

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:1725

ANSWERED ON:07.03.2011

DEFENCE DEALS WITH BLACKLISTED COMPANIES

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Will the Minister of DEFENCE be pleased to state:

- (a) the progress made in regard to action taken against the blacklisted companies on corruption charges against which FIR was registered;
- (b) the action taken against the foreign companies in this regard;
- (c) the quantum of orders placed with the seven companies including the details of items;
- (d) whether the Government proposes to restore the defence deals with these companies; and
- (e) if so, the details thereof including the items/equipments proposed to be procured from them?

Answer

MINISTER OF STATE IN THE MINISTRY OF DEFENCE(SHRI M.M. PALLAM RAJU)

(a) & (b): Proceedings have been initiated against some firms in the matter relating to the case against Shri Sudipta Ghosh, former DGOF and some others. However the matter is still in process and final orders regarding punishment, including blacklisting or otherwise are yet to be passed. Therefore, these firms are not in the category of blacklisted firms yet. The facts are that after examining the FIR lodged by CBI, the Ministry of Defence had decided to put on hold all contracts with the following companies involved in the CBI case vide its order dated 28.5.2009.

- (i) M/s. Israel Military Industries Ltd., Israel.
- (ii) M/s. Singapore Technologies Kinetics Ltd.
- (iii) M/s. HYT Engineering.
- (iv) M/s. T.S. Kisan & Co. Pvt. Ltd., New Delhi.
- (v) M/s. R.K. Machine Tools Ltd., Ludhiana.
- (vi) M/s. BBT, Poland.
- (vii) M/s. Media Architects Pvt. Ltd.

The above order was contested by some of the companies before the Delhi High Court. The Delhi High Court set aside the order in its judgment dated 11.2.2010 directing that penal action against the companies can be taken only after following the principles of natural justice. Accordingly show cause notices were issued to all the companies based on the contents of the FIR lodged by CBI. Replies were submitted by the companies denying the allegations and seeking specific evidence based on which penal action was proposed against them. When the information was sought from CBI, they informed that the charge sheet in this case will soon be filed. CBI filed charge sheet in June 2010 wherein it has recommended blacklisting of the following six firms for being involved in illegal gratification.

- (i) M/s. Singapore Technologies Kinetics Ltd. (STK).
- (ii) M/s. Israel Military Industries Ltd. (IMI).
- (iii) M/s. T.S. Kisan & Co. Pvt. Ltd., New Delhi.
- (iv) M/s. R.K. Machine Tools Ltd., Ludhiana.
- (v) M/s. Rheinmetall Air Defence (RAD), Zurich.
- (vi) M/s. Corporation Defence, Russia (CDR).

Fresh show cause notices have been issued to all the firms which have been recommended for black listing by CBI based on the contents of the charge sheet. Some of the firms have requested to provide all documents and other substantiating material. The firms have been provided with the available documents in the Ministry and have been directed to submit their reply to the show cause notice.

(c) The details of the total amount of supply orders and items procured by OFB in respect of the six firms which have been asked to show cause as to why necessary action be not taken against them is being collected and will be laid on the Table of the House.

(d) & (e): A decision regarding the penal action against the foreign and Indian firms will be taken after examining the reply of the firms and in consultation with the Ministry of Law and Justice and CVC.