

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:3822

ANSWERED ON:24.03.2017

Defence Equipment

Gavit Dr. Heena Vijaykumar;Kirtikar Shri Gajanan Chandrakant;Mahato Shri Bidyut Baran;Patil Shri Vijaysinh Mohite;Radhakrishnan Shri T.;S.R. Shri Vijay Kumar;Satav Shri Rajeev Shankarrao;Singh Shri Bharatendra;Singh Shri Kunwar Haribansh;Sule Smt. Supriya Sadanand

Will the Minister of DEFENCE be pleased to state:

- (a) whether as per the rules, all foreign vendors of defence equipment need to furnish guarantees from designated Indian banks before bidding for any project and if so, the details thereof;
- (b) whether with US imposed Specially Designated Nationals sanctions, the Russian firms are unable to furnish the requisite guarantees from Indian banks putting India's plans to procure strategic defence equipment from Russia in jeopardy and if so, the details thereof;
- (c) whether India's biggest deals with Russia for S-400 missile shield also faces uncertainty due to US sanction and if so, the details thereof; and
- (d) the steps taken by the Government to resolve the matter so that requisite defence equipment could be procured from Russia?

Answer

MINISTER OF DEFENCE (SHRI ARUN JAITLEY)

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(a) & (b): Capital procurement of Defence equipment is carried out as per provisions of the Defence Procurement Procedure (DPP). In accordance with the extant DPP, in cases involving expenditure above Rs. 20 crore, Indian and Foreign vendors are required to sign a Pre-Contract Integrity

Pact (PCIP) and have to furnish an Integrity Pact Bank Guarantee (IPBG) for a stipulated amount from an Indian Public Sector Bank, alongwith with the commercial bid. This requirement does not apply to certain categories of capital procurements, including those from certain Russian government agencies.

(c) No, Madam.

(d) India and the Russian Federation enjoy a special and privileged strategic partnership. Russia has been our long standing and trusted defence partner and Government is committed to continuing the relationship to the mutual benefit of both countries.
