



# Transparency and Accountability in Defence Production and Purchase

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The Government has released the updated version of Defence Procurement Procedure (DPP) in April 2016, to realize the vision of 'Make in India' in the Defence sector. The DPP-2016 in its Preamble and Aim, specifically envisages for 'maintaining highest standards of transparency, probity, public accountability, fair competition and level-playing field' in capital procurement.

The following provisions have been incorporated in DPP 2016 with regard to transparency and accountability in Defence production purchase:

- Pre Contract Integrity Pact (PCIP) has been made mandatory for all cases above Rs.20 Crore to ensure corruption free procurement process (binding agreement between parties that their officials will not offer or accept bribes).
- Guidelines for Handling of Complaints provide for time bound disposal of complaints and are aligned to CVC / DoP&T guidelines and are also in keeping with Government policy.
- Instructions have been issued for ascertaining vigilance status of L1 vendor before seeking Competent Financial Authority (CFA) approval.
- Guidelines for Penalties in Business Dealings with Entities have been notified.
- Provision made for placement of Technology Perspective and Capability Roadmap (TPCR) of 15 years and Request for Information (RFI) on Ministry of Defence (MoD) / Service Headquarters (SHQ) websites.
- Holding of pre-bid conference with vendors.
- Transparency and fair competition are maintained during objective technical evaluation and trials against laid down parameters.

The 'Ease of Doing Business' initiatives will also ensure enhanced transparency, which are as provided below:-

- Test facilities with the Government entities have been put on website to make them available to the private sector.
- The process of issuing No Objection Certificate (NOC) for exports has been made online.

Several measures have been taken to promote indigenous design, development and manufacture of defence equipment in the country by harnessing the capabilities of the public and private sector. These measures include according preference to procurement from Indian vendors under the Defence Procurement Procedure (DPP), liberalization of the licensing regime and Foreign Direct Investment (FDI) policy by raising the cap on FDI in the defence sector, simplification of export procedure, streamlining of defence offset guidelines etc. Recently, the Government has notified the 'Strategic Partnership (SP)' Model which envisages establishment of long-term strategic partnerships with Indian Private entities through a transparent and competitive process, wherein they would tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.

This information was given by Raksha Rajya Mantri Dr Subhash Bhamre in a written reply to Dr. Vinay P. Sahasrabuddhe in Rajya Sabha today.

**MJPS/NM/RP**

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