

'PAK-FA is an Evolving Aircraft. Right Now, work is Underway to Build a Prototype That Both Russia and India Want'

— Ambassador of India to the Russian Federation, P.S. Raghavan

There is a sentiment that the India-Russia relationship does not have the same momentum that it did in the past. How real is this feeling?

This may be the sense of one segment within Russia. It is neither widespread nor true. If ever there was a dip in the relationship it was in the Nineties. However, by the beginning of the decade of 2000, the relationship picked up. President Vladimir Putin had expressed a public desire for strengthening the ties and we had responded equally enthusiastically. The sense that you are talking about has come up in the last four or five years; particularly in the defence sector. Because there were a number of projects that were announced or discussed but were seen by some as not making sufficient headway. Hence, it appeared that there was some sort of cooling off, but this is more a matter of perception than reality. Moreover, these things are

episodic. Every time India buys something from the United States, it is magnified several times and there is disappointment in some circles in Russia.

Yet, if you look at our defence purchases, and the dependence our armed forces have on Russian platforms, it will be a long, long time before the relationship is affected and our dependence on Russia as the basic supplier of defence equipment is reduced.

The specific complaint that the Russian industry has is that India has started to buy equipment through Foreign Military Sale (FMS) route from the United States, whereas Russian companies have to compete.

It is the government's decision to diversify defence purchases to some extent. As our Prime Minister said, we have options and we are availing those options; however, even as we avail those

options, Russia will remain our biggest defence partner. We cannot stop acquiring from other countries and Russia does not have a problem with that. As long as we remain committed to the programmes we have charted out with Russia, we can move forward in a purposeful manner.

So there is nothing wrong in our relationship with Russia at a macro level?

There is nothing wrong in our bilateral relationship at the fundamental level. Yes, there was occasionally a sense of drift in recent years, but then things are changing. Our new government is also committed to strengthening the Russia relationship. In the joint press conference with President Putin last year, Prime Minister Narendra Modi said that while we may have choices, Russia will remain our primary defence partner. He added that Russia has stood with us in our times of need. The instructions given to us are that we have to take forward the bilateral relationship with great vigour. There is disappointment in some quarters because certain programmes are not moving as quickly as the Russians would want them to. But actually if one sees carefully then a lot of things are happening.

What are these things?

At the same press conference last year, Prime Minister announced joint manufacture of helicopters in India. This is a new project to manufacture Kamov 226T. Now we are moving ahead on this programme. We have asked the Russians to come to India with a business plan, complete with timelines and technical specifications. We met up with the Russian Helicopters here at this show also. We are going to start the technical discussion very soon as to how the joint manufacturing would happen. The aircraft is well-known to us; it had also undergone trials in India earlier.

In terms of Make in India, how will the production happen? Will it be in part-



nership with a private sector or public sector company?

The Make in India model envisages that the foreign original equipment manufacturer (OEM) form a joint venture (JV) with an Indian partner. This joint venture company then becomes the manufacturer of the aircraft and will negotiate the contract with the government. There are certain conditions which the government of India has laid down, which will have to be met by this JV. These pertain to technical specifications, indigenisation, timelines, transfer of technology etc. Once these are negotiated, a business plan for production can be finalised. A government to government agreement will also be signed for the realisation of the programme.

The OEM is free to choose its partner. It could be anyone, a private sector or a public sector company. It could even be Hindustan Aeronautics Ltd (HAL) if the OEM so decides. Since the helicopters will be made in India by the JV, there is no specific offset obligation. However, the concept of offsets would come in through technologies transferred, IPR transfer and through our ability to then export the aircraft.

It is possible that initially some helicopters may come in the form of completely knocked down (CKD) or semi knocked down (SKD) condition because we may want to induct some quickly. It is also possible that they may not be able to transfer some technology because it may not be theirs to begin with. But within these limitations, the idea of Make in India is that we have to maximise technology transfer.

How will this be different from the current programme of Su-30MKI where HAL is manufacturing the aircraft in India on Transfer of Technology (ToT)?

That is not Make in India in the same way. That is licensed production. HAL is assembling the fighters under licensed production from Russia. There is a certain element of ToT, but it is not large. What we are talking about is a bigger ToT to be determined by negotiations. The components would be eventually manufactured in India as well as the aircraft. There will be genuine ToT and transfer of IPR. Moreover, we will be able to export as well.

