

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2854

ANSWERED ON:03.09.2007

PROCUREMENT OF SUKHOI AIRCRAFT

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Will the Minister of DEFENCE be pleased to state:

(a) whether the Russian defence manufacturing company has refused to supply defence equipment at old rates keeping in view the decreasing value of U.S. dollar;

(b) if so, the details thereof;

(c) whether the Russian Government has given indications regarding reconsideration of defence agreements signed with India;

(d) if so, the details thereof;

(e) whether the Government would have to pay crores of dollars more for Sukhoi jet, Gorshkov and other aircrafts, if the said agreements are reconsidered;

(f) if so, the details thereof and the action taken by the Government in this regard;

(g) whether talks have recently been held between army officers of India and Russia to resolve differences regarding sale of hi-tech weapons; and

(h) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF DEFENCE (SHRI A.K. ANTONY)

(a) to (h): A Protocol signed by the Indian side and the Russian side in April 2002 in pursuance of General Contract dated 28th December 2000 for licence production of 140 SU-30 MKI aircraft by Hindustan Aeronautics Limited, had determined a net annual escalation rate of 2.55% valid till 2007. Discussions between the two sides to decide the annual escalation rate for the years 2008 to 2012 are in progress. The amounts payable for defence equipment procured from Russian suppliers may increase in case the escalation rate is raised.