

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA

UNSTARRED QUESTION NO.3822

TO BE ANSWERED ON THE 24TH MARCH, 2017

DEFENCE EQUIPMENT

3822. SHRIMATI SUPRIYA SULE:
SHRI BIDYUT BARAN MAHATO:
SHRI S.R. VIJAYAKUMAR:
KUNWAR HARIBANSH SINGH:
SHRI SATAV RAJEEV:
SHRI MOHITE PATIL VIJAYSINH SHANKARRAO:
SHRI T. RADHAKRISHNAN:
SHRI GAJANAN KIRTIKAR:
KUNWAR BHARATENDRA:
DR. HEENA VIJAYKUMAR GAVIT:

Will the Minister of DEFENCE j{k k ea=h
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?

A N S W E R

MINISTER OF DEFENCE

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(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

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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.
