

Topic: The Choppers, Guns and Capitalism

Topic
Introduction

AgustaWestland Case: In February 2010, the Congress-led UPA government signed a government contract with UK-based AgustaWestland to buy 12 AW101 helicopters for the Indian Air Force for Rs 3,600 crore. The purpose of this deal was to have choppers fly VVIPs like the president, prime minister and others. In 2013, however, the deal was put on hold by the government after Bruno Spagnolin, CEO of AgustaWestland and Guiseppe Orsi, chairman of the Italian parent company Finmeccanica, were arrested on charges of bribing middlemen to acquire the deal with IAF. The following day, then defence minister AK Antony ordered a probe into the matter. Early in 2014, the Italian court investigating the chopper scam names former chief of the IAF, SP Tyagi in the scam, stating that he was bribed by Finmeccanica to sign the deal with AgustaWestland. In 2015, however, reports of Tyagi's acquittal by the Italian court appeared, stating that there was no corruption by Indian officials.

Tyagi's Involvement in the Scam: The Indian Air Force had urged the Defence Ministry to purchase helicopters that were capable of flying in **high-altitude areas** like Siachen and Tiger Hill. After careful evaluation of the AW101, it was ascertained that it was **not capable of flying 6,000 m and above** and could only reach up to **4,572 feet**. The alleged middleman in the deal, **Guido Haschke**, revealed that while AW101 did not meet the technical requirements of the IAF, the deal was signed after Haschke tweaked the contract with the help of his Indian contacts. AgustaWestland allegedly **paid €30 million in bribes**, of which **€20 million** was routed through **Haschke and Carlo Gerosa**.

A CBI report that came in later said that prior to Tyagi being appointed as Air Force chief, the IAF had "**vehemently opposed**" the lowering of the altitude requirement. This **changed** after Tyagi came into the picture and the IAF "conceded to reduce" altitude requirements, allowing AgustaWestland to **re-enter the bidding** process. Initial investigations by the Italian prosecutor said that **Tyagi had personally met Haschke** before, and that the **bribery took place via Tyagi's cousins Julie, Sandeep and Dosca**. Tyagi, however, has denied any claims of having met Haschke. In recent investigations by the **Milan Court of Appeals**, particularly in its **225-page judgment**, Tyagi's name appeared more than once.

Sonia Gandhi's Involvement in the Scam: The Milan Court of Appeals, in its judgment, took note of the conversations among the **three middlemen** — **Carlos Gerosa, Christian Michel and Guildo Haschke** — who mention 'Mrs. Gandhi' as being the 'driving force behind the VIP' and her close aides **Ahmed Patel and Pranab Mukherjee** — the latter is referred to as being the 'British High Commissioner'.

AgustaWestland versus Bofors scam: Almost 25 years separate the Agusta Westland scam from that of the Bofors. Both were defence deals. **In 1986**, the Indian government went for **400 Howitzer guns** manufactured by the Swedish company **AB Bofors**. It was a \$1.4 billion deal (**Rs 10,000 crore** at current prices). In **2010**, India signed an agreement with the UK-based Agusta Westland (its parent company based in Italy) for **12 high-altitude-flying helicopters**. It was a \$530 million (**Rs 3,600 crore**) deal.

Both Bofors and AgustaWestland had signed **no-middleman contract** with India; no commission was supposed to be paid by the manufacturing company to any defence agent to secure the deal. But as it turned out, in both cases, **the middlemen had received commissions**. The **Swedish government** investigated the **Bofors case** and the **Italian government** the **VVIP choppers case**.

What was more damaging was the suspicion that the trail of the commission money led to Indian politicians. In the **Bofors case**, **Rs 64 crore** (at the then prevalent prices) supposedly exchanged hands. In the AgustaWestland case, the bribe money is supposed to be **more than Rs 200 crore**.

Incidentally, both the deals were **signed during the Congress regimes** and the main political targets in both the cases were members of the **Nehru-Gandhi family**, the political dynasts lording over the party since Independence: **Rajiv Gandhi in the gun deal and Sonia Gandhi in the chopper deal**. Rajiv had a more direct role in the Bofors deal: he was **the prime minister** and also the **defence minister** when the Bofors agreement was signed; Sonia has never been in government; but as the **Congress president**, she was the ‘driving force’ behind the Congress-led government in 2010 when the helicopter deal was inked. On 16 April, 1987, barely a year after the gun deal was signed, *Swedish National Radio* reported that **Bofors had paid bribes to secure the Howitzer contract**. The Howitzer deal was swung by the AE Services of **Ottavio Quattrocchi**, an Italian defence dealer. Swedish investigations revealed that his AE Services entered an agreement with the AB Bofors on 15 November, 1985 to clinch the Howitzer deal, with the stipulation that **AES was entitled to an attractive commission if the contract was signed before 31 March, 1986**. Quattrocchi Sonia connection paid off; **the deal was signed on 24 March, 1986**, within four months of the agreement between the AES and Bofors.

Current progress: In April 2016 **Guiseppe Orsi and Bruno Spagnolin** were sentenced to **four-and-a-half years and four years imprisonment** respectively. The court also ordered the two executives to pay **€7.5 million Euros (\$8.5 million)** — a sum related to the amounts deemed to have been allegedly paid in bribes.

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<http://indianexpress.com/article/india/india-news-india/agustawestland-row-cbi-questions-former-iaf-chief-sp-tyagi-again-after-italian-court-order-2780180/>

<http://www.firstpost.com/india/agustawestland-upa-sonia-gandhi-vvip-choppers-finmeccanica-2751386.html>

https://en.wikipedia.org/wiki/2013_Indian_helicopter_bribery_scandal

http://www.firstpost.com/politics/agustawestland-case-ex-iaf-chief-sp-tyagi-cbi-vvip-chopper-scam-2759416.html?utm_source=FP_CAT_LATEST_NEWS