

Rafale deal comes with 50 per cent offset clause

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NEW DELHI: France has offered to help India revive the unsuccessful [Kaveri engine project](#) for indigenous [Tejas aircraft](#) and a host of other high-end collaborations as part of the offsets in the 7.87 billion euro [Rafale fighter plane deal](#).

The deal comes with a 50 per cent offset clause which means that Indian companies, big and small, will get businesses worth over 3 billion euros.

Defence sources said that one main point of the offset was that 74 per cent of it has to be imported from India.

This means a lot of business and job opportunities in India, sources said.

They added that the offset, spread over a period of seven years, will be finalised soon.

"The offset clause of 50 per cent in the Rafale deal will provide a great opportunity for indigenous manufacturers such as us who have put in years of effort in developing world class technology within the country.

"It further outlines the commitment made by the Indian government to promote the Indian manufacturing industry and support indigenisation of defence needs of the country," Samtel Avionics MD and CEO [Puneet Kaura](#) said.

Under the offset agreement, French side has made a 30 per cent offset commitment for military aerospace research and development programmes and the rest 20 per cent for making components of Rafales here.

The offsets will be carried out by French companies Safran, Thales, MBDA and Dassault, all part of the Rafale project.

"Rafale's new export success demonstrates our ability, alongside Dassault Aviation and its partners, to constantly meet the customer's highest expectations through innovation, the mastery of advanced technology and industrial excellence", said Patrice Caine, Chairman and CEO, Thales group.

As per the initial agreed points, the French have offered to provide stealth, radar and thrust vectoring for missiles technologies besides others to DRDO and domestic defence firms.

"The French government has in principle agreed on these points under the offset commitments. Once a final contract for 36 Rafale aircraft is signed, the French government will give subject wise clearance and concrete talks will start," a defence source said.

The French have also agreed in principle to collaborate on the Kaveri engine which lacks the real power thrust needed to fly the Tejas.

An upgraded Kaveri engine with 90 kN thrust compared to the existing 72 kN can be developed with French cooperation which can eventually be used for Tejas which currently uses an American engine.

"The negotiations on offsets were carried out last year with DRDO and some other agencies. Once the contract for the Rafales is signed, there will be a six-month window to finalise the offset," a source said.

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