

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:3492
ANSWERED ON:16.08.2010
ROLE OF MIDDLEMEN IN DEFENCE DEALS
Yadav Shri Dharmendra

Will the Minister of DEFENCE be pleased to state:

- (a) whether the role of middlemen in defence deals has not been checked by the Government;
- (b) if so, the reasons therefor;
- (c) the details of the shortcoming in the steps taken to eliminate the role of middlemen;
- (d) whether any study has been conducted by the Government to assess the ill-effects thereof on the security of the country; and
- (e) if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (e): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 3492 FOR ANSWER ON 16.8.2010

Procurement of various defence equipment/platforms under capital acquisition is undertaken in accordance with the Defence Procurement Procedure (DPP). The DPP provides for direct dealing with Original Equipment Manufacturers (OEM) or Authorized Vendors or Government sponsored Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs). Further, the 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. In addition, DPP provides for signing of an Integrity Pact between the Government Department and the bidders for all procurement schemes over Rs.100 crores. The Integrity Pact is binding agreement between the agency and bidders for specific contracts in which the agency promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. These provisions are in place to check the role of middlemen in defence acquisition cases.