

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
LOK SABHA

UNSTARRED QUESTION NO.123  
TO BE ANSWERED ON THE 18<sup>TH</sup> JULY, 2018

**CORRUPTION IN DEFENCE DEALS**

123. SHRIMATI ANJU BALA:  
SHRI TEJ PRATAP SINGH YADAV:

Will the Minister of DEFENCE be pleased to state:

- whether there have been reported cases of corruption in defence deals in the country;
- if so, the details thereof during the last three years and the current year so far;
- the details of agreements signed for the purchase of arms and ammunitions during the above period;
- the details of the companies which are blacklisted so far by the Government for misconduct / bribery in defence deals; and
- the steps taken by the Government to check instances of bribery in defence procurement?

**A N S W E R**

MINISTER OF STATE (DR. SUBHASH BHAMRE)  
IN THE MINISTRY OF DEFENCE  
रक्षा राज्य मंत्री (डा. सुभाष भामरे)

**(a) & (b): Four cases of corruption in Defence deals have been registered by CBI since 2015, as under:-**

Year	No. of cases
2015	Nil
2016	04
2017	Nil
2018 (upto 30.06.2018)	Nil

(c) The details of agreement signed for the purchase of arms and ammunitions cannot be disclosed in the interest of national security as well as in the interest of our relations with the foreign countries.

(d) No firm / entity has been blacklisted for misconduct / wrongdoing in defence deals during the last three years. However, six firms were 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 orders of debarring subsists, whichever is earlier. Also business dealings were suspended / put on hold in respect of 14 firms. In respect of another two firms, orders were issued restricting procurement from the concerned firms where procurement was justified and necessary for the reasons of operational urgency, national security and non-availability of other alternatives. Another 2 firms have been taken off from the list of restricted procurement based on closure report filed by the investigating agency and acceptance of the same by the Hon'ble Court.

(e) Ministry of Defence has 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.

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 & the bidders for all capital procurement / schemes of Rs. 20 crores and above as against the earlier provision of signing of such a pact only in cases involving Rs. 100 crores and above.
- (ii) DPP 2016 provides that all vendors including foreign vendors 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.

**(iii) DPP 2016 further requires that the Seller 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 are included in Standard Clauses of Contract for use of undue influence (including engagement of agents).**

**(v) Submission of Integrity Pact Bank Guarantee (IPBG) is also essential.**

**(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 is also prescribed in DPP 2016.**

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