

PRESS RELEASE

Nov. 14, 2017

Shri Randeep Singh Surjewala, Incharge Communications, AICC has issued the following statement to the press today:-

Modi government is indulging in an unforgivable game of compromising 'National Interests' and 'National Security'. A 'huge Scam' is brewing in the procurement of fighter aircrafts for Indian Air Force. Grave apprehensions and claims of insurmountable loss being caused to **public exchequer** are in public domain with the government maintaining a conspiratorial silence.

Complete non-transparency, flagrant violation of the mandatory provisions of 'Defence Procurement Procedure', sacrificing the National Interests on 'Transfer of Technology' to a government PSU i.e. Hindustan Aeronautics Limited (HAL) and blatant promotion of financial interests of 'crony capitalist friends' of Prime Minister have marred the purchase of 36 'Rafel Fighter Aircrafts' by Modi government from the 'Dassault Aviation' of France.

FACTUAL MATRIX

- (i) **20.08.2007** – UPA-Congress government floats a tender for purchase of 126 'Medium Multi Role Combat Aircrafts' (MMRCA) for Indian Air Force. Post negotiations, two aircrafts remained in reckoning i.e. 'Rafel' and 'Eurofighter Typhoon'.
- (ii) **12.12.2012** – Rafel emerged as L-1 vendor with base price of US\$ 10.2 billion (Rs.54,000 crore as per 2012 conversion rate). Out of 126, 18 Aircrafts would come in fly away condition with remaining 108 Aircrafts being manufactured in India by HAL with transfer of technology. In addition, there was a 50% offset clause requiring the Dassault Aviation to invest 50% of the sale price by way of investment in India.

- (iii) **13.03.2014** – Work share agreement was signed between HAL and Dassault Aviation. 70% work of 108 Aircrafts to be made in India was to be done by HAL and 30% by Dassault.
- (iv) **26.05.2014** – Modi government came to power.
- (v) **10.04.2015** – Prime Minister, Shri Narendra Modi visits France and announces the deal for purchase of 36 Rafel Fighter Aircrafts in flyaway condition. This was done unilaterally without following the Defence Procurement Procedure, without inter-governmental agreement and in absence of India's Defence Minister.

However, Shri Anil Ambani, owner of Reliance Defence Limited was present in France with PM Modi.

- (v) **30.07.2015** – Modi government cancels the earlier RFP for procurement of 126 Fighter Aircrafts.
- (vi) **23.09.2016** – Modi government signs the deal for purchase of 36 Rafel Fighter Aircrafts of Dassault for US\$ 8.7 billion as per information in public domain.
- (vii) **03.10.2016** – Reliance Defence Limited of Shri Anil Ambani ties up with Dassault Aviation of France for a joint venture for defence production in India.
- (viii) **16.02.2017** – Reliance Defence Limited through its subsidiary Reliance Defence and Aerospace Limited inks a joint venture with Dassault Aviation for defence production. Company's website R.Infra reflects that they are undertaking offset obligations of 30,000 crore with Dassault Aviation for 36 Rafel aircrafts. Copy of their document is attached as Annexure A-1. This means that the total cost of 36 Rafel Aircrafts being purchased by Modi government is Rs.60,000 crore.

Time for Prime Minister, Shri Narendra Modi and the government to answer to people of India:-

1. Why is Modi government buying 36 Rafel Aircrafts at a highly inflated price compared to the originally negotiated base price by UPA-Congress government?

Is it correct that UPA government negotiated 126 Rafel Aircrafts at a base price of US\$10.2 billion with transfer of technology? Is it also correct that Modi government is buying 36 Rafel Aircrafts without transfer of technology for US\$ 8.7 billion? Does it not mean that 126 Rafel Aircrafts would have cost US\$ 30.45 billion (without transfer of technology) at the price arrived at by Modi government?

Is it not then correct that per aircraft pricing of Rafel as per UPA negotiation comes to US\$ 80.95 million (Rs.526.1 crore) as against Modi government's per aircraft negotiated price of US\$ 241.66 million (Rs.1570.8 crore) as per current exchange rate? Who is responsible for loss to exchequer?

2. How did Prime Minister take a unilateral decision on buying the 36 aircrafts of Dassault by-passing the mandatory 'Defence Procurement Procedure' and in absence of an inter-governmental agreement with France at that time?

3. Why has Modi government forgone transfer of technology for the defence acquisition ever in favour of a public sector undertaking i.e. HAL, more so when the former Defence Minister had publicly stated about possibility of buying more Rafel Aircrafts in future?
4. Why did Prime Minister, Shri Narendra Modi promote the interests of one industrial group i.e. Reliance Defence Limited, which has led to the company tying up and entering into a joint venture with Dassault Aviation worth Rs.30,000 crore? Why was this done by Prime Minister bypassing the interests of a reputed public sector undertaking like HAL?
5. Why has the joint venture for the biggest-ever Indian defence deal between Dassault Aviation and Reliance Defence Limited not gone through the proper procedure of approval by the Union Cabinet, Cabinet Committee on Security and Foreign Investment Promotion Board?