

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:203

ANSWERED ON:26.07.2010

BLACKLISTING OF DEFENCE FIRMS

Ahir Shri Hansraj Gangaram;Bais Shri Ramesh;Dharmshi Shri Babar Gajanan;Gowda Shri D.B. Chandre;Muttemwar Shri Vilas Baburao;Pathak Shri Harin;Rama Devi Smt. ;Singh Chaudhary Lal;Singh Shri Rajiv Ranjan (Lalan);Vardhan Shri Harsh

Will the Minister of DEFENCE be pleased to state:

- (a) whether some indigenous and foreign defence firms have recently been found to be involved in procuring contracts from the Ordnance Factory Board (OFB) through questionable means;
- (b) if so, the details thereof, including the alleged charges leveled against each of them and the action taken against the OFB officials involved therein;
- (c) the total value of defence contracts finalized with the said firms and the current status thereof;
- (d) the details of investigation conducted into the matter;
- (e) whether the Central Bureau of Investigation (CBI) has recommended blacklisting of the said firms; and
- (f) if so, the details thereof and reaction of the Government thereto?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) & (d): Yes, Madam. Central Bureau of Investigation (CBI) had registered a case against Shri Sudipto Ghosh former DGOF (Director General of Ordnance Factories) & Chairman, OFB (Ordnance Factory Board) and some others regarding receipt of illegal gratification from various suppliers of ordnance factories, before the court of the Special judge CBI, Kolkata in May 2009. Based on the evidence available so far CBI has charge sheeted M/s. T.S. Kissan Co. Ltd., New Delhi and M/s. R.K. Machine Tools, Ludhiana. CBI has indicated in the report that illegal gratification had been paid to Shri Sudipto Ghosh on behalf of some other firms also and that some of them may be liable for prosecution at a later stage depending on the evidence to be collected during the ongoing investigation.

(b): The report of the CBI indicates that M/s. T.S. Kissan Co. Ltd., New Delhi paid Rs.30 lakhs as illegal gratification to Shri Sudipto Ghosh for getting certain supply orders from HVF Avadi, and that M/s R.K. Machine Tools had paid illegal gratification of over 2.50 lakh for obtaining certain orders from Ordnance Factory, Chanda & Heavy Vehicles Factory, Avadi. The investigations conducted by CBI have not implicated other officers of the OFB. In respect of other companies the CBI report indicates that there is a prima facie or circumstantial evidence of payment of illegal gratification to Shri Sudipto Ghosh. The matter is under further investigation by CBI.

(c): The approximate total value of the contracts with the above firms is given below:-

1. M/s. Singapore Technology, Kinetics Singapore, - NIL.
2. M/s. Israeli Military Industries, Israel, - US\$ 91,24,928, EURO 11,30,677,545, Rs.372,29, 21,000.
3. M/s. T.S. Kissan and Co. Pvt. Ltd., New Delhi, - Rs.70,50,04,701.
4. M/s. R.K. Machine Tools Pvt. Ltd., Ludhiana; - Rs.53,83,233,871.
5. M/s. Rheinmetall Air Defence (RAD) - Nil.
6. M/s. Corporation Defence Russia - Nil.

(d): As in reply to Part (a).

(e): CBI has recommended blacklisting of the following firms on the basis of their investigation:-

1. M/s. Singapore Technology, Singapore.
2. M/s. Israeli Military Industries, Israel.
3. M/s. T.S. Kissan and Co. Pvt. Ltd., New Delhi.
4. M/s. R.K. Machine Tools Pvt. Ltd., Ludhiana.
5. M/s. Rheinmetall Air Defence (RAD) and
6. M/s. Corporation Defence Russia.

(f): The CBI report is being examined in the Ministry. Further action in the matter will be taken after obtaining the advice of CVC and

