

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:81

ANSWERED ON:04.03.2013

VVIP HELICOPTERS DEAL

Owaisi Shri Asaduddin;Singh Alias Pappu Singh Shri Uday

Will the Minister of DEFENCE be pleased to state:

- (a) whether India has signed a deal with M/s Agusta Westland, UK to buy a dozen helicopters for the use of VVIPs at a cost of Rs.3546 crore;
- (b) if so, the details thereof including the number of helicopters so far received by India;
- (c) whether reports of alleged bribery charges in the said deal have come to the notice of the Government and if so, the details thereof;
- (d) whether the Government has ordered a CBI inquiry into the case and if so, the details thereof including the number of persons involved in this deal along with the action taken / initiated against such persons so far; and
- (e) the extent to which this case is likely to affect the other defence deals in the pipeline?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 81 FOR ANSWER ON 4.3.2013 The Ministry of Defence (MoD) signed a contract with M/s Agusta Westland, U.K. on February 8, 2010 for procurement of 12 VVIP / VIP helicopters at a total cost of Euro 556.26 million as replacement for the ageing Mi-8 fleet in the Air HQ Communication Squadron, which is tasked with VIP transportation. The procurement case was completed in accordance with the established procurement procedure in a transparent manner with all stages of procurement being followed meticulously. Three helicopters, delivered by the vendor, have so far been accepted after completion of Joint Receipt Inspection. Media reports about alleged wrong doing and unethical conduct by M/s Finmeccanica, parent company of M/s Agusta Westland, U.K. in connection with the purchase of the 12 VVIP helicopters and initiation of preliminary investigations against the company started surfacing since February 2012. Ever since then, Ministry of Defence has pursued the matter with the Embassy in Rome to get credible information regarding the status of investigation and authenticity of the documents / records being cited in various media reports. Given the independence of the Italian Judiciary from the executive and the preliminary investigations being covered by 'Secrecy' clause under the Italian law, no concrete information was forthcoming. The matter was also taken up, through the Ministry of External Affairs (MEA) with the U.K. Government in view of the alleged involvement of a British consultant and the fact that the contract had been signed with M/s Agusta Westland, U.K. The UK side informed MEA that they have not launched any investigation and are awaiting the results of the Italian investigation in order to ascertain whether any further action needs to be taken. M/s Agusta Westland, U.K. in the meantime, repeatedly denied any wrongdoing on their part in the contract for purchase of the 12 VVIP Helicopters.

It would be observed from the position indicated above that subsequent to media reports relating to alleged payment of kickbacks / bribes by M/s Finmeccanica, MoD had taken prompt action on newspaper reports with a view to seek factual information from the concerned authorities. However, since no concrete information to substantiate the allegations was forthcoming, no formal enquiry was then ordered. On the report of the arrests of the Finmeccanica Chief, Mr Orsi who was earlier Chief Executive of M/s Agusta Westland and Mr Bruno Spagnoloni, Chief Executive of Agusta Westland Spa, MoD immediately asked the CBI on February 12, 2013 to conduct an inquiry into the matter. The CBI, after a visit of its team to Italy and on further examination of the documents available, has registered a Preliminary Enquiry (PE) on February 25, 2013 in this matter against eleven persons including five Indians and four firms which include two Indian firms. Besides referring the matter to CBI, MoD on February 13, 2013 requested our Embassy in Rome for further factual report pertaining to arrest, nature of charges framed and any other relevant details, which in turn, took up the matter with the Judge for the preliminary investigation in Busto Arsizio. The Embassy on February 15, 2013 has forwarded the response of the Judge which states that 'the investigations are at a preliminary stage during which, as per Article 329 of the Code of Penal Procedure, all information are covered by secrecy'. It was also added in the response of the Judge that when the 'Secrecy' obligations are over, his Office would be glad to examine a new request from India. Meanwhile, CBI investigation is progressing in India. In view of the present stage of investigation in this case, it would be early to opine on the extent to which this case is likely to affect other Defence deals in the pipeline.