

Pvt cos fly into def sector, get chance to end PSU monopoly

Can Tie Up With Fgn Cos For 56-Plane Deal

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New Delhi: Signalling the end of defence PSU Hindustan Aeronautics' virtual monopoly in the domestic aerospace arena, the Modi government on Saturday gave the formal nod for the Indian private sector to tie up with a foreign collaborator to supply 56 transport aircraft to the IAF.

TOI on Wednesday reported that the defence acquisitions council (DAC), chaired by defence minister Arun Jaitley, would clear the proposed Rs 13,000 crore project in its meeting on Saturday.

The project had been put on hold by the previous UPA regime after the then heavy industries & public enterprises minister Praful Patel and the strong PSU lobby had vehemently opposed in October 2013 the move to keep state-run units like HAL and BEML out of the mega programme.

But brushing this aside, Jaitley on Saturday said the "significant" project, under which these

EYE ON CAPACITY-BUILDING

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> Foreign firms to choose Indian production agency based on qualification criteria stipulated in tender

> Indian companies like Tata,



Reliance, Mahindra and L&T have long been eager to join aviation sector

> Defence ministry says selected Indian agency can go on to manufacture aircraft for civil aviation sector as well after fulfilling IAF requirement

lected foreign aviation firm will partner with an Indian Production Agency (IPA), would help the domestic private sector to become "a player" in aircraft-manufacturing and lead to "capacity-building" in the country.

The sluggish performance by DRDO and its 50 labs, five defence PSUs, four shipyards and 39 ordnance factories have ensured that India still imports over 65% of its military requirements, earning the dubious distinction of being the world's largest arms importer.

Experts feel the domestic private sector has to be encouraged to enter into defence production in a major way if the country wants a robust defence-industri-

al base, and the transport aircraft project is a step in the right direction.

The DAC, attended by the three Service chiefs, defence secretary, DRDO chief and others on Saturday also cleared other military proposals worth over Rs 21,000 crore. This included five fleet support ships for the Navy (Rs 9,000 crore), five offshore patrol vessels (Rs 2,000 crore) and five fast patrol vessels (Rs 360 crore) for Coast Guard, all of which will be constructed in domestic shipyards.

The meet also cleared acquisition of 32 indigenous Dhruv advanced light helicopters for Navy and Coast Guard from HAL at Rs 7,000 crore, which will

also include maintenance as well as search-and-rescue equipment worth Rs 900 crore for the armed forces.

But the clear takeaway was the transport aircraft project. Under it, the first 16 aircraft will be bought from the foreign OEM (original equipment manufacturer), while the rest 40 will be manufactured by the IPA to replace the aging Avro fleet of IAF. All 56 aircraft are to be delivered within eight years after the contract is inked.

The tender or RFP (request for proposal) has been issued to over 10 global aviation majors like Embraer, Lockheed Martin, Airbus, Ilyushin, Casa, Saab, Alenia Aeronautica and STE Ukraine, who have to choose their IPAs based on qualification criteria stipulated in the tender. The bid submission date has now been extended to August 28.

Indian companies like the Tatas, Reliance, Mahindra and L&T, incidentally, have long been eager to join the aviation sector. There has been some concern over the project's financial viability but MoD officials say the selected IPA could go on to manufacture the aircraft for the civil aviation sector as well after fulfilling IAF's requirement.