

Penalisation of Dassault for non-fulfilment of contractual obligations

176. PROF. M.V. RAJEEV GOWDA: Will the Minister of DEFENCE be pleased to state:

- (a) whether Dassault was penalized for refusing to fulfil its contractual obligations under the Medium Multi Role Combat Aircraft Request for Proposal;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the cost per aircraft under the Inter-Governmental Agreement for 36 Rafale aircrafts;
- (d) whether offsets contract would apply to additional orders;
- (e) if so, the details thereof;
- (f) whether the cost difference caused by including a private entity under the offsets clause instead of Hindustan Aeronautics Limited has been estimated; and
- (g) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF DEFENCE (SHRIMATI NIRMALA SITHARAMAN):

(a) and (b) There was no contract with Dassault for the Medium Multi Role Combat Aircraft.

(c) As per 'Article-10' of the Inter-Governmental Agreement (IGA) between Government of India and Government of France on the purchase of Rafale aircraft, the protection of the classified information and material exchanged under IGA is governed by the provisions of the Security Agreement signed between the two nations signed in 2008.

(d) and (e) No additional orders have been catered for in the existing IGA.

(f) and (g) The quantum of offsets in 36 Rafale IGA is 50% which includes investments in terms of Transfer of Technology (ToT) for manufacture and/or maintenance of eligible products and services. Details of Indian Offset Partners have not yet been provided by the French Industrial suppliers and as per the provisions of Defence Procurement Procedure (DPP) - 2013 they need to do so at the time of seeking offset credits or one year prior to discharge of offset obligations through their Indian offset partners. As per the provisions of DPP-2013 the Indian offset partner need not be a Public Sector Undertaking.