

PRESS RELEASE

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3C's – 'Culture of Crony Capitalism' is the DNA of Modi Govt! It is truer than ever in case of Rs 60,145 Cr 'Rafale Deal'

'Art of Deceiving India' is the Modi Govt's *mantra* in this mother of all Defence deals. 'Intrigue', 'Conspiracy', 'Deception' and 'Loss to Public Exchequer' have marred the unilateral purchase of 36 Rafale aircrafts by the Govt.

1. Public Sector Undertaking, **Hindustan Aeronautics Limited (HAL)** signed **Rs 36,000 Cr offset contract** in shape of a **'Workshare Agreement'** dated **13th March, 2014**. Once PM, Shri Narendra Modi unilaterally announced an 'off-the-shelf' purchase of 36 Rafale aircrafts on 10th April, 2015; PSU, HAL was suddenly denied the biggest ever 'Defence Offset Contract'.
2. 'Defence Offset Contract' went to a private company, Reliance Defence Ltd., which had zero experience of manufacturing fighter aircrafts. **Reliance Defence Ltd. had been constituted 12 days before (28th March, 2015) the announcement of purchase of 36 Rafale aircrafts by PM in France on 10th April, 2015.** Reliance Defence Ltd. did not have the license to manufacture fighter aircrafts.
3. Intriguingly, **Reliance Aerostructure Ltd. was given the license to manufacture fighter aircrafts by the Defence Ministry but it did not own any land or building on the date of the license i.e 22nd February, 2016.** What is even more surprising is the fact that even **Reliance Aerostructure Ltd. was incorporated on 24th April, 2015 i.e 14 days after the announcement of purchase of 36 Rafale aircrafts by PM in France on 10th April, 2015.**
4. Shocking revelations and evidence further reveals the lies of Defence Minister, Smt. Nirmala Sitharaman on lack of knowledge regarding award of Rs 30,000 Cr 'Defence Offset Contract' to Reliance Defence Ltd. **Absence of approval for 'Defence Offset Contract' to Reliance Defence Ltd. from 'Defence Minister' and 'Acquisition Manager' of Defence Ministry and 'Defence Acquisition Council' in complete violation of 'Defence Offset Contract' guidelines.**

Rs 1,30,000 Cr Lies being paddled by Modi Govt -'Defence Offset Contract' worth Rs.30,000 Cr and 'Lifecycle Cost Contract of Rs 1,00,000 Cr

Reliance Defence Limited claims to have secured the 'offset contract' from **'Dassault Aviation'** for **Rs.30,000 crore and a consequent 'Lifecycle Cost Contract' of Rs 1 Lakh Cr.** Please see press release dated 16.02.2017 of Reliance attached as **Annexure A-1** and RInfra Investors' Presentation as **Annexure A-2.**

Even Dassault Aviation in its **Annual Report 2016-17** (relevant portion attached as **Annexure A-3**) has claimed that 'offset contract' is being executed by 'Reliance'.

On the contrary, Defence Minister, Smt. Nirmala Sitharaman has claimed in a PIB press release dated **07.02.2018** that the **'offset contract has not been awarded' by Dassault Aviation.** Copy of press release is attached as **Annexure A-4.**

Simple question is, who is lying – Defence Minister, Smt. Nirmala Sitharaman or Reliance/Dassault Aviation?

Violation of ‘Defence Offset Contract Guidelines’ in awarding Rs.30,000 Cr ‘Offset Contract’

Defence Ministry has set up a permanent ‘Defence Offset Management Wing’ (DOMW) and issued ‘Defence Offset Contract Guidelines’ for all ‘offset contracts’ (<http://www.makeinindia.defence.gov.in/DefenceOffsetGuidelines.pdf>). Relevant extract is attached as **Annexure A-5**. They mandate:-

- (i) All offset proposals will be approved by Defence Minister and will contain part of approval for the main procurement of Defence product. **(Para 8.6 of the Offset Guidelines)**. Offset contract is required to be countersigned by the ‘Acquisition Manager’ of Defence Ministry. **(Para 8.6 of the Offset Guidelines)**.
- (ii) Progress of offset contracts is required to be audited on a six monthly basis by a nominated officer of DOMW, Ministry of Defence. **(Para 8.8 of the Offset Guidelines)**.
- (iii) ‘Acquisition Wing’ of Defence Ministry is required to submit an Annual Report to the ‘Defence Acquisition Council’ regarding details of offset contracts signed as also status of implementation. **(Para 8.17 of the Offset Guidelines)**. Failure to meet the offset obligations in any particular year is to be penalized with a penalty equivalent to 5% of unfulfilled offset obligations. **(Para 8.13 of the Offset Guidelines)**.

