

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:130
ANSWERED ON:30.11.2006
MONITORING OF ACTIVITIES OF DEFENCE AGENTS
Lahiri Shri Samik;Saradgi Shri Iqbal Ahmed

Will the Minister of DEFENCE be pleased to state:

- (a) The number of persons booked and prosecuted for their involvement in defence deals during the last five years ;
- (b) Whether the Government proposes to monitor the activities of defence agents as reported in The Times of India dated October 15, 2006;
- (c) If so, the details in this regard ;
- (d) Whether any mechanism is being devised for this purpose ;
- (e) If so, the details thereof; and
- (f) The manner in which the Government would fix the role of agents in defence deals ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF DEFENCE (SHRI A.K. ANTONY)

(a)to(f) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 130 FOR ANSWER ON 30.11.2006

No person has been booked and prosecuted by CBI for his involvement in defence deals during the last 5 years.

On the basis of Ministry of Finance's instructions issued on 31st January, 1989 relating to Indian Agents of foreign suppliers for all the Ministries/Departments under the Government of India, supplementary instructions were issued by the Ministry of Defence in April, 1989 and in November, 2001 to regulate authorized Indian representatives/agents of foreign suppliers. The instructions provide for the regulation of representational arrangements through a system of registration, categorical and open declaration by the foreign suppliers of the services to be rendered by their authorized representatives/agents and the remuneration payable to them by way of fees, commission or any other method. So far no authorized Indian Representative/Agent has been registered by the Ministry of Defence in terms of these instructions.

Defence Procurement Procedures provide for direct dealing with Original Equipment Manufacturers (OEMs) or Authorized Vendors or Government Sponsored Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs). In addition, the other salient features of the Defence Procurement Procedures are as under:-

- (i) An 'Integrity Pact' between the Government department and the bidder for all contracts above Rs.100 crores.
- (ii) Enhanced transparency in the conduct of field trials.
- (iii) Pre-bid meetings with the vendors.
- (iv) Prohibiting the use of undue influence by the seller for obtaining any contract with the Government.
- (v) Prohibiting the engagement of any individual or firm to recommend to the Government the award of a contract to the seller, and the payment of any amount in respect of any such recommendation.

Further, these procedures inter-alia incorporate provisions for penalties being imposed if any seller engages any individual or firm, whether Indian or foreign whatsoever, to intercede, facilitate or in any way recommend to the Government of India or any of its functionaries, whether officially or unofficially, to the award of the contract to the Seller.

The Defence Procurement Procedures have been placed on the website of Ministry of Defence (www.mod.nic.in) to ensure wide publicity and complete transparency.

