

The minutiae of the Rafale deal

In September 2016, India and France signed a €7.87 billion Intergovernmental Agreement (IGA) for 36 Rafale multi-role fighter jets in fly-away condition. Among other things, the deal also has a 50% offset clause to be executed by Dassault Aviation and its partners in partnership with Indian companies. The basic cost of the aircraft is about 680 crore (and a little over 1,600 crore per aircraft for the whole deal). There are also India-specific aircraft modifications.

The Congress claims that this deal is very expensive and without any technology transfer. The party implied that it would benefit the Anil Ambani group that was selected by Dassault to execute part of the offset contract. The Defence Minister has asserted that no procedure has been violated. It is a government-to-government deal approved by the Cabinet Committee on Security, she said. The offset deal, she said, was one between two companies and the government had no role in it. In turn, the Congress has asked the government for the cost break-up in comparison with the earlier deal. The Minister has refused to share “classified information”, citing the 2008 France-India security agreement.

In 2008, under the UPA government, India and France signed a general security agreement concerning “the protection of classified information and material in the field of defence.” Such an agreement seeks to safeguard the details of the platforms and technology shared, and prevent those details from falling into the hands of a third party. This agreement was further extended this March. While the agreement does not specifically refer to the details of cost, Article 4 of the agreement on security principles says: “The receiving party shall not disclose classified information and material to a third party, state, individual or legal entity with a third State’s nationality...” It also states that access to classified information and material would be based on “need-to-know” principle. So, to share pricing details of the deal in public, India would have to get in-principle approval from France. Following the controversy, France said that provisions of the security agreement apply to the IGA. In an interview, the French President said that if India wishes to share some of the critical information, France would not object to it. However, he also said, “In France, as in India, when an agreement is very sensitive, we cannot reveal all the details.”

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