducting business in a seamless manner.

### **Involvement of a Large Number of Agencies**

The involvement of a large number of agencies including the Cabinet Committee on Security, Defence Acquisition Council, Defence Procurement Board, Department of Defence Production, Ministry of Defence (MoD) Officials in Finance and Acquisition Wings, Headquarters Integrated Defence Staff and the three services, Ordnance Factory Board, DPSUs, DRDO, Directorate General Quality Assurance (DGQA) and many others makes coordination a very challenging task. This may be unavoidable but, as reported in the press from time to time, the questioning of the necessity of an acquisition by the Ministry of Finance after it has been approved by the Raksha Mantri is beyond comprehension. A fair and frank joint professional interaction rather than stove-pipe style of processing of cases is the only way to clear bottlenecks.

### The Blame Game and Responsibility Issues

While the MoD is often blamed for the state of affairs including marathon delays in projects, let us not forget that the Army too has as much a role in the process. Without apportioning blame, it may be sufficient to state that if there was fair scrutiny then the Army would find enough reasons to streamline its own process and undertake organisational changes. A large number of procurements do not fructify due to **procedural or technical flaws in the project processes directly handled by the Army**. Even the surrender of funds, a recurring phenomenon, occurs when the Army is not able to spend the allotted funds in time. Deep introspection would help in understanding the shortcomings better. The MoD on the other hand needs to expedite decision making and do away with its overcautious approach in handling procurement cases.

### Desired Improvements in Procurement Process within the Army

This section is focused specifically on the Army and the areas where improvement could help in avoiding delays in procurement. The issues are deliberated in the same sequence and steps as followed in a procurement process.

#### Perspective Planning

The Army has a reasonably robust structure for perspective planning, which is focused on a wide array of operational concepts, new age military thinking and transformational philosophies. However, there is a lack of realisation that actual combat capability is a function of sound organisational structure, technology and well trained human resource. There is no realistic audit of the actual combat potential of fighting units suffering from multiple problems such as heavy manpower engagement in mundane administrative duties, equipment shortages or poor maintenance, and socio-economic factors that have induced stress and affected the lives of men. A realistic assessment of existing and desired capabilities and logical perspective planning would help the Army leadership to focus on removing chronic equipment shortages and maintenance issues. Perspective planning could possibly be split into three entities under a single head to include Capability Assessment Wing, Perspective Planning Wing and Capability Development Wing, with equal focus on realistic assessment of current capabilities through audit and analysis; short medium and long term planning; and overseeing the implementation of plans in a dedicated manner. It will require matching accretion of human resource in the Perspective Planning Wing. The ultimate aim of the planning process should be to identify and develop joint capability with the other services to save time and money in procurements.

#### Service Qualitative Requirement (SQR) Formulation

SQR formulation is a specialised and complex process and has to factor in numerous issues including capability requirement, technical parameters of the equipment, availability of technologies nationally or internationally, obsolescence timeframe, the agencies and

mechanisms involved and ability to carry out proper trials. It requires specialist skills and ample understanding of current and futuristic technologies keeping in view the employment period of the equipment. The Army has a large inventory of equipment and needs a very vast pool of professionals and domain specialists to create approximately 100 to 200 SQRs annually covering the entire range of equipment. Apart from adequate numbers of well trained and technically proficient personnel, there is a requirement to provide the necessary means including research tools to come up with sound SQRs. Policy documents such as General Staff Policy Statements need to be updated regularly to align them with changing technological trends and operational requirements.

Common or universal SQRs requiring similar equipment performance across the varied terrain in the country is another manifestation of the procurement process. Commonality is required due to strategic reasons of flexibility in force employment and inventory management. However, very few countries make equipment that can effectively operate in the entire range of Indian climatic and terrain conditions. This is a challenge which needs a very fine balance and mature handling. Being the starting point of procurement, SQRs need to be finalised well before the Acceptance of Necessity for realistic costing as well to size up the other requirements of a proposal including costing, life cycle sustenance, assessment of capability and time required for indigenous development where applicable. The tendency to formulate imprecise and indeterminate SQRs need to be curbed as this results in severe time penalties and cost overruns. The time spent in processing a SQR from conceptualisation to acceptance as it passes various steps needs to be reduced drastically from the current 8 to 12 months to a maximum of six months. A single organisation being fully responsible for the task can substantially meet this requirement.

### **Acceptance of Necessity (AoN)**

Once again a dedicated human resource with single-point responsibility for formulation of proposals is very important for drawing up comprehensive proposals that do not require revisiting by the Defence Acquisition Council or Services Capital Acquisition Plan Categorisation Higher Committee (CAPCHC) for repeated approvals. Likely shortcomings include inappropriate cost analysis, incomplete proposals in terms of left-out peripherals or support systems and sustenance essentials. Other lacunae include imprecise capability assessment of vendors or development agencies to provide the required equipment in terms of timeliness, capability and quantity.

