
Soviet Carrier Turns into India's White Elephant

By
Pratap Chakravarty
Agence France-Presse Contributing Author

[The following is from a 1 August 2009 article on the *DefenseNews* web site: www.defensenews.com.]

When Russia gave India a retired Soviet aircraft carrier five years ago, New Delhi was delighted, little realizing the vessel would turn into a costly white elephant. Russia, India's longtime weapons supplier, said in 2004 it would give the country the 44,570-ton "Admiral Gorshkov" as a gift, provided Delhi paid a Russian shipyard \$974 million to refurbish the carrier. Since then, the price has skyrocketed for fixing up the 27-year-old ship, which was decommissioned after the collapse of the Soviet Union.

In 2007, Russia demanded \$850 million more, citing cost escalations. Then, six months ago, Russia startled India with another demand this time for \$2.9 billion. It also pushed back the ship's delivery by four years to 2012, a year after India must mothball its last remaining aircraft carrier, the British-origin INS [Indian Naval Ship] Viraat. Now India's national auditor has waded into the row, saying the navy could have paid less for a new carrier.

At best, the Indian navy would be acquiring, belatedly, a second-hand ship with a limited lifespan by paying significantly more than what it would have paid for a new ship, it said in its military spending report.

The Russian price hikes have sparked outrage, forcing India's Defence Minister A.K. Antony to assure parliament this week that fresh negotiations were once again under way.

At present, the price escalation is in the negotiation stage; and nothing has been finalized, Antony said. But he conceded India was paying a substantially huge price for the Admiral's refit.

New Delhi has already paid hundreds of millions of dollars in advance to Russia's state-run Sevmash shipyard.

It is no doubt giving India a severe headache; but we are stuck with it because if we pull out now, we do not get back a penny, said retired General V. N. Sharma, a former chief of India's million-plus army.

India must also dig deeper into its pocket for tens of millions of dollars extra to equip the docked Admiral Gorshkov with Sukhoi-30 war-jets and Russian missiles, officials say. Russia's state-run defence export agency, Rosoboronexport, which is handling the deal, has rejected suggestions that it is short-changing India.

Every step in the process of the refit of the aircraft carrier is monitored by the Indian navy's technical team, and they have never raised objections, spokesman Vyacheslav Davidenko was quoted as saying by the Press Trust of India.

The shipyard refitting the vessel has insisted that the cost escalations are due to Indian demands for features not included in the original contract. Minister Antony says New Delhi, which is trying to build an aircraft carrier of its own, was forced to turn to Russia as no other country would give India

a tactical vessel of such a size. Russia, which accounts for 70 percent of India's military hardware, has up to \$9 billion worth of defense orders from New Delhi in the pipeline. General Sharma said he believes the Russians "grossly miscalculated when writing up this contract in 2004." But retired Rear Admiral Raja Menon, who was associated with the project, said he believes Russia is seeking to get as much out of India as it can.

He said Moscow is in the habit of arm-twisting its traditional weapons buyers.

Russia's track record is very poor in this regard, and this time the nation has to take a call on this, he said. In other contracts too, they had escalated costs and thought they could get away with it again, Menon said.