Rafale Deal Row

Why in news?

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Former French president recently said that the Indian government had “proposed” Anil Ambani’s Reliance Defence as the offset partner for the Rafale aircraft deal.

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What is the current controversy?

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- Under defence offset, a foreign supplier of equipment agrees to manufacture a given percent of its product (in terms of value) in the buying country.
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- Dassault Aviation (French manufacturer) has 'chosen' Reliance Defence Ltd (RDL) as the Indian partner to fulfil offset obligations of the Rafale deal.
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- Both companies have already announced setting up of a joint venture to manufacture aerospace components.
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- Former French President François Hollande has now stated that it was the Indian government that suggested the RDL.
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- The charge has raised concerns of crony capitalism in the process of the deal.
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- It seems to be reinforcing the allegation that the deal was structured to favour an industrialist.
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- The opposition parties have accused the NDA government of favouring the RDL over the state-run Hindustan Aeronautics Ltd.
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What are the clarifications made?

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- Clarificatory statements were soon issued by the Centre, the French Foreign Ministry and Dassault.
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- The Indian government reiterated that governments have no role in offset contracts, which are purely commercial.
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- The choice of offset partners is entirely that of the manufacturer (Dassault Aviation).
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- The French government also said much the same as what India said.
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- Dassault’s statement reaffirmed that it had 'chosen' to tie up with Reliance Defence.
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- But these clarifications did little to clearly address what Mr. Hollande had said.
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- The question that if the Centre 'suggested' a partnership with Reliance Defence remains unanswered.
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What is the way forward?

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- Defence modernisation would become the real victim if the political war over Rafale continues.
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- So greater transparency is the only way to clear all the controversy around the deal.
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- Private briefings to Opposition leaders and the disclosure of all information are good starting points.
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- This should however not jeopardise national security or impact the aircrafts’ operational capability.
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- Besides, the decision to reject the formation of a Joint Parliamentary Committee to examine the deal should be reconsidered.
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Source: The Hindu

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