

New copters to enable tech transfer

Industry seeks clarity on legal, liability issues under the Strategic Partnership model for defence buys

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The Defence Ministry is shortly expected to release project-specific implementation guidelines for the 111 naval utility helicopters to be procured under the Strategic Partnership (SP) model. However, foreign companies say there is still some clarity required on crucial legal, liability and technology transfer issues.

“There are two important issues that need clarity. One is legal. We can’t sell a submarine or fighter jet to a private company. Global regulations do not allow that. It has to be to a government-owned company. So, there has to be a government-to-government component in the end,” a top executive of a foreign company said.

Large infrastructure

For the first time, under the SP model, Indian private companies will get to tie up with global original equipment manufacturers (OEMs)

Salient features

The Strategic Partnership (SP) policy is intended to promote Indian private sector participation in defence manufacturing. It came into effect on May 31, 2017

Four segments were identified for acquisition under this route:

- Fighter Aircraft
- Helicopters
- Submarines
- Armoured Fighting Vehicles (AFVs) / Main Battle Tanks (MBTs)



HAL Dhruv helicopter

- It enables participation of private Indian firms in 'Make in India' in defence
- Policy acknowledges Indian private sector's "limited experience in defence manufacturing"

and build major defence platforms in India under technology transfer. So far, it was defence public sector undertakings (DPSUs) which played the lead role.

The other issue, he said, was about the liability of the end product. “For us to stand guarantee to the finished product built by a local company is a problem.

There has to be a back-end mechanism to enable us,” he said.

This liability issue was one of the major reasons the earlier medium multi-role combat aircraft (MMRCA) deal for 126 jets got derailed at the contract negotiation stage, after Dassault Aviation refused to stand guarantee to the aircraft manufactured by

Hindustan Aeronautics Ltd. (HAL).

Another senior executive observed that there is large infrastructure already present in the country with DPSUs and this must be utilised for the benefit of both the country as well as form a business sense.

“We hope to try and use that. There is no point rein-

venting everything. It will be risk mitigating for everyone,” he said.

There is need for some clarity from the MoD on production transfer and technology transfer as well, the executive added.

In July-end, the Defence Acquisition Council (DAC) cleared the general as well as project-specific implementation guidelines for the naval helicopters that would lay emphasis on transfer of technology and high absorption of indigenous content. The guidelines and the qualification guidelines are yet to be communicated to the industry.

All procurements under the SP model would be executed by specially constituted empowered project committees (EPC) to ensure timely execution, the Ministry said. Apart from the helicopters, the projects to be processed under the SP model are fighter aircraft, P-75I submarines and armoured vehicles.