

**Government of India
Ministry of Defence
D (Vigilance)**

Subject: Exemption from operation of Suspension order No. 245/D(Vig.II)/2016 dated 12th July, 2019 in respect of Business Dealings with M/s Pilatus Aircraft Ltd.

This Ministry had vide ID Note of even no. dated 12th July, 2019 suspended Business Dealings with M/s Pilatus Aircraft Ltd. for violation of Article 6.6 of the Pre-contract Integrity Pact (PCIP) dated 9th April, 2010 read with para 10 of the PCIP for a period of one year from the date of issue of order or until further orders.

2. The concerned Service Headquarters requested for review of the order for sustenance of flying training on PC-7 MK-II (BTA). In view of the fact that Indian Air Force (IAF) needs spares and maintenance support for 75 BTA already in use and appreciating its dependence on M/s Pilatus Aircraft Ltd. for spares and maintenance support for 75 Basic Trainer Aircraft, it has been decided to review the suspension order no. 245/D(Vig.II)/2016 dated 12th July, 2019.

3. Upon review of this suspension order, it has been decided to grant exemption from operation of suspension order in order to enable Air Hqrs. to carry out the following activities:-

- i) To progress case to finalise the Follow on Support Contract (FOSC) on the revenue channel.
- ii) To continue with the on-going spares and maintenance supply cases on the revenue channel, where supply orders have already been placed.
- iii) To progress cases for supply of spares and maintenance support on the revenue channel, that are necessary to ensure un-interrupted sustenance of the PC-7 Mk II aircraft and its associated equipment, including simulators. These would be necessary till the FOSC contract is finalized.
- iv) To obtain MTBF Linked Warranty within 3-4 months from the date of issue of this order.

4. However, the exemption from operation of suspension order is being granted subject to the following stipulations:-

- i) Air Hqrs should obtain MTBF Linked Warranty within 3-4 months.
- ii) The vendor discharges the remaining offsets without further loss of time as the prescribed time period has already elapsed.
- iii) The performance of contractual obligations by the vendor is immediately undertaken and completed as per the contractual provisions, irrespective of the fact that whether such contractual obligations are on the Capital or Revenue side.

iv) Exemption from operation of suspension order will have no impact on various probes by investigating agencies.

5. The operation of the suspension order shall remain in abeyance till the Service Headquarters concludes the activities listed in para 3 above. However, the exemption from operation of the suspension order will be subject to conditions listed in para 4 above.

Amw
07.10.2019

(B.P. Pant)
Under Secretary (Vigilance)

SA to RM	Secretary (DP)	Secretary (Defence Finance)	Secretary (DRDO)
VCOAS	VCNS	VCAS	DG (Coast Guard) CISC
DG (Acquisition)	JS (Works) & CVO	JS&AM (LS)	JS&AM (MS)
JS&AM (Air)	JS (Army)	JS (Navy)	JS (Air)
TM (LS)	TM (MS)	TM (Air)	

MoD ID No. 245/D(Vig.II)/2016 dated 07th October, 2019

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