

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
LOK SABHA

STARRED QUESTION NO.244

TO BE ANSWERED ON THE 2<sup>ND</sup> DECEMBER, 2016

**BLACKLISTING POLICY FOR DEFENCE PROCUREMENT**

\*244. SHRI KESINENI NANI:  
SHRI ASADUDDIN OWAISI:

Will the Minister of DEFENCE j{k k ea=h  
be pleased to state:

- (a) the details of companies and arms contractors blacklisted by the Government for misconduct / wrongdoings in defence deals in the recent past;
- (b) whether the new blacklisting policy for defence procurement has been announced recently and if so, the salient features of the same;
- (c) whether the Government proposes to review all the blacklisted firms, in the light of new policy initiatives, if so, the details thereof; and
- (d) the other steps taken to ensure transparency, accountability and probity in defence procurements?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(DR. SUBHASH BHAMRE)

(डा. सुभाष भामरे)

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

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 244 FOR ANSWER ON 2.12.2016**

No firm / entity has been blacklisted for misconduct / wrongdoing in defence deals during the last three years. However, six firms have been debarred from further business dealings with Ministry of Defence for a period of ten years. This was further made applicable to all allied / subsidiary firms of each of the debarred firms until further orders or until such time as the order of debarring of the firm subsists, whichever is earlier. Also, business dealings have been suspended / put on hold in respect of 13 firms. In respect of another four firms, orders have been issued restricting procurement from the concerned firms to cases where procurements are justified and necessary on the basis of operational urgency, national security and non-availability of other alternatives.

Ministry of Defence has recently issued Guidelines for penalties in business dealings with entities, which have come into effect from 21.11.2016. The Guidelines have also been put in public domain by uploading them on the website of Ministry of Defence. The Guidelines lay down policy for levy of financial penalties and / or Suspension / Banning of business dealings with entities, seeking to enter into contract with / having entered into a contract for the procurement of goods and services by the Ministry of Defence.

It has also been decided to review existing cases of suspension/ ban/ blacklisting etc. against vendors in light of the new guidelines dated 21.11.2016.

The other steps taken to ensure transparency, accountability, probity in defence procurements are as under:

- (i) The Defence Procurement Procedure (DPP), 2016 envisages signing of an Integrity Pact between Government and the bidders for all capital procurement / schemes of Rs. 20 crores and above. The earlier provision required signing of such pact only for case involving Rs.100 crores and above.
- (ii) DPP, 2016 provides that a foreign vendor is required to disclose full details of any such person, party, firm or institution engaged by them for marketing of their equipment in India, either on a country specific basis or as a part of a global or regional arrangement.

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- (iii) It further provides that the Seller has to confirm and declare to the Buyer that it is the original manufacturer of the stores contracted and that no agent has been engaged to influence or manipulate award of the contract, or indulge in corrupt and unethical practices.**
- (iv) Penal provisions in Standard Clauses of Contract for use of undue influence (including engagement of agents).**
- (v) Submission of Integrity Pact Bank Guarantee (IPBG).**
- (vi) Violation of Pre Contract Integrity Pact (PCIP) may result in calling off negotiations, cancellation of contract, encashment of bank guarantee and debarment from future procurement.**
- (vii) Ascertaining vigilance status of L1 vendor before seeking Competent Financial Authority (CFA) approval.**

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