

Draft 2.0: Import ban on specific arms

AJAI SHUKLA
New Delhi, 28 July

The Ministry of Defence (MoD) on Tuesday issued a second draft of the Defence Procurement Procedure of 2020 (DPP-2020) and solicited comments by August 10, four months after it put out the first draft of the new manual that will supersede and update the current DPP-2016.

“Based on inputs received from the environment, DPP-2020 has now been titled as Defence Acquisition Procedure (DAP) 2020,” stated the MoD. Driving this terminological change is the conviction that the policy should look beyond procurement (purchase) of equipment and provide for alternatives such as leasing and upgrading.

The draft DAP-2020 retains the first draft’s emphasis on promoting higher indigenous content in equipment manufactured in India, including under licence from foreign vendors. For most acquisition categories, the DAP-2020 will demand 10 per cent higher indigenisation than under DPP-2016. (see graphic)

For the first time, the MoD proposes to incorporate into official policy a ban on import of specific kinds of weapons and platforms.

“With a view to promote domestic and indigenous industry as also align the DAP with the reforms enunciated in the Atmanirbhar Abhiyan (self-reliance campaign), the MoD will notify a list of weapons/platforms banned for import, updated from time to time,” the draft states.

It is unclear whether this “no import list” will be aligned with the MoD’s Defence Production Policy (DPP) of 2018, which mandates self-reliance by 2025 in the production of helicopters, fighter aircraft, warships,



Indigenisation TARGETS FOR VARIOUS ACQUISITION CATEGORIES	Acquisition category	Indigenous content (IC)
	Buy (Indian – Indian – Designed, Developed and Manufactured)	» Indigenous design essential; ≥ 50% IC
	Buy (Indian)	» If indigenously designed, ≥ 50% IC; if foreign designed ≥ 60% IC
	Buy and Make (Indian)	» ≥ 50% IC, calculated on the ‘Make’ portion
	Buy and Make	» ≥ 50% IC
	Buy (Global – Manufacture in India)	» ≥ 50% IC
	Buy (Global)	» Foreign vendor – Nil IC requirement Indian vendor ≥ 30% IC

The MoD has also introduced a new procurement category, entitled *Buy (Global – Manufacture in India)*. This stipulates indigenisation of at least 50 per cent of the contract value of a foreign purchase bought with the intention of subsequently building it in India with technology transfer.

Meeting this would require vendors to supply only the minimum necessary numbers from abroad in ready-built condition, while manufacturing a larger share in India.

The category also allows vendors to meet the indigenous content requirement through manufacturing spares and assemblies, or setting

up maintenance, repair and overhaul (MRO) facilities for the equipment, including through the foreign vendor’s subsidiary in India.

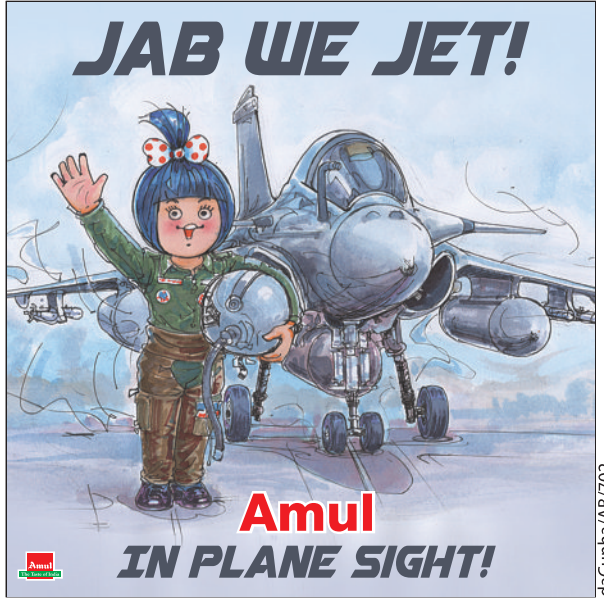
The draft DAP-2020 details the procedures for “leasing” of equipment and platforms. Leasing is expected to save money by permitting the military to rent back-up equipment and services, such as air transport, mid-air refuelling, MRO and simulator training, rather than incur huge capital outlays in buying outright.

