

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:4091
ANSWERED ON:18.05.2006
DISCONTINUANCE OF AGREEMENT WITH M/ S. SMART CHIP LTD.
Aaron Rashid Shri J.M.

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has engaged the private company M/s. Smart Chip Ltd. for maintaining Smart Card Enrolment and issuance database of Indian Army;
- (b) if so, whether M/s. Smart Chip Ltd. has signed Non-disclosure Agreement with the Government regarding the security of "Database and Corresponding Information", which is being made available to M/s. Smart Chip Ltd. from servers of Indian Army;
- (c) if so, the details thereof;
- (d) whether the Government proposes to discontinue the Smart Card Agreement in view of recent leakage of secret information;
- (e) if so, the details thereof; and
- (f) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (f): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA UNSTARRED QUESTION NO. 4091 FOR ANSWER ON 18.5.2006

The Army Headquarters awarded a contract regarding implementation of Canteen Inventory Management System (CIMS) Software Interfaced with Smart Cards to M/s Smart Chip Limited on 15th April, 2004.

The contract agreement signed by M/s Smart Chip Limited has the following safeguards for the security and integrity of data:

- (i) Employment of Indians only.
- (ii) Conducting background check of the persons before appointment to the project and furnishing the background details of the persons to the Army also.
- (iii) Earmarking of separate premises for the project and entry to the premises restricted to employees who are working on the project.
- (iv) Securing of entry to the premises by way of positive authentication including bio-metric control.
- (v) Signing of confidentiality and non-disclosure undertaking between the firm and the employees.
- (vi) Issue of Identity Cards to all the persons working in the Canteen site.
- (vii) Movement of all in and out-bound applications strictly through Army Postal Service.

At present, there is no proposal to discontinue the Smart Card agreement since no secret data are being made available to M/s Smart Chip Limited.