

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:1965
ANSWERED ON:22.11.2010
DEFENCE PROCUREMENT SYSTEM
Jaiswal Shri Gorakh Prasad

Will the Minister of DEFENCE be pleased to state:

- (a) whether commission system is still prevalent in procurement of defence equipment despite provisions to check the role of intermediaries;
- (b) if so, the details thereof;
- (c) the steps taken by the Government to check the said system with alternative measures in this regard; and
- (d) the progress made by the Government so far?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 1965 FOR ANSWER ON 22.11.2010

Procurement of various defence equipment/platforms under capital acquisition is undertaken in accordance with Defence Procurement Procedure (DPP) 2008 (Amendment - 2009). DPP provides 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). 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, about 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 costing over Rs.100 crores. The Integrity Pact is a binding agreement between the Government and the bidders for specific contracts. These provisions are in place to check the role of middlemen and ensure the highest degree of probity, public accountability and transparency in defence acquisition cases.