

AFTER COMCASA WITH UNITED STATES

India Clears Way for \$2.2-b Frigates Deal With Russia

To get new warships for Navy; pact to be inked during Modi-Putin Oct summit in New Delhi

New Delhi: Two weeks after India significantly upgraded its defence ties with the United States through the Comcasa (Communications Compatibility and Security Agreement), the Modi government has cleared the way for one of the biggest purchases from Russia — \$2.2-billion frigates deal.

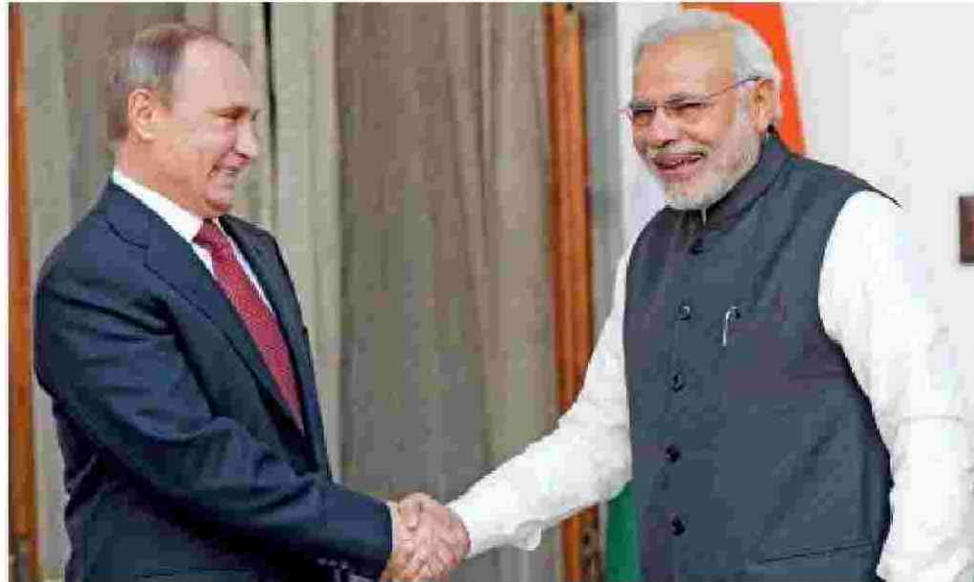
The agreement, which will allow India to procure from Russia four new warships for the Navy, will be signed during a summit between President Vladimir Putin and Prime Minister Narendra Modi in the Capital in October. Efforts are on to add the finishing touches to the contours of the deal.

The long-pending deal, to procure Project 11356 or advanced Talwar-class frigates, will involve building two of the ships at the Goa Shipyard, while the rest will be bought directly from Russia's Yantar shipyard. Sources have told ET that the clearance procedure before the signing is in the final stage and that India could make payments through the rupee-rouble route.

As reported by ET, financial sanctions by the US have complicated purchase of weapons from Moscow as Indian banks are unable to transfer money to defence companies in Russia. An alternative arrangement, to pay in Indian rupee instead of the standard US dollar, is being worked out to partly deal with the matter.

The deal is being processed as a '2+2' scheme where technology will be transferred to Goa Shipyard to construct two of the frigates from scratch. The other two will be delivered faster — possibly within two years — as the hulls of the ships have already been fabricated for a Russian Navy order that got stalled following the Ukrainian crisis. The ship has been designed to work with Ukraine-made gas turbines.

While there were initial discussions to involve the Indian private



Project 11356

Project 11356 or Advanced Talwar-class frigates designed to conduct operations against submarines, air targets and enemy surface ships

Will add to the six Talwar-class frigates already operated by the Navy

To be fitted with the Brahmos supersonic cruise missile system

The 4,035-tonne vessel has a top speed of 30 knots, with an endurance of over a month at sea

Two ships to be made at Goa, other two to be imported from the Yantar shipyard in Russia



30-50% EXTRA COST

Indian-made warships likely to cost 30-50% more than direct Russian import due to the cost of building infrastructure & transfer of technology

sector to build two of the ships domestically, the government took a decision to nominate the state-owned Goa Shipyard as it had spare capacity at hand. The Indian-made warships are expected to cost 30-50% more than the direct Russian import due to the cost of building infrastructure and transfer of technology.

India and Russia had signed an

intergovernmental agreement to proceed with the deal in October 2016, but price negotiations and technical consultations, which also involved the Indian shipyard, delayed the final clearance, which could be one of the big takeaways from the Modi-Putin summit that is scheduled to take place in Delhi on October 5.

India already operates six of the Talwar-class frigates, but these four to be ordered will be more advanced versions. The warships are to be fitted with the Brahmos missile system and will have significant changes from the older ships as the Navy will have several Indian-made equipment onboard, including sensors and communications. They will add to India's muscle in the Indian Ocean region. Among the immediate priorities for the Navy are minesweepers and multi-role helicopters that can be deployed on warships.



Clearance procedure is in final stage and India could make payments via rupee-rouble route

