

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:884

ANSWERED ON:27.02.2015

PRODUCTION OF DEFENCE EQUIPMENT

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Will the Minister of DEFENCE be pleased to state:

- (a) whether the delay in completion of indigenous production of defence equipment has affected the defence preparedness of the country and if so, the details thereof;
- (b) the details of steps being taken for completion of delayed projects and improving defence preparedness of the country;
- (c) whether the country's defence preparedness is affected by roles played by middlemen involved in the arms' purchases made from foreign countries and if so, the details thereof;
- (d) the name of agency involved in the purchase of arms from Russia;
- (e) whether the Government proposes to ease norms relating to hiring of agents by arms companies and legalise the third-party agency in the procurement of arms from foreign countries in its new defence procurement policy and if so, the details thereof; and
- (f) whether any middlemen or broker involved in the receipt of kickbacks in the arms procurement deals has been convicted and if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR)

(a) to (f): Government constantly reviews the security scenario and accordingly decides to induct appropriate defence equipment. The timelines of production by indigenous vendors are taken into consideration at the time of categorization of the equipment procurement to ensure that the operational preparedness of the Services is not affected.

Capital procurement of defence equipment / weapon systems for the Armed Forces is carried out in accordance with the provisions of the Defence Procurement Procedure (DPP) which prescribes steps to cut down delays.

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.

DPP also contains provisions including the signing of Pre-Contract Integrity Pact (PCIP), Standard Clauses in the contract and submission of Integrity Pact Bank Guarantee (IPBG) by the vendor, with an aim to ensure highest degree of probity and public accountability, transparency in operations, free competition and impartiality.

Allegations of kickbacks / commission are dealt with as per provisions of DPP and wherever necessary, the cases are referred to the appropriate agency including CBI for further investigation.