What is holding up the Fifth Generation Fighter Aircraft (FGFA) programme?

There was a lack of progress in the last few months, but we believe that we have

now resolved several technical issues that were pending. Both the Indian Air Force (IAF) and HAL have had discussions with the Russians on issues that were hanging fire.

But given that the Russian FGFA has already been flying for the last few years, where does India's role in joint development fit in? Won't we be buying a ready aircraft?

It was always the case that there was a Russian aircraft on which work was proceeding to develop stealth features. You saw a version of this being demonstrated at the MAKS Air Show. Basically, FGFA will be an aircraft with advanced stealth capabilities. When it was first envisaged, it was decided that we would work on progressively adding stealth features to an existing ba-

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sic aircraft model until it reaches the required technical capabilities. This is why even today, even with the aircraft flying, it is work in progress. Our objective is to develop an aircraft with agreed technical parameters.

Will it be fair to say that like Su-30MKI, we will ask the Russians to incorporate Indian specifications, including indigenous elements, in the FGFA for the IAF, given that the Russians seem to have frozen the design of the fighter?

It is not correct to say that the design has been frozen. PAK-FA is an evolving aircraft. Right now, work is underway to build a prototype that both Russia and India wants. There was a preliminary design phase whose objective was to deliver the first prototype for the work to begin. That phase is over. Now we are negotiating on the final design phase where the prototype would be frozen. Once this is done, we will enter the production phase, when issues of weaponisation would be discussed and finalised.

Given this when can we expect the agreement to be signed?

I can't answer this. Both the IAF and HAL are currently engaged in technical discussions with the Russians. Signing of the agreement will depend upon the pace of the negotiations.

What is the update on Medium Transport Aircraft?

It is at a similar stage at the moment. We are going through technical and price negotiations. We need to reach a product that meets our technical requirements at a price which is viable over its life cycle.

Does it mean that we may decide not to go ahead with the programme?

We have a joint venture and we are continuing our discussions. As long as both are in place, there is no reason to believe that we will not go ahead with the programme.

What is our position on the Russian overtures, including sale of defence equipment, to Pakistan? It seems that the two are keen on building a defence relationship, given the high profile visits by military and political leaders on both side.

We have been hearing about the sale of some defence equipment by Russia to Pakistan for the last year and a half, and other interactions as you mention. But, rather than comment on Russia's relationship with Pakistan, I would say that India-Russia defence ties are at a level of intensity and trust that pre-supposes a clear understanding of mutual security concerns. For India, this means we would not like to see any present or potential adversary armed with defence equipment that could impact on our security. I believe Russia is sensitive to this concern of ours and we have seen official Russian statements to this effect.

The second point here is that, whenever we buy anything from Russia we would like to make sure, one, that it is better than what is available to us from anywhere in the world; and two, that the same technology and performance levels of the equipment are not being made available to others.

I reiterate the point that volume of our defence contracts with Russia, whether it is direct purchase or co-development, is huge. We are Russia's number one defence customer. Even if we try, it will take longer than a generation to move away from Russian defence equipment. But we are not trying

to veer away from Russia. All these new projects are getting us further engaged with Russia. Defence projects also have a gestation period. They can't have the same level of turnover continuously. If you recall, from 2012 to 2014, so many Russian platforms were inducted into our army, air force and navy. Obviously, there follows a period of relative lull when new projects are being discussed and perhaps don't move at the pace one would like them to.

What progress have we made with Russia on Glonass?

Glonass has multiple applications and Russia is very keen to develop those applications in India. They are already in touch with a number of private players to roll out these applications. As far as I know, they want to talk with Antrix Corporation about manufacturing their receivers in India. These will be multi-system receivers, which will be able to receive Glonass and IRNSS signals.

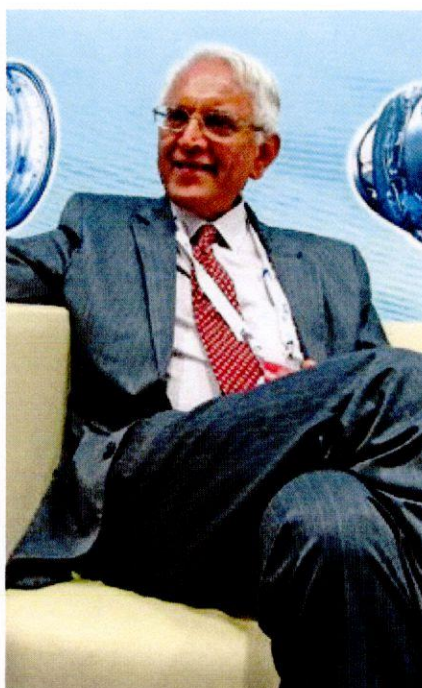
Will they allow us to have military resolution on Glonass?