In addition to a full new chapter on “leasing”, the draft DAP-2020 also incorporates a new chapter for procuring equipment and platforms based on software and information and communications technology (ICT). Given the rapid obsolescence of ICT-based systems, more flexible procurement processes are needed to keep up with change.

Another new chapter deals with ‘post-contract management.’ This lays down guidelines and processes for issues that arise during the contract period, which typically last for several decades in defence contracts.

While aiming at speeding up procurement, the new procedure marginally slows the Fast Track Procedure, which is designed for emergency purchases. DPP-2016 mandated a maximum period of 112-169 days for concluding a contract, including the time for trial evaluation. DAP-2020 stipulates a slightly longer period of 122-231 days. In both cases, delivery of equipment would take another 3-12 months from the date of contract signing.

The new procedure is being drafted by an MoD committee headed by its acquisitions chief, Apurva Chandra.



COVID-19 UPDATES

Pfizer and BioNTech start late-stage study of lead Covid-19 shot

Pfizer and BioNTech SE said they’ve begun a later-stage trial for their top coronavirus vaccine candidate and set a goal of submitting it for regulatory review as soon as October — one of the most ambitious timelines to date. The move pushes the New York-based pharmaceutical giant and its German partner closer to bringing a vaccine to market, and places them alongside frontrunners like Moderna Inc, which announced earlier Monday that it had started its own large, final-stage trial of a shot based on similar technology.

Pfizer and BioNTech said that they had selected a lead vaccine candidate from within a broader development programme and will proceed with a later-stage safety and efficacy trial of the experimental shot in a two-dose regimen. The announcement came in anticipation of Pfizer reporting second-quarter earnings on Tuesday.

Governments around the world are now looking to lock up supplies of the still-experimental candidates.

Each has hopes of stabilising local economies and stopping spread of the virus that’s taken more than 650,000 lives globally. Last week, Pfizer and BioNTech clinched a \$2 billion deal to supply an initial 100 million doses of a vaccine to the US. That set a price ceiling of less than \$20 per dose, which will likely impact how much others will charge.

BLOOMBERG

Thierry Bolloré takes the wheel at JLR

SHALLY SETH MOHILE
Mumbai, 28 July



Tata Motors has appointed Thierry Bolloré as chief executive officer (CEO) of Jaguar Land Rover, following a six-month search. Bolloré, 57, who was Renault Group CEO till October 2019, will take charge on September 10. He will succeed Ralf Speth, who was at the helm for a decade. Speth will now take up the role of non-executive vice-chairman, and remain on the Tata Sons board. The Tata group flagship has chosen the Frenchman over a few internal candidates, who were vying for the top job. “I am delighted to welcome Thierry to Jaguar Land Rover. An established global business leader with a proven track record of implementing complex transformations, Thierry will bring a wealth of experience to one of the most revered positions in the industry,” said N Chandrasekaran, chairman, Tata Sons.

Felipe Munoz, senior analyst at JATO Dynamics, UK, says Bolloré’s main strength is that he proved in Renault, that he can run a company through difficult times. He’s good at dealing with government issues too. “These two strengths are exactly the things that JLR needs right now.

To better face the uncertain times ahead, and to find ways of involving UK government in the solution,” says Munoz.

Bolloré takes charge at a time when auto demand remains under pressure, following the easing of the shutdown measures that weighed on economies around the world. JLR was on rough terrain even before the pandemic, suffering from a sales downturn, the Brexit uncertainty, stricter emission norms affecting its sport utility vehicle segment, and a dip in exports to China — one of its biggest markets.

“The most important thing for JLR is to get its cost act together. Therefore, the top-most priority of the new CEO should be to stay on course for cost reduction, and drive the company towards free cash flows,” said Mahantesh Sabarad, head (retail research), at SBICAP Securities.

JLR has embarked on a cost-cutting drive aimed at saving £5 billion (\$6.4 billion) and reversing record losses. Prior to joining Renault in 2012, Bolloré had stints with tyre major Michelin, as well as Faurecia, a global leader in automotive technology.

