

**Cutting Out Kickbacks<sup>1</sup>**  
**By Masood Hasan**  
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Generally, the lay public is not familiar with the acquisition/purchase/procurement of complex weapons systems whose deliveries may be over several years during which time escalations occur, improvements are developed (may be at the client's cost – when the question of royalties arise), delivery schedules alter, new training both on the operative side as well as maintenance may be required, the setting up of repair facilities, the stocking of strategic spares, subcontracting involving homologization through developmental educational orders, advice on metallurgy and a host of other considerations surface provided a Buyer Beware policy is followed.

Using agents beneficially to protect the buyer calls for skills acquired through negotiations recognizing both the strengths and weaknesses of their suppliers. This is a techno-commercial-cum-legal problem which needs matching experience, a familiarity with the national economy and a good comprehension of the methodology of technology (not, repeat not of science) and more particularly of the process of transfer of technology. Further, to distinguish between the approaches to routine and hi-tech technology. Above all to accept as a matter of faith that it is the intangible asset called know-how that is the knowledge (application based) which leads to success. If this means reducing specifications without loss of safety or accuracy but fewer hours life of a component it must be done because of resource constraints. Over a period of time quality improves as the sum total of know how increases. This is slow but the only way technology (not necessarily science) moves. Apart from the above knowledge of contract administration, joint venture agreements even counter trade may be essential.

Therefore, in order to ensure the procurement function works to the best advantage of the country, hence the forces, it follows a much broader view of the procurement function must be taken. The question of development, its monitoring right up to the signing of the purchase contract which is a techno commercial-cum-legal operation, in which various activities should preferably be carried out in parallel, not in series, as is usually done. The difficulty that arises is that the forces consider any civilian opinion interference in their domain. This is not true because the overall objective of those concerned is exactly the same and that is to work within the overall strategy in a way to ensure that whatever resources are expended yield the best compromise. Naturally, inter-service rivalry plays a part, as it should, in being able to decide how the cake should be divided. Differences in views leads to informed discussion.

It has been of considerable interest to read what three former Air Chiefs have had to say on defence purchase. Also comments, both informed and uninformed, in various publications. It goes to PAF's credit that they have cast the first stone publicly at

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<sup>1</sup> Masood Haan is a former Secretary, Ministry of Defence Production



malpractice and have in the process not differentiated between kickbacks and commission as Abdul Ghaffar has correctly done (Dawn, Aug 20).

We do need control but it has to be civilian control of the funds because commercial discipline and Military Acts do not integrate well. When I took over as federal secretary defence production in 1973, the Rules of Business meant only rubber stamping what had been decided. It fell on me to engineer a change, that is to systematize work flow in accordance with the Rules of Business. However, whatever was achieved was washed away with so many years of Martial Rule later.

During the 1973-78 period contracts worth hundreds of millions of dollars were executed. The governments approach was that there are three aspects of weapon system acquisition strategy, technology and economics. Roughly, the first was in the military sphere, the second common to the military and civil spheres and the third in the civil sphere. By bringing the three together the best compromise is obtainable.

New approaches were tried out successfully, such as the ministry of defence production control (civil) over the refitting of an acquired submarine. The then naval chief agreed to relinquish NHQ direct control and it worked well, both in framing the contract and its execution. In the same way a former air chief admitted that industrial activity is not PAFs job. In agreement, the ministry took over the Mirage rehabilitation, and later set up the MFI-17 (Mashaq) manufacturing assembly line quite successfully including construction of a jet air strip at Kamra for good measure. Other industrial activities included F6 aircraft repair and T59 tank rebuild (both Chinese aided projects). In fact the indigenization of 4000 parts of about 10000 in the T-59 tank in the private sector arose out of institutionalization of a development programme, despite bureaucratic opposition. However, application of commercial discipline by a civilian led ministry worked. Proof is that by 1978 only 250 parts of the T59 had been homologised (indigenized) it built up on its own up to nearly 4000 over the years! This achievement is not known to most. The other 4000 are manufactured in the Taxila Chinese aided factory. This meant 80% (by number) deletion, which should be the envy of the private sector! It is clear that if similar systems had been introduced elsewhere they would have made a big difference, but it is easier not to stick your neck out, because of our penchant to attack only the sins of commission, not omission.

In addition, the government made a study of the roughly British equivalent of our defence production called the Procurement Executive as to how they got about ensuring their defence effort was concerned with the procurement of new weapon systems and routine items. There was much that we could have adapted to ourselves but did not on account of the mind set that had gelled through martial law administration and lack of imagination. With the above background let us pass on to the jointly signed Air Chiefs letter which makes good reading because the devil always lies in the details. We, on the civil side knew that the power lay (in the mid 70s) with the PM as CEO and not the President, barring signing of some contracts involving other governments or their agencies. It was good that PAF banned agents from visiting their offices as relevant information was available to them through their official channels, not so to defence production. However,

some agents did provide good information on sensitive hi-tech developments which one could countercheck with other nationalities principals. This free movement of information was indeed beneficial, as it is in all spheres of human activity.

Any law is only as good as a command. If a command is difficult to implement, the law similarly is equally helpless. So what needs to be done? The first, is to recognize that defence procurement is not akin to purchasing a tin of Quaker Oats.

Second, to attack not the symptoms, but the disease. The disease is lack of effective civil control of this function (retired military officers merely transfer their mind set to the ministry). Ways and means need to be found to get around this. A strong systems analysis group comprising of non-military personnel needs to be introduced to interact with similar groups of the forces. This activity started in a rudimentary fashion in the mid-70s and it did produce some results. It's further development was frustrated on account of the general indifference of career bureaucrats towards anything new. After all why bother with the sins of omission!

Third, since the proposed legislation continues from the last martial law period, it needs looking into, that is to examine the "process and channels of GoPs defence-related procurement (which) have already been institutionalized". The role of the Joint Chiefs would also form part of such looking into. This means the totality of the problem would be examined which is a requirement of the systems approach.

Fourth, the question of declaration of items "proprietary" needs review. Direct dealing as brought out by Abdul Ghaffar by armed forces personnel should be stopped. If the above is gone into it will then be clear to what extent, the Defence Committee of the Cabinet be involved. A top policy making unit cannot and should not be involved in detail. It can and should know how to acquire the requisite information as and when required to help it in arriving at their conclusions. Such feedback needs the introduction of multidisciplinary teams which have developed a healthy and effective tradition over the past sixty years and yielded many a time unexpectedly excellent results.