

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:247
ANSWERED ON:13.03.2015
DEFENCE PROCUREMENT PROCEDURE .
Kumar Shri P.;Shanavas Shri M. I.

Will the Minister of DEFENCE be pleased to state:

- (a) the salient features of the existing defence procurement procedure;
- (b) whether the Government proposes to bring out a new defence procurement policy, if so, the details thereof and the reasons therefor;
- (c) whether the Government has constituted an expert committee to examine the procurement procedure for purchase of defence equipment from foreign countries;
- (d) if so, the details thereof including the recommendations of the said committee; and
- (e) the remedial steps taken by the Government in bringing transparency in the procurement of defence equipment?

Answer

MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 247 FOR ANSWER ON 13.3.2015

(a) & (b): The Defence Procurement Procedure (DPP) covers the Capital Acquisitions, (except medical equipment) undertaken by the Ministry of Defence, Defence Services and Indian Coast Guard both from indigenous sources and ex-import.

DPP provides for review of the procurement procedure after every two years. However, amendments to DPP are also made from time to time as required. At present, the procedure is under review to achieve greater clarity, to address bottlenecks and for speeding up the process. The current version is DPP-2013 which has the objective of demonstrating the highest degree of probity and public accountability, transparency in operations, free competition and impartiality. The salient features of DPP-2013 include a planning process to cover the long term, medium-term and short term perspective through the 15 years Long Term Integrated Perspective Plan (LTIPP), 5 years Services Capital Acquisition Plan (SCAP) and the Annual Acquisition Plan (AAP); preference for indigenous design, development and manufacture of defence equipment; a preferred order of categorisation of all capital acquisitions; one year validity of Acceptance of Necessity (AoN); freezing the Services Qualitative Requirements (SQRs) before the accord of the AoN and separate chapters on 'Make' procedure and Defence Ship Building.

(c) The Government has not constituted any expert committee to examine the procurement procedure for purchase of defence equipment from foreign countries.

(d) Does not arise.

(e) DPP contains provisions such as signing of Integrity Pact; provision of Integrity Pact Bank Guarantee (IPBG); dealing directly with Original Equipment Manufacturers (OEMs); aimed at ensuring the highest degree of probity, public accountability and transparency. In case any allegation of corruption in defence deals is received, the same is examined by the Ministry and wherever necessary, the case is referred to the appropriate agency for investigation.