That is a matter of negotiation.

Till a few years ago, one heard a lot about Indian investments in Sakhalin, but it seems to have quietened now. What is the update on the energy sector?

Sakhalin-I has been ONGC's most profitable investment abroad. But ONGC also invested in Imperial Energy's oilfields in Tomsk about six-seven years ago, and this is where it has been having problems. The geological conditions have made it difficult to viably extract oil here. It's a phenomenon called tight oil. This raised questions about the viability of the project. Now they are developing some new technologies to overcome that. This may have somewhat slowed Indian investments in Russia's energy sector.

But now the situation is looking up once again and India has come back with vigour to invest in hydrocarbons. Prime Minister Modi told President Putin in December last year that since India is an energy-hungry country and Russia is an energy-surplus one, we need to have a strategic vision for co-operation in hydrocarbons. ONGC is currently negotiating some investment projects in Siberia. A lot is happening in other areas too. Essar Group has signed a long term agreement for purchase of oil. Rosneft has picked up 49 per cent



shares in an Essar refinery in Gujarat. GAIL has an agreement to lift LNG from Russia. In addition, a joint working group has been formed for a feasibility study on building a gas pipeline from Russia to India. We already have co-operation in nuclear energy which is doing very well, but hydrocarbon is an area of great promise. Russia is very keen that we invest in projects in East Siberia and the Arctic region.

Given all this, what are your priority areas to further deepen the bilateral relationship?

We have a special and privileged strategic partnership with Russia. This is what we call it. To sustain and justify it, we need to develop all pillars of it equally. One pillar which is relatively weaker is trade. Reviving Rouble-Rupee trade is easier said than done, though two central banks are actually working on the possibility. We expect their report in a few months. Earlier we could trade in Rouble-Rupee, because both currencies were non-convertible. Today, we have a convertible Rouble and a partially convertible Rupee, so it is difficult to trade. But let's be clear, Rouble-Rupee trade is not a panacea – a solution to weak economic ties. Trade can only grow when both countries want to buy each other's products. We need greater promotional efforts.

The other area is investments. I have already spoken about hydrocarbons. The other areas that we are interest-

ed in are natural resources. Russia is the richest country as far as natural resources are concerned. We are now looking at fertilisers, white coal and some other resources.

Nuclear energy has developed very well and has the potential of growing fast. This also fits into our plans. We have put in a very ambitious plan in the last summit meeting, that we will develop at least 12 reactors in two decades. We have two at present; the second one will be commissioned soon. We have already signed the general framework agreement for three and four. We will start the spadework for reactors five and six soon, because these things take time.

Even in the defence sector, there is so much in the pipeline that all we need is focussed attention to see the programme through to completion. Unfortunately, the media focuses on big ticket items because they make instant news. But actually there are so many small projects, amounting to a lot of money, which are being done quietly.

Product support is one of the recurring problems with Russian equipment. While Indian companies complain of poor support by the Russian OEMs, they feel constraint because all transactions happen through Rosoboronexport. Why can't Indian users deal with the Russian companies directly, at least in respect of spares etc?

Over the last one or two years, we have been discussing the after-sale product support issue constantly with the Russians. Since then, 23 OEMs, by the decree of President Putin, have been given the right to deal directly with the Indian users for servicing, upgradation, repair and maintenance of Russian platforms. So, they are now able to come to India directly to resolve these issues with the Indian users and industrial partners. Why do you think 30 Indian companies came to MAKS and secretary, department of defence production took the time and effort to preside over a special Make in India session with Indian and Russian arms companies. Indian companies are very keen to start this process and the Russians are conscious of the fact that after sales support is crucial to selling more of their equipment in India. The Indian Embassy in Russia, along with the Russian ministry of industry & trade, organised another interaction of Indian and Russian companies during the Show. The second such conference will be organised in India soon. ||