

India bargains hard for battle machines

By Ajit K Dubey in New delhi

THE Defence Ministry has scrapped a `6,500 crore deal for buying 16 multirole helicopters for the Navy from America as the government is bargaining hard on price with foreign vendors and promoting Make in India in the military sector for reducing imports.

The decision has come a couple of weeks before Prime Minister Narendra Modi's visit to the US where he would be meeting American President Donald Trump.

With budgets not increasing in proportion with modernization demands of the armed forces, the Defence Ministry is using hard bargaining as a tool to cut down the cost of projects.

"The deal for procuring 16 helicopters for the Navy has been scrapped by the Defence Ministry, after it was stuck for over two years on the issues of price, and the American firm Sikorsky refused to extend the validity of its commercial bid," Government sources told Mail today here.

The final decision on the matter was taken by the ministry after the Contracts Negotiation Committee (CNC) headed by the Joint Secretary and Acquisition Manager (Maritime Systems) recommended the retraction of the tender.

Deal for 16 Sikorsky helicopters scrapped

The deal had been in the making since 2009 when the navy initiated the process for buying 16 multirole choppers for being deployed on its warships.

It was stuck over the issue of price for over last two years at the contract negotiation stage but the US firm did not agree to extend the validity of its commercial offer. It is now learnt that the procurement of these 16 choppers would be merged with a Make in India programme to produce around 140 Naval Multirole Helicopters (NMRH) for equipping all major naval warships with one multirole helicopter each when they go in for blue water missions and anti-piracy patrols.

On the need for keeping the deal alive, Defence Min-

istry sources said, that the American firm would extend the validity of its price bid and also reduce the price of the choppers which was higher than the benchmark set by the government.

The 16 multirole helicopters are sought by the Navy for upgrading its anti-submarine warfare capabilities, which are on a decline as the Seaking helicopters bought from the UK in 1980s, would be on their way out from

the force in near future, they added.

Sikorsky was selected by the Navy for its requirements in December 2014 as it emerged as the only bidder in the race after Finmeccanica was chucked out of competition due to the chopper scam allegations on it.

After the tender bid was opened, sources said there was a demand made to raise the price of the choppers to meet inflation, but the defence min-

istry sought a further cut in the price demanded by the firm originally in its commercial bid.

Other issues like liability clause were also responsible for holding up the deal for some time, sources said.

Navy sources said the deal is required badly for the force as it has to find a replacement for the SeaKing - 42 choppers bought from British firm Westland helicopters.

The Seahawk is a naval variant of the US Army's legendary Black Hawk UH 60 helicopter.



Sikorsky helicopter

TENDERS SCRAPPED OVER MAKE IN INDIA AND PRICE ISSUES

126 RAFALE COMBAT AIRCRAFT DEAL: Scrapped due to the complications in the tender process created by the UPA government. Deal for 36 Rafale fighter jets signed with France for ₹ 60,000 crore. India saved around one billion USD through hard bargaining.

NAVAL UTILITY HELICOPTER TENDER: Defence Minister Arun Jaitley scrapped it soon after taking over for allowing Make in India in defence sector. Tainted Italian firm Fin-

meccanica was also part of the programme.

LIGHT UTILITY HELICOPTER PROJECT: 200 light choppers were to be bought for the Army and the Air Force to replace their Cheetah and Chetak helicopters. Jaitley scrapped it for Make in India and now Russian Kamov has been chosen to make these machines in India with an Indian partner

MULTIROLE TRANSPORT AIRCRAFT DEAL: India scrapped the deal with Russia eight

months back after the deal was hanging fire over the issues of development and price for almost 10 years

ARMY SR-SAM PROJECT: Army was planning to buy the Short Range Surface to Air Missile systems through multi-vendor competition between firms from Israel, Russia and Sweden. Jaitley scrapped the deal in favour of Make in India Akash missile systems built by the DRDO. Akash missiles have been chosen for the Air Force SRSAM project also

The decision to call off chopper deal is taken weeks ahead of PM Modi's meeting with US President Donald Trump