

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:5160

ANSWERED ON:05.09.2011

DEFENCE PROCUREMENT

De Dr. Ratna;Meghwal Shri Arjun Ram ;Raghavan Shri M. K.;Viswanathan Shri P.

Will the Minister of DEFENCE be pleased to state:

- (a) the areas of defence procurement identified by the Government and details of the weapons/equipment and other items of defence use for which orders have been placed on domestic/foreign companies during the last three years including the cost and status thereof;
- (b) whether there are delays in procurement of several of these items and if so, the reasons therefor;
- (c) the action taken/proposed to be taken to ensure timely delivery of the items;
- (d) whether some dubious procurement cases have come to the notice of the Government and if so, the details thereof and the measures in place/being taken to check such incidents;
- (e) whether the Government proposes to bring about changes in the existing procurement system and if so, the details thereof; and
- (f) whether the Government proposes to make it mandatory to involve Transfer of Technology in all the procurement deals with foreign companies so as to boost ongoing indigenization programme of defence production and if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

- (a) Procurement of defence items is done from various indigenous as well as foreign sources in accordance with the Annual Acquisition Plan. This is a continuous process undertaken for the modernization of the Armed Forces to keep them in a state of readiness to meet any eventuality.
- (b) & (c): Delays occur sometimes due to unavoidable circumstances. There are contractual provisions for penalties including imposition of liquidated damages for delay in execution of contracts. To counter systemic and institutional delays, procedures are continuously refined on the basis of experience gained during the procurement process.
- (d) & (e): The Defence Procurement Procedure contains stringent provisions aimed at ensuring the highest degree of probity, public accountability and transparency. The Procedure includes provision for signing Pre-Contract Integrity Pact in procurement cases of the estimated value exceeding Rs.100 crore as well as provisions prohibiting engagement of agents or use of undue influence. In order to promote transparency, the issue of Request for Information (RFI) has been made mandatory to provide advance information and encourage a wider vendor base. As and when any irregularity comes to notice, appropriate action is taken as per rules.
- (f) With a view to achieve greater self-reliance in Defence production, Government has announced a Defence Production Policy in January, 2011. Besides, the Government has included a new categorization 'Buy & Make (Indian)' in the Defence Procurement Procedure in November, 2009 to encourage indigenous production in the country. In foreign procurement cases, Transfer of Technology is sought, wherever required.