

Soaring Costs Jeopardize India's Vital Submarine Acquisition Under Project-75I



India's ambitious Project-75I, aimed at procuring six advanced conventional submarines for the Indian Navy, faces significant uncertainty as the per-unit cost of the German-engineered U-214NG submarine has reportedly skyrocketed to approximately \$1.3 billion. This steep escalation from the initial 2021 estimate of \$800 million has inflated the total projected cost for the six vessels to nearly ₹70,000 crore (approximately \$8.4 billion), considerably exceeding the ₹43,000 crore allocated by the government over a decade ago. The substantial price hike, attributed to global inflation, currency fluctuations, and the integration of sophisticated new technologies, has effectively put the crucial defense deal in limbo.

The Project-75I program, first approved by the Ministry of Defence (MoD) in November 2007, has navigated a protracted and complex journey. A key, stringent requirement that led several international submarine manufacturers to withdraw from the tender process was the insistence on a proven Air Independent Propulsion (AIP) system. This critical technology allows conventional submarines to remain submerged for weeks, drastically reducing their detection risk compared to older designs that must surface frequently to recharge batteries.

Contenders such as France's Naval Group, Spain's Navantia, and Russia's Rubin Design Bureau found the terms challenging, with the Russian firm reportedly deeming the tender "unrealistic." South Korea's Daewoo Shipbuilding & Marine Engineering also exited the competition, leaving Germany's ThyssenKrupp Marine Systems (TKMS) as the sole viable bidder. TKMS subsequently partnered with India's state-owned Mazagon Dock Shipbuilders Limited (MDL), offering an advanced variant of the proven Type 214 submarine, featuring modern stealth capabilities, superior sensors, and a fuel-cell-based AIP module.

Despite TKMS-MDL emerging as the winner earlier this year, the Ministry of Defence has reportedly not proceeded with formal cost negotiations since January, indicating serious concerns over the revised pricing. This pause comes at a time when India's Defence Research and Development Organisation (DRDO) has successfully developed and tested its indigenous fuel-cell-based AIP system, slated for retrofitting onto India's existing Kalvari-class (Scorpène) submarines.

If the deal for the German submarines proceeds at the current price, Project-75I would become India's most expensive single defense import. For context, the earlier Project-75, which saw the production of six Kalvari-class submarines in collaboration with France, cost significantly less. The Indian Navy urgently needs to replace its aging fleet of Sindhughosh-class (Russian-origin Kilo-class) and Shishumar-class (German-origin Type 209) submarines, some of which have been in service for over 35 years. The Ministry of Defence now faces a critical decision: acquire a highly capable but extremely expensive foreign platform, or pivot towards an indigenous solution that, while strengthening self-reliance, may face its developmental timelines.