

Govt to take call on LCA Tejas, blacklisting policy and navy projs on Monday

The main focus of the Defence Acquisition Council will be a new blacklisting policy for defence firms

The Defence Ministry is likely to allow opening of the commercial bids for four Landing Platform Docks (LPDs) on Monday, an over \$3 billion project for which two Indian private shipyards are vying under the 'Make in India' initiative.

Defence Acquisition Council (DAC), which is set to meet on Monday, is also likely to give the nod to Indian Navy's other plan to acquire 12 amphibious aircraft from Japan, which are likely to cost about Rs 10,000 crore.

While this was never part of the priority planning of the navy, it is likely that India and Japan may agree on the project during Prime Minister Narendra Modi's upcoming visit to Tokyo.

However, the main take-away from the meeting would be the new blacklisting policy, as told by Defence Minister Manohar Parrikar last month.

Blanket blacklisting policy of the earlier UPA government has resulted in significant reductions in competition, particularly for army programs with four leading suppliers blacklisted.

The new policy is likely to be a mixture of heavy fines and graded blacklisting. The new policy would also allow many of the stuck programmes, like the heavy weight torpedoes for the six Scorpene submarines, to move ahead with clarity.

Sources said other issues on the agenda will be a formal nod to the Indian Air Force's programme to acquire 83 new version of Light Combat Aircraft Tejas, a number which has been publicly stated by the Defence Ministry earlier.

One of the key projects will be the one for LPDs. Larsen & Toubro (L&T) and Reliance Defence and Engineering Limited (RDEL), formerly Pipavav, are gunning for it.

Only these two shipyards had cleared the financial and technical examination started last year.

A third vendor, ABG Shipyard, which has a tie up with a US firm, could not clear the financial examination.

L&T has a tie-up with Navantia of Spain, and RDEL with DCNS of France.

The navy floated the tender in 2013 for production of four LPDs, and bids were sent to domestic shipyards, L&T, RDEL, and ABG Shipyard.

Under the programme, two LPDs will be built by a private shipyard, and then state-owned Hindustan Shipyard Limited (HSL) will build the remaining two LPDs at the same cost.

However, sources said the DAC will also review the performance of HSL on Fleet Support Ship program where it has missed major milestones.

Whether HSL should be awarded two out of the four LPDs will also be part of this discussion, sources said.

Indo-Russia project for four new state-of-the-art stealth frigates will also come up for discussion.