Simple Questions are:-

- (i) Can Reliance and Dassault Aviation sign an ‘offset contract’ of Rs.30,000 crore without the approval of the Defence Minister?
- (ii) Has the ‘offset contract’ been countersigned by the ‘Acquisition Manager’ of Defence Ministry?
- (iii) Why has the six monthly audits by DOMW not been conducted?
- (iv) Has the ‘Acquisition Wing’ submitted an Annual Report to ‘Defence Acquisition Council’? If not, reasons thereof?
- (v) Can a private corporate entity and supplier of the Defence equipment in the largest defence deal of the country be permitted to wholly gloss over the ‘Defence Offset Contract Guidelines/Instructions’?

Grant of an Industrial Licence for Category A, High Security Defence Production to Reliance, in absence of land or building

A license for Defence production in India is given under The Industries (Development and Regulation) Act, 1951, The Registration and Licensing of Industrial Undertaking Rules, 1952 and New Arms Rules, 2016 (www.makeinindia.defence.gov.in – industrial licenses).

Reliance Infrastructure Ltd. and its subsidiary companies-Reliance Defence Ltd. and Reliance Aerostructure Ltd. have zero experience of manufacturing fighter aircrafts. Infact, Reliance Defence Ltd. had been constituted 12 days before i.e 28th March, 2015 (**Annexure A-6**), the announcement of purchase of 36 Rafale aircrafts by PM in France on 10th April, 2015. Reliance Defence Ltd. did not have the license to manufacture fighter aircrafts.

Reliance Aerostructure Limited was incorporated on 24.04.2015. Company applied for an industrial license to manufacture fighter aircrafts in 2015 and was granted the same by Ministry of Commerce on 22.02.2016. Smt. Nirmala Sitharaman was Commerce Minister at that time. Relevant extract of the list detailing allocation of the licenses is attached as **Annexure A-7**. Even this company was

incorporated on 24.04.2015 i.e 14 days after the announcement of purchase of 36 Rafale aircrafts by the PM in France on 10th April, 2015.

In its license application for manufacturing fighter aircrafts, Reliance Aerostructure Ltd. has given its address and location as 'Survey No. 589, Taluka Jafrabad, Village Lunsapur, District Amreli, Gujarat'. At that time, these premises were not owned by Reliance Aerostructure Ltd. The aforesaid address belonged to 'Pipavav Defence and Offshore Engineering Co. Ltd.' Even on the date of license i.e 22.02.2016, Reliance Aerostructure Ltd. did not own the land or building at the aforesaid address. It was Reliance Defence Ltd. that acquired the company only on 18.01.2016 and name was then changed to Reliance Defence and Engineering Limited. This is established from the Annual Report 2015-16, relevant extract of which is attached as **Annexure A-8**.

Reliance Aerostructure Limited was allotted 104 acres in Mihan SEZ, Nagpur, Maharashtra on 28.08.2015 for Rs 63 crore approximately but even this amount was eventually paid in July, 2017.

Simple Questions are:-

1. Is it a fact that Reliance Defence Ltd. was incorporated a mere 12 days before and Reliance Aerostructure Ltd. was incorporated a mere 14 days after the unilateral announcement of purchase of 36 Rafale aircrafts in France by PM Modi on 10th April, 2015?
2. Is it a fact that Reliance Aerostructure Ltd. did not own the premises at Village Lunsapur (Amreli), Gujarat at that time of submission of application for license for manufacturing fighter aircrafts? Is it a fact that even at that time of grant of industrial license on 22.02.2016, premises at Amreli, Gujarat were not owned by Reliance Aerostructure Ltd. and the said premises were acquired by Reliance Defence on 18.01.2016? Could an industrial license be granted by the Defence Ministry without this verification?

Time for Prime Minister, Shri Narendra Modi to answer to the Nation.