

Indigenising Our Defence Procurement

With the motto of 'Minimum Government, Maximum Governance', the new federal Government has definitely raised popular expectations among the people. The Government has accordingly been taking myriad initiatives to realise this chimerical will-o-the-wisp. Such initiatives *inter alia* include scrapping obsolete and anomalous laws and rules, strengthening federal structure, targeting corruption and corrupt practices, ensuring more accountability and transparency to make the system more efficient, effective and delivery-oriented.

The recent replacement of the Planning Commission by the NITI (National Institute for Transforming India) Aayog is also an expression of the same. The Government in Delhi has also started paying attention to many critical issues which have been hanging fire for very long time for want of a clear thinking. As an extension thereof, the new Government has finally realised and cognised the problem of deadlocked defence purchases which have been pigeonholed because of absence of a transparent policy.

Pragmatism informed by the appreciation of national interests has given way to a garbled policy of compromising national security in favour of playing safe to avoid the accusations of 'kickbacks' in defence purchases. One really fails to understand as to why it took so long to comprehend the emergent need for replenishing our defence hardware, more so when the same has serious implications for national security.

The best that could have been done under the circumstances by the then decision-makers was to evolve a consensual policy in consultation with all the stakeholders to shop for the required military equipment and hardware. A transparent defence purchase policy predicated on a well-thought out guideline would have long done the needful in this regard. It is good that the new dispensation in Delhi has finally seen through the problem to effect the necessary changes to keep our war machine fighting fit as the same was slowly becoming rusted for want of due care and nurturing it needed. After all, they rightly say, 'if you want peace, it is better to prepare for war'.

As per the decision taken by the Government, the operations of 'representatives', another term for agents or brokers, will now be officially recognised and allowed in defence purchases,

something which could have been done long back. The fact remains that these 'brokers' have always been there and working behind the scene to facilitate defence deals for the governments across the world. However, the same has often complicated defence acquisitions over the years to the chagrin and detriment of the armed forces in this country. Such priggish thinking has at times tarred every 'agent' with the same brush, vilifying each of them as a crook of the first order who must be shunned at any cost.

Indian political history has been witness to the downfalls of politicians and governments (remember the resignation of the redoubtable Krishna Menon or V P Singh's movement against the Bofors kickbacks and the subsequent fall of Rajiv Gandhi government). The multi-billion dollar defence purchases became really difficult for any government thereafter because of the eyeballs and accusations they invited. The defence purchases continued languishing in the wilderness for want of timely decision to the extent that our arsenals were said to have become dangerously depleted. At least, that is the impression which got currency among the people with no attempt to disabuse the same.

The state of affairs got only worse as the list of black-listed defence suppliers grew longer with every inquiry instituted to probe into such accusations. There came a time when it became really difficult to find a single established producer with credentials from whom military hardware could be procured. While the great powers including our classical opponents were effecting a 'revolution in military affairs' (RMA), we were finding it really tough to retain and replenish even our regular arsenal as required for conventional wars.

Reportedly, George Fernandes, the former Defence Minister, attempted to put in place a system of 'registered agents', but the initiative did not go very far for want of clarity and response from the stakeholders. Against this background, it would be really premature to give a verdict on the success of the newly-drafted Modi-Parrikar formula, but the silver lining is the framing of a well-delineated policy backed by a clear thinking on the issue which has eventually accepted that defence agents are important facilitators in defence procurement.

Presence of 'agents' or 'brokers' is a hard reality across the world. Few defence deals could move without their doing the necessary facilitation which is deemed to be a very mechanical and specialised task though the method of their payment still remains ambiguous and woolly in this country. The terms like 'commission' or 'brokerage' have become dirty expressions in defence lexicon, something which is integral to business and commerce in a laissez-faire economy in a globalised world.

After all, what problem should be there with commissions in a commercial deal to purchase defence hardware if the same is buttressed by a well-laid out transparent policy. After all, commissions are nothing for 'remuneration' paid for the services provided and promote a healthy competition which could actually work to our advantage in securing the best available deal. Have not we allowed brokerage or commissions in many other sectors of our economy and day-to-day life? If yes, why should we have any objection with the same when it comes to defence procurements?

One feels that the revulsions against the 'agents' in an Indian context comes from their reputation for being the conduits through which underhand payments are channelled. It is felt

by the observers that much of the remedial action on this score has generally been misdirected all these years. Had we insisted on making the facts and phenomenon of 'commission' above board and transparent by the defence suppliers, the situation would not have become so complicated.

So, as long as the defence deals and the cognate 'commission' are transparent and known to all the stakeholders, there should be no problem. The authorised, registered, commissioned, or empanelled 'representatives', 'agents' or 'brokers', whatever we may call them, can rightfully claim their 'commission' or 'brokerage' as offered by the suppliers as per declared pre-laid and pre-declared norms. The problem arises only when the alleged 'sweetener' is offered to an office holder (read a Minister or a bureaucrat) for their legal or illegal facilitation of the process, thereby vitiating the process.

Be it noted that while kickbacks in major deals have become 'hot' political issues, corruption is deeply entrenched in all the purchase processes down the line—be it footwear, foodstuffs or clothing. A perusal of the government or independent probes into corrupt deals will confirm the same. Hence, if the Centre really intends to effect a clean-up, the entire architecture of defence purchase needs to change across the spectrum. And, the same should be extended to other sectors of government operations as well. The 'Make in India' campaign should also goad the government to nudge the Defence Research and Development Organisation (DRDO) out of slumber to make a firm commitment to indigenise our defence procurement as far as possible and practicable to reduce the need for foreign acquisitions.

Salient Points

- The Government has been taking myriad initiatives to realise its moto of 'Minimum Government, Maximum Governance'.
- The new Government has finally realised and cognised the problem of deadlocked defence purchases.
- They rightly say, 'if you want peace, it is better to prepare for war'.
- Indian political history has been witness to the downfalls of politicians and governments.
- The concept of broker or agent or representative and their commission has complicated the procurement procedure.
- It became really difficult to find a single established producer with credentials.
- It has eventually been accepted that defence agents are important facilitators in defence procurement.
- Kickbacks in major deals have become 'hot' political issues.
- To affect a clean-up, the entire architecture of defence purchase needs to change.

Glossary

Chimerical: imaginary

Will-o-the-wisp: anything that deludes or misleads by luring on

Garbled: to confuse unintentionally

Priggish: a person who displays or demands of others pointlessly especially in irritating manner