### **Vendor Analysis**

Vendor analysis is not a stand-alone step but a very important part of the process including SQR and AoN formulation as well issue of Requests for Proposal (RsFP). Although recent guidelines have helped to streamline the process, the method and the resultant vendor analyses are neither professional nor perfect. Poor vendor analysis can be attributed to the lack of database, proper research mechanisms and facilities, restrictions on interaction with

vendors and inadequate focus. Along with the poor SQRs, poor vendor analysis is one of the most important reasons derailing the procurement process.

### **Formulation of RsFP**

This is one area where the Army has tried to create specialisation, with director level officers handling RsFP of equipment concerning their own arms. But this has not addressed the procedural anomalies. However, a perceptible change in the process and quality of work is visible. The issue of old AoNs and SQRs requiring revalidation and systemic delays continue to affect the timely issue of RsFP. The timeframe for issue of RsFP in the Defence Procurement Procedure needs a review to factor in large scale coordination and inputs required before finalization of RsFP. Based on the experience gained, a RFP cell could be further strengthened to provide adequate back-up and support system.

### **Technical Evaluation**

There are lesser issues in technical evaluation, which is a well established process. However, technical evaluation may result in a single vendor situation or all vendors not meeting a few SQR parameters. This situation can be avoided by paying adequate attention to details in the initial processes. Transparent and requirement based relaxation in some of the SQR parameters at this stage could help prevent delays.

### **Trials**

Trials are again a very intricate process involving users, DGQA, Army Centre of Electromagnetics (ACE) and the maintenance agencies. The trials process has evolved over a period of time. However, continuous improvement in the Standing Operating Procedures by incorporating lessons learnt, assessing trialability of SQRs during formulation, leeway in terms of repair and modification during trials and scope for confirmatory trials in the Trial Directives will all go a long way in simplifying the procedures. Another requirement is to establish full-fledged trial and testing laboratories with state-of-the-art equipment and well-trained technicians and domain specialists. Trial directives have to have scope to deal with the likely contingencies and cater for overcoming them.

### **General Staff (GS) Evaluation**

Like Technical Evaluation, even the GS evaluation is an established practice. However, there are multiple situations that emerge in the process including single vendor, need for confirmatory trials with none of the vendors meeting SQR criteria, requirement of relaxing SQRs (need based), vendor complaints and incomplete trials, which need to be handled with caution on a case to case basis due to legal implications as well as to avoid bias or favouritism.

### **Analysis of Commercial Quotes**

Incomplete quotes, non-adherence to offset requirement, quotes not accompanied by requisite financial guarantees and faulty calculations of engineering support package are

some of the shortcomings that recur. Clearly spelt out needs in the RsFP can help reduce such occurrences.

### **Contract Negotiation**

This is one area where lack of specialist skills including technical, legal, costing and negotiating can lead to a higher financial burden. Poorly negotiated contracts can lead to enhanced valuation, inadequate safeguards, exploitable loopholes that work to the advantage of the vendors, incomplete and ineffective realisation of technology or maintenance support, transfer of technology and under-provisioning of sustainment essentials. Appropriate negotiation skills are imperative for professionals involved in contract negotiation and these skills need to be imparted. Transfer of technology must start immediately after a contract is signed so that the indigenous production of the equipment commences early and the vendor is held accountable for shortfalls in providing the desired technology. Delay in transfer of technology in the case of T-90 tanks is a case in point.

### **Contract Formulation**

Contract is a legal document that needs a thorough legal scrutiny to avoid complications at a later stage. Most vendors, especially foreign, have a battery of legal experts to formulate a document that is aligned to their requirements. We need to have enhanced legal support and skill sets to formulate contracts that meet designed expectations of a procurement project. Besides, case studies of past experience where inadequate attention was paid while framing contracts resulting in losses must be documented and referred to while drawing up contracts from now on.

### **Contract Monitoring**

The last but most important step in the procurement chain is contract or project monitoring. The defence acquisition process is replete with examples of non-implementation of technology transfer agreements and other stipulations such as indigenous content, non-availability of engineering support and so on. Each contract is to be monitored carefully so that the supply of primary equipment and delivery of essentials for technology and maintenance and transfer of technology is aligned with the payment schedule as per clearly defined guidelines. However, shortcomings lie in long-term implementation of overall projects including absorption of technologies in the prescribed manner leading to inefficient gains and operational shortfalls in the projects. The monitoring mechanism, therefore, needs to be strengthened by setting in motion a defined process with the involvement of concerned stakeholders.

### **Conclusion**

The procurement process is undoubtedly full of challenges but these are not insurmountable. Whereas there is a need for regular evaluation of the effectiveness of policies and procedures at the level of the Ministry of Defence and the government, there is so much more that can

be done at the level of the services. The Army being the largest service and fielding the largest array of equipment needs to improve its own processes by carrying out an internal analysis and taking effective steps to speed up the procurement process. There is also a necessity to improve the equipment availability state with the field force. The financial powers delegated to commanders at various levels should be utilised gainfully for this purpose. Accepting the shortcomings in its processes and taking steps to overcome them, particularly where internal measures can improve the processes, is the most important step towards capacity building. The fact that procurement delays continue in the Army, more than in the other two services, calls for serious introspection and immediate action by the Army.