

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA

STARRED QUESTION NO.185

TO BE ANSWERED ON THE 28TH JULY, 2017

MANUFACTURING OF AMMUNITION

*185. SHRI ANANDRAO ADSUL:
SHRI SHRIRANG APPA BARNE:

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

- (a) whether the Government has formulated a policy to set up manufacturing units in collaboration with Indian firms / Companies and foreign vendors to meet the defence requirement of the country and if so, the details thereof along with the names of the private companies which have collaborated with foreign vendors for the purpose;
- (b) whether private companies have been permitted to tie up for manufacturing ammunition with foreign vendors / companies which have been black listed / banned for wrong doings / corrupt practices and if so, the details thereof and the reasons therefor;
- (c) the names of the companies / vendors along with the reasons for which these have been banned and the circumstances under which these have been allowed to manufacture ammunition;
- (d) whether ammunition for which tender has been given to the black listed / banned vendors / companies are also easily available from other non-black listed vendors / companies; and
- (e) if so, the details thereof and the response of the Government thereto and the measures taken by the Government to recover penalty from foreign vendors / companies which adopt wrongful business practices while bidding for Indian contracts?

A N S W E R

MINISTER OF DEFENCE

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(SHRI ARUN JAITLEY)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 185 FOR ANSWER ON 28.07.2017

(a) The Government has finalised the policy on Strategic Partnerships in the Defence Sector. The Policy on Strategic Partnership is intended to institutionalise a transparent, objective and functional mechanism to encourage broader participation of the private sector, in addition to Defence Public Sector Undertakings (DPSUs) / Ordnance Factory Board (OFB), in manufacture of major defence platforms and equipment, such as aircraft, submarines, helicopters and armoured vehicles.

The selection of private companies under this policy has not yet been made.

(b) to (e): The Government has approved a proposal for manufacturing of ammunition for Indian Army by Indian Industry. Request For Proposal (RFP) under Open Tender Enquiry for the said proposal has been issued on 25th & 27th March 2017. Since the proposal is presently at RFP stage, grant of permission to any private company for manufacturing ammunition in partnership with foreign vendors/ companies which have been black listed/ banned for wrong doings/ corrupt practices, does not arise.

Defence Procurement Procedure (DPP) /Defence Procurement Manual (DPM) contains penal provisions in Standard Clauses of Contract for use of undue influence including engagement of Agents unauthorisedly by the Seller. DPP/ DPM also provides for execution of a Pre Contract Integrity Pact (PCIP) with the objective of ensuring that the procurement process is free from any wrongful business practice. PCIP is a binding agreement between the bidder and the Government. The selected vendor is also required to submit an Integrity Pact Bank Guarantee (IPBG) alongwith the PCIP. Violation of PCIP can result in calling off the negotiations, cancellation of contracts, encashment of bank guarantees and debarment from future procurement.
