

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
RAJYA SABHA
QUESTION NO 21.04.2010
ANSWERED ON
PURCHASE OF ADMIRAL GORSHKOV .

2778

Shri Prabhat Jha

Will the Minister of COAL DEFENCE be pleased to state :-

- (a) whether it is a fact that despite CAG's objection, the Government is in favour of purchase of Gorshkov;
- (b) if so, the details thereof;
- (c) the justification for purchasing aircraft carrier ship Gorshkov at a price which is more than 60 per cent of the price of a new aircraft carrier;
- (d) the provisions that Government has to ensure transparency in defence deals; and
- (e) whether these provisions have been successful in ensuring transparency?

ANSWER

(SHRI A.K. ANTONY)

MINISTER OF DEFENCE

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

STATEMENT IN RESPECT OF PARTS (a) TO (e) OF RAJYA SABHA UNSTARRED QUESTION NO. 2778 FOR 21.4.2010 REGARDING PURCHASE OF ADMIRAL GORSHKOV.

The C&AG of India had made some observations in its Report No. CA-18 of 2008-2009 for the year ended March 2008. Necessary Action Taken Note (ATN) on these observations has since been sent to audit authorities in October 2009 for vetting, before the ATN is forwarded to the Monitoring Cell of Ministry of Finance for onward transmission to the Lok Sabha Secretariat.

The requirement of two operational carriers for the Navy has been considered essential to perform its mandated tasks in India's areas of interest. Further, aircraft carriers are not easily available. Taking these aspects into consideration, the proposal for induction of the aircraft carrier has been finalized to enhance the combat capability of the Navy.

The revised cost of the ship amounts to US\$ 2330 million which includes costs of repair and refurbishing, acceptance trails of the ship, through-life support costs for spare parts, repair documents, training and infrastructure. The repair and refurbishing cost of about US\$ 1783 million of the ship compares well with the cost of other aircraft carriers of similar capabilities being built elsewhere in the world.

The objective of Defence Procurement Procedure is to ensure the expeditious procurement of approved requirements of the Armed Forces in terms of capabilities sought within time frames prescribed by optimally utilizing allocated budgetary resources. While achieving this objective, these procedures demonstrate the highest degree of probity and public accountability, transparency in operations, free competition and impartiality. The provisions incorporated in Defence Procurement Procedures for achieving this objective include;

- (i) An 'Integrity Pact' between the Government department and the bidder for all contracts above Rs.100 crores;
- (ii) Dealing directly with Original Equipment Manufacturers (OEM) or Authorised vendors or Government Sponsored Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs);
- (iii) Major decisions in the acquisition process being taken in a 'Collegiate' manner;
- (iv) Enhanced transparency in the conduct of field trials;
- (v) Pre-bid meetings with vendors;
- (vi) Prohibiting the use of undue influence by the seller for obtaining any contract with the Government;
- (vii) Prohibiting the engagement of any individual or firm to recommend to the Government the award of a contract to the seller, and the payment of any amount in respect of any such recommendation.