

The role of middlemen in both the bid process and the Rafale sale agreement must be probed

More than a year following the arrival of the first batch of 36 Rafale fighter jets from France, the controversy over L'affaire Rafale refuses to die down, notwithstanding the high quality of the planes and their fit to the requirements of the Indian Air Force, which has been desperate to augment its fighter squadrons. Mediapart, a French portal, has now published a set of alleged fake invoices, and claimed that Dassault Aviation paid middleman and defence contractor Sushen Gupta over €7 million in kickbacks between 2007-2012, when the Congress-led UPA was in power, and has claimed that the CBI had proof of this since October 2018. Earlier investigations, including by The Hindu, had revealed procedural violations, raised questions over the high price of the fighters, the choice of offset partners, the removal of anti-corruption clauses, waiving the requirement of a bank guarantee among other issues related to the India-France Inter-Governmental Agreement (IGA) signed in 2016. Mediapart's articles point to the dubious role of middlemen both in the proposal to buy 126 aircraft that was withdrawn, and later in the IGA for flyaway aircraft in 2016. In April 2021, Mediapart had detailed that the French anti-corruption agency had found that Dassault had accounted for payment of over a million Euros to a company run by Mr. Gupta for the manufacture of 50 models of the Rafale — the company does not specialise in making models — besides paying several million Euros in secret commissions to offshore accounts and shell companies. It had also alleged that he had supplied classified documents related to the IGA to Dassault Aviation even as talks between Dassault and the Indian negotiating team were deadlocked over the key issue of benchmark pricing.

In its price-redacted audit report on the Rafale deal, the CAG report, tabled in Parliament in February 2019, while examining the earlier bid process between 2007-12, had pointed out procedural violations in defence procurement — Dassault's technical bid was rejected and later it was allowed to incorporate India-specific enhancements to meet bid-compliant qualitative requirements. The report also unequivocally stated that the defence acquisition process needed reforms and streamlining —

points that are buttressed by the new revelations that shed light on the role of defence middlemen in mucking up the procurement process to favour a particular vendor. At the very least, investigative agencies such as the CBI and the ED must probe Mr. Gupta's role in the bid process and the IGA. The Government cannot just wish away the questions that are repeatedly emerging about the Rafale deal and must open an investigation into the procurement process. After all, defence preparedness and national security interests dictate that operational readiness goes hand-in-hand with procedural propriety in defence procurement.

Expected Question (Prelims Exams)

- Q. Which of the following is the manufacturing company of Rafale?**
- (a) AgustaWestland
 - (b) Reliance Defense
 - (c) Dassault Aviation
 - (d) Both a and c

Expected Question (Mains Exams)

- Q. 'There is a need to reform and streamline the defense acquisition process in India.' Analyze this statement and also discuss the efforts made by the Government of India in this direction so far. (250 Words)**

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Note: - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC main examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.