

**GOVERNMENT OF INDIA
PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS
LOK SABHA**

UNSTARRED QUESTION NO:2168

ANSWERED ON:02.12.2009

ILLEGAL PAYMENTS BY US COMPANIES

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Das Gupta Shri Gurudas; Gandhi Smt. Maneka Sanjay; Kumar Shri Shailendra; Meinya Dr. Thokchom; Saroj Smt. Sushila; Singh Shri Ganesh; Singh Shri Radha Mohan; Tarai Shri Bibhu Prasad

Will the Minister of PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS be pleased to state:

- (a) whether the Government has received any reference regarding illegal payments to Indian companies /officials allegedly by the US companies for making trade agreements;
- (b) if so, the details thereof, indicating the US as well as Indian companies officials involved therein;
- (c) whether any investigation/enquiry has been conducted by the Government in this regard;
- (d) if so, the outcome thereof; and
- (e) the action taken by the Government in this regard?

Answer

MINISTER OF THE STATE (Independent Charge) IN THE MINISTRY OF Science and Technology; MINISTER OF THE STATE (Independent Charge) IN THE MINISTRY OF Earth Sciences; MINISTER OF THE STATE IN THE MINISTRY OF Prime Minister's Office; MINISTER OF THE STATE IN THE MINISTRY OF Personnel, Public Grievances and Pensions; and MINISTER OF THE STATE IN THE MINISTRY OF Parliamentary Affairs. (SHRI PRITHVIRAJ CHAVAN)

(a): The Indian Ambassador in USA has informed the Government that several references regarding illegal payments to the officials in India have been made in the US report on the Foreign Corrupt Practices Met (FCPA) and Anti-corruption Enforcement for the second half of 2008 and early part of 2009.

(b) The following companies are alleged to have made improper payments to some Indian officials:

| Name of the US Companies | Name of Indian subsidiary Companies |
|-----------------------------|----------------------------------------|
|-----------------------------|----------------------------------------|

(i) M/S Westinghouse Air Brake Technologies Corporation (Webtec) M/s Pioneer Friction Ltd.;

(ii) M/s York International Corporation M/s York India

(iii) M/s Dow Chemicals Corporation M/s DE -Nocil Corp. protection Ltd;

(iv) M/s Pride International Inc. M/s Pride Foramer

(v) M/s Richard Morlok and Mario Covino Not indicated

From the said US report, it infers that the officials belong to the Ministry of Railways, Ministry of Defence, Department of Agriculture & Cooperation, Department of Revenue and Government of Maharashtra

(c) to (e): In view of the report of improper payment to a key official in Directorate of Plant Protection, Quarantine & Storage, Faridabad by DE-Nocil, a subsidiary of Dow Chemicals, an inquiry was ordered by the Department of Agriculture & Cooperation into the matter and a case was registered by CBI in 2007. The Ministry of Defence have constituted a Board of Officers for investigating the allegations pertaining to Indian Navy. The Ministry of Railways have suspended business dealings with M/s Pioneer Friction Ltd., Kolkata and M/s Webtec, USA. A detailed inquiry has also been ordered by the State Government of Maharashtra in respect of

alleged improper payment made by M/s Richard Morlok and Mario Covino.

In September, 2009, the CVC has asked the CBI to look into each of these instances of corruption and furnish a report. The Commission also held a meeting with the concerned Departments for expeditious action.