A former No. 2 at Renault, Bolloré secured the top job after the arrest of Carlos Ghosn in 2018. He was ousted when tensions with partner Nissan Motor peaked, last October. Renault Chairman Jean-Dominique Senard had then said that Bolloré had to go for the relationship with its Japanese peer to revive. Amid slowing global growth, increased regulatory changes, and the pandemic, JLR is executing a turnaround and transformation plan to deleverage the business and drive positive cash flows, for which Bolloré’s track record may come in handy.

Vistara plans flights to Europe in August

Joining the repatriation efforts to bring Indians stranded abroad, Vistara plans to operate flights to London, Paris, and Frankfurt from mid-August.

The flights would be operated from Delhi under the travel bubble and would mark a milestone in the airline’s growth.

Building an international medium-haul network has always been Vistara’s strategy. Plans were drawn to launch flights to London, Tokyo, and Moscow in the summer schedule, but the pandemic had forced it to go slow. Now, the airline is looking to operate scheduled flights to Europe, with the proposed induction of its second Boeing 787-9 aircraft next month. Currently, Vistara has 42 aircraft, while the second Boeing 787-9 aircraft will arrive in August.

Vistara has filed for slots at Delhi airport and has started training its pilots as it prepares for the operations. The Delhi-London flight is being planned from mid-August, while Paris and Frankfurt service will be launched in late August and early September.

“Vistara has around 20 pilots for its 787 operations, each of them with over 500-600 hours of flying experience. A few more pilots are undergoing training and this will allow the airline to operate both the planes to Europe by September,” a source said. “Updates with regards to international operations will be provided at an appropriate time,” Vistara said in an email.

ANEESE PHADNIS

Lockdown extended in Bengal

Mumbai sees lowest daily cases

West Bengal Chief Minister Mamata Banerjee announced on Tuesday that the lockdown in the containment zones of the state will continue till August 31 as also the biweekly restrictions in place to check the spread of the coronavirus disease. Banerjee said schools and colleges will remain closed till August 31. “The lockdown in containment zones will continue till August 31. The biweekly total lockdown across the state will also remain in place till the end of next month,” Banerjee said. Total lockdown will be imposed on August 2, 5, 8, 9, 16, 17, 23, 24 and 31, she said.

PTI

Only 700 new Covid-19 cases were reported in Mumbai today that too with the highest single-day testing till date, said Maharashtra Cabinet Minister Aaditya Thackeray on Tuesday.

He said a total of 8,776 tests were conducted on Tuesday, out of which only 700 tests were found positive in the financial capital, news agency ANI reported.

“The good news: Only 700 cases today in Mumbai and that too with the highest testing till date in Mumbai in a single day (8,776). This is chase the virus in full capacity. A major relief after three months,” said Thackeray, in a tweet, on Tuesday.

AGENCIES

AROUND THE WORLD

Former Malaysian PM gets 12-yr jail term in 1MDB case

Najib Razak was found guilty of corruption, money laundering; fined \$50 million

A Malaysia court sentenced former prime minister Najib Razak to 12 years imprisonment after ruling him guilty in the first of a series of trials linked to 1MDB.

Najib was guilty Tuesday of all seven charges in the case involving 42 million ringgit (\$10 million) of funds deposited in his personal accounts from a former unit of 1MDB. His lawyer has said an appeal against the ruling is a certainty, while seeking to keep him out of jail during the appeal process.

High Court Judge Mohd Nazlan Mohd Ghazali sentenced him to 12 years in jail for one count of abuse of power, as well as 10 years each for three charges of money laundering and three criminal breach of trust charges, to be served concurrently.



He must also pay a fine of 210 million ringgit. The judge told the court he found “the defense has not succeeded in rebutting the presumption on the balance of probabilities or raising reasonable doubt on the charge against the accused” as he delivered his judgment on the abuse of power charge. The verdict comes days after Malaysia resolved settlement talks with Goldman Sachs Group Inc. over the bank’s role in raising funds for 1MDB during Najib’s time as prime minister.

