

Concerns with Rafel Deal

Click [here](#) to know more on the rafale deal controversy.

\n\n

Why in news?

\n\n

There are many doubts that have raised with the modified rafale deal and it needs to be addressed.

\n\n

What is the deal all about?

\n\n

\n

- The governments of India and France had entered into an MoU in 2012 under which India would buy 126 Rafale twin-engine multi-role fighter aircraft.
- The price per aircraft discovered through an international bid opened on December 12, 2012, was Rs 526.10 crore.
- The manufacturer Dassault would supply 18 aircraft in 'fly away' condition.
- The remaining 108 aircraft would be manufactured in India at the Hindustan Aeronautics Limited's facilities in Bengaluru using Dassault technology that would be available to HAL under a Transfer of Technology agreement.
- That signed MoU was cancelled and the Prime Minister announced the new 'deal' on 2015.
- Under the modified deal, the number of aircrafts to be purchased was reduced to 36 from 126 aircrafts as per the previous agreement.
- All the 36 aircrafts were accepted to bought under "flyaway" condition that left out the possibility of "Make in India" component.

\n

\n\n

What are the concerns?

\n\n

- \n
 - The decision taken to cancel the earlier MoU and enter into a new agreement was not made public by the government.
- \n
 - **Quantity** - Under the new agreement, India will buy 36 aircraft at an undisclosed price.
- \n
 - The Indian Air Force has 31 squadrons now and said it needed 42 squadrons of fighter jets.
- \n
 - But the government decide to buy only 2 squadrons (36 aircrafts) when the need was for 7 squadrons (126 aircrafts).
- \n
 - **Price** - The government is purchasing the same aircraft from the same manufacturer under “the same configuration”.
- \n
 - But the price per aircraft under the new agreement is Rs 1,670 crore as disclosed by Dassault which is a three-fold increase in quoted price from the previous agreement.
- \n
 - But the government claims that the price of the aircraft under the new agreement is “cheaper” by 9%.
- \n
 - Still, the government is buying only 36 aircraft and not all the 126 aircraft offered by Dassault.
- \n
 - **Purchase** - The new agreement was presented as an “emergency purchase”.
- \n
 - But the schedule of delivery of the first aircraft is stated as September 2019 (four years after the agreement) and the last only in 2022.
- \n
 - This raised concerns on how the deal qualified to be an “emergency purchase”.
- \n
 - **Transfer of technology** - HAL has experience of 77 years and has manufactured a variety of aircraft under licence from the respective manufacturer.
- \n
 - When entering into the new agreement, there was no mention of Transfer of

Technology from Dassault to HAL.

\n

- The absence of transfer of technology (ToT) component creates void on the role guaranteed for any Indian public sector company, including HAL.
- \n
- **Offset supplies** - Every defence purchase by India imposes an 'offset' obligation upon the vendor.
- \n
- Dassault has admitted that it would have an offset obligation to the tune of Rs 30,000 crore against the sale of 36 aircraft.
- \n
- HAL is a public sector undertaking and it had entered into a 'work share' agreement with Dassault on 2014, which was also qualified to be the offset partner.
- \n
- But France has disclosed that the Government of India had suggested the name of a private sector company as the offset partner and France and Dassault had "no choice" in the matter.
- \n
- Recently, Defence Minister of France laid the foundation stone for the factory of the private sector company at Mihan, near Nagpur, where the offset supplies would be manufactured.
- \n
- Dassault and the private sector offset partner had also disclosed in a press release that their joint venture "will be a key player in the execution of offset obligations".
- \n
- However, Government of India has denied that it had suggested the name of a private partner.
- \n
- There were also recent reports of disparaging remarks made against HAL by the government which raised the doubts regarding their intention to privatising or shutting down operations of HAL.
- \n
- All these concerns warrant the need for government to order an enquiry into the matter and make details of the deal public.
- \n

\n\n

Source: The Indian Express

\n\n

\n\n

\n

