GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:1309
ANSWERED ON:02.03.2006
INFLUENCE IN DEFENCE PROCUREMENT
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Will the Minister of DEFENCE be pleased to state:

(a) whether the Government is aware that some companies/individuals are having great influence in defence procurements;

(b) if so, the facts thereof; and

(c) the concrete measures being taken by the Government to keep such influence away from such procurements?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (c): Government is not aware of any company or individual having any influence in defence procurements. On the other hand, the Government is taking all possible steps to make the procurement of defence items as transparent as possible.

Government reviewed the Defence Procurement Procedure 2002 (Version June 2003) that dealt with Capital acquisitions involving 'Buy' and 'Buy and Make' categories, and promulgated the Defence Procurement Procedure (D.P.P.) 2005. Government also promulgated the Defence Procurement Manual (D.P.M.) 2005 for Revenue stores. Both the

DPP 2005 and the DPM 2005 are part of the website of Ministry of Defence (www.mod.nic.in) and incorporate several provisions to ensure transparency and cut down delays in the procurement process. Some of the provisions in DPP 2005 include the following:

(i) Making Qualitative Requirements more broadbased so as to avoid single vendor situations.

(ii) Signing of Integrity Pact for purchases over Rs. 300 crore.

(iii) The Standard contract terms are included in the RFP. This includes provision regarding penalty for use of undue influence by the seller and prohibit engagement of any agent or payment of agency commission by the seller.

(iv) Broad timeframe for completion of different procurement activities.

Some of the provisions in DPM 2005 include the following:

(i) Request for Proposals, both for indigenous and foreign procurement, enumerating short-listing and award criteria;

(ii) Uniformity in interpretation of various contracting clauses and issues;

(iii) Clear time frame for each stage and process of procurement so as to cut down on delays and bring in accountability;

(iv) General guidelines for assessing Reasonability of Prices;

(v) Summary of CVC guidelines and Banking instruments.