BLOOMBERG

Mitsubishi to discontinue Pajero from next year



A worker makes a final inspection of an engine for Pajero at a manufacturing unit in Japan's Gifu

Japan's No. 6 automaker anticipates an operating loss of \$1.33 bn

REUTERS
Tokyo, 28 July

Shares of Japan’s Mitsubishi Motors Corp plunged more than 10 per cent to an all-time low on Tuesday after the automaker posted dismal sales in its key Southeast Asian market and forecast a huge loss for this financial year.

A day earlier, Mitsubishi Motors, a junior member of the auto alliance of Nissan Motor and Renault SA, projected an operating loss of 140 billion yen (\$1.33 billion) for the year

ending on March 31, 2021, due in part to the coronavirus pandemic.

It would be the automaker’s biggest loss in at least 18 years, according to records dating back to 2002. Mitsubishi’s shares fell more than 10 per cent to 240 yen, marking a lifetime low since their 1988 listing.

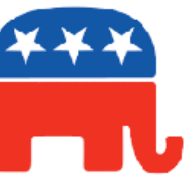
The coronavirus crisis has exacerbated struggles at the company, which had already been battling falling sales in China and Southeast Asia, a major market that accounts for

a quarter of its sales.

Announcing a restructuring plan on Monday, Mitsubishi Motors said it would stop making the Pajero SUV crossover model next year, and close the plant in Japan that makes it. It also said it would reduce its presence in Europe and North America and focus on growing in Asia. The restructuring plan is designed to lift the company’s operating profit to 50 billion yen in 2022/23 and boost operating margin to 2.3 per cent from -9.5 per cent now.

GOP rolls out \$1-trn Covid-19 relief plan

Google data cable to link US, UK & Spain



Senate Republicans presented their \$1 trillion plan to bolster the pandemic-ravaged US economy in a series of bills that would trim extra unemployment benefits, send \$1,200 payments to most Americans and shield businesses, schools and other organizations from lawsuits stemming from coronavirus infections.

The package was pulled together after days of negotiations between Senate Republicans and President Donald Trump’s emissaries that didn’t completely settle differences within the GOP over the size and scope of additional federal spending in response to the pandemic. “We have one foot in the pandemic and one foot in the recovery,” Senate Majority Leader Mitch McConnell said Monday on the Senate floor, noting the rising death toll and a fragile economic recovery. “The American people need more help, they need it to be comprehensive, and they need it to be carefully tailored to these crossroads.” The bill introductions were just the first step toward negotiating a compromise plan with Democrats, who’ve offered their own \$3.5 trillion stimulus plan.

BLOOMBERG



Alphabet’s Google has commissioned a new subsea cable, which it says will be one of the first new fiber lines linking the US and the UK since 2003 and further entrenches the tech giant in global internet infrastructure.

The cable, named Grace Hopper after the computer scientist, will also connect to Spain, becoming the first Google fiber line to land there, the company said in a statement. It joins existing Google subsea cables including Google’s Curie, which runs from the US to Chile, and Dunant, which links the US to France, and Equiano. The Mountain View, California-based company expects to complete the project in 2022. A steady stream of trans-ocean cables is being announced by tech giants; Facebook joined forces with telecom carriers to better connect Africa in May.

“Once commissioned, the Grace Hopper cable will be one of the first new cables to connect the US and UK since 2003, increasing capacity on this busy global crossroads and powering Google services like Meet, Gmail and Google Cloud,” said Bikash Koley, vice-president of Google Global Network, in a blogpost.

BLOOMBERG

McD’s revenue falls 30% as lockdown limits operations

McDonald’s on Tuesday reported a bigger-than-expected drop in global same-store sales as restaurants across the world were shut because of the pandemic, limiting operations to only drive-thru and delivery. Global same-store sales fell 23.9 per cent for the second quarter ended June 30, dragged down by big international markets including the UK, France and Latin America. Revenue fell 30.5 per cent to \$3.76 billion, but beat the estimate of \$3.68 billion.

BLOOMBERG

Intel begins reset, chief engineer ousted

Intel Corp’s Chief Engineering Officer Murthy Renduchintala is departing, part of a move in which a key technology unit will be separated into five teams, the chipmaker said on Monday.

Intel said it is reorganising its technology, systems architecture and client group. Its new leaders will report directly to CEO Bob Swan.

REUTERS

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