

Dynamic and transparent Defence Procurement Policy

†*22. SHRI PRABHAT JHA: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that several policy measures have been taken by Government with an objective to make Defence Procurement Policy dynamic and transparent during the last three years and as a result of which the system has become corruption free completely;

(b) if so, the details thereof;

(c) whether a decision has been taken to contact directly the concerned foreign Government instead of concerned company for defence procurement; and

(d) if so, the details thereof?

THE MINISTER OF DEFENCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (d) The new Defence Procurement Procedure (DPP) 2016 came into effect from 01.04.2016. DPP-2016 Seeks to ensure probity, public accountability, transparency and fair competition in the process of procurement. DPP-2016 has introduced the 'Buy (Indian-IDDM)' category for procurement of Indigenously Designed, Developed and Manufactured (IDDM) Defence items from the Indian industry and accorded it the top most priority. To ensure increased participation of the Indian industry, the 'Make' procedure has also been simplified by sub-dividing it into "Make-I" (involving Government funding of 90% of the prototype development cost) and "Make-II" sub-category (involving prototype development with no Government funding). The Government has finalised the policy on Strategic Partnerships in the Defence Sector which is intended to encourage broader participation of the private sector, in addition to Defence Public Sector Undertakings/Ordnance Factory Board, in manufacture of major defence platforms and equipment.

2. In order to promote Probity, Public Accountability and Transparency in defence capital procurements, various steps have been taken by Government which include execution of Pre-Contract Integrity Pact (PCIP) for all procurement cases above ₹ 20 crore to ensure corruption free procurement process Independent Monitors have been empanelled for monitoring implementation of the Pre-Contract Integrity Pact (PCIP). In addition, Guidelines for Penalties in Business Dealings with Entities have been notified on 21.11.2016.

†Original notice of the question was received in Hindi.

3. The following steps have been taken to make the procurement policy more dynamic: (i) FDI Policy has been reviewed under which Foreign Investment Cap is allowed through automatic route upto 49% and Government route beyond 49%; (ii) Industrial licensing regime for Indian manufacturers has been liberalized and most of the components/parts/sub-systems have been taken out from the list of defence products requiring Industrial License; (iii) Offset implementation process has been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components; (iv) Services as an avenue of offset have been re-instated; (v) The list of military stores has been finalized and put in the public domain; and (vi) 153 products reserved for production by Ordnance Factories have been denotified for production by private sector.

4. Procurement is carried out as per procedure laid down in the DPP-2016. DPP-2016 provides for procurement of defence equipment from friendly foreign countries under Inter Governmental Agreements (IGAs).

Banning of films by State Governments

*23. SHRI VIVEK K. TANKHA: Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether the State Governments have the power to ban exhibition of a film before it is censored and certified by Central Board of Film Certification (CBFC);

(b) if so, whether it violates the principles of rule of law and prejudices the decision of CBFC and whether it would injunct a statutory body from doing its duty; and

(c) what are the Ministry's comments on the same?

THE MINISTER OF INFORMATION AND BROADCASTING (SHRIMATI SMRITI ZUBIN IRANI): (a) to (c) 'Sanctioning of cinematograph films for exhibition' is included in Entry 60 of the Union List (List-I) of the Seventh Schedule of the Constitution of India. 'Cinemas subject to the provisions of Entry 60 of List-I' is included in Entry 33 of the State List. Therefore, as per the Constitutional provisions the Union Government is empowered to legislate in matters pertaining to sanctioning (also called certification)