



## Nexter, L&T and Ashok Leyland team up for Indian Army's MGS Artillery Programme

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New Delhi. Nexter Systems, the French land weapons maker, has signed a "consortium agreement" with India's Larsen & Toubro (L&T) and Ashok Leyland Defence to collaborate in manufacturing the Mounted Gun System (MGS) artillery programme of the Indian Army.

The three companies announced the agreement in a joint press statement on the final day of the five-day Eurosatory land and air defence systems exhibition which ended in Villepinte on June 20 on the outskirts of Paris.

Details were not furnished but sources at the event told [India Strategic](#) that the three companies have been in talks for some time and that they would more than match the Indian requirements even if they are revised under the new Government. "There has been some real work done to customize and integrate their respective systems."

The terms of their collaboration in monetary values are apparently not disclosed but the deal for mounted guns should be in billions of dollars. The tender value though should be known officially once the commercial bids are opened after technical trials and the winner in the competition is announced.

### Acute Shortage of Artillery Guns

Notably, the Indian Army suffers from an acute shortage of artillery systems as their acquisition was stopped by the then Prime Minister VP Singh who alleged in his political campaigns that the Swedish FH 77-B Bofors guns acquired during his predecessor's government in mid-1980s were "of poor quality, fired backwards, and killed own troops" and that they were purchased as the Swedes paid bribes.

The old gun has turned out to be the best yet, and performed outstandingly well in the 1999 Kargil War to saturate positions occupied by the infiltrating Pakistani troops in the Indian territory. The gun was taken to mountain heights in pieces by helicopters and assembled there.

The acquisition of the 155 mm 39 caliber Bofors towed guns in fact came along with a very sweet Transfer of Technology (TOT) package but the deal got such a bad name that neither any one in the Ministry of Defence (MoD) nor any one in the Ordnance Factory Board (OFB), which was given the drawings, dared to indigenize the programme for a quarter century despite the Army crying hoarse about the shortage of artillery weapons.



### Cumulative Requirement

The Army has had zero acquisition of modern artillery systems ever since, and today, there is a cumulative requirement for 2820 artillery pieces in Towed, Mounted, Self Propelled (Tracked and Wheeled) and Ultra Light guns.

Ever since early 1970s, the mainstay of the Indian Artillery has been the Soviet-supplied M 46 130mm medium gun, which was used in the 1971 Bangladesh Liberation War. Israel's Soltam upgraded 180 of these guns, and as a stopgap measure, the Army is looking at modernizing another 300 of these guns. Various Indian companies, including L&T, are in the fray for this venture, but this would continue to be a stopgap – a very long stopgap –



measure till the government of the day takes the initiative to clear or refresh the proposals literally on war-footing.

#### Indigenizing Old Bofors

Official sources indicate that Defence Research and Development Organisation (DRDO), the Indian MoD's defence research arm, is now supporting the OFB. Over the past couple of years, OFB has dug out the Bofors drawings and manuals and based on the understanding of technology from them, it has developed a 155 mm 45 caliber gun, designated Dhanush (bow in Hindi). The system is being tested by the Army in both winter and summer terrains.

Winter trials of the Dhanush in fact are already over. Nonetheless, as and when this gun is successful and inducted, this would still be another stopgap acquisition.

There are a couple of other companies also, Tatas, Punj Lloyd and Bharat Forge in the private sector, that are working on supplying artillery systems to the Army. Each one has picked up a foreign partner for technology transfer.

#### Contemporary Requirements

The Indian Army now needs contemporary standards 155 mm-52 caliber Towed, Self-Propelled and Mounted guns as also Ultra Light Weight howitzers (155mm-39 caliber) which can be ferried under-slung by (Chinook) heavy lift helicopters that the Indian Air Force (IAF) is buying. There is competition in all the segments, For the Ultra Light requirement however, India is in talks with the US Government to buy 145 BAE Systems M777 guns in a government-to-government deal under Washington's Foreign Military Sales (FMS) programme.

But this proposal is also going on and on for several years. The US Government had notified and held the price at USD 647 million for 145 guns, but last year revised it to \$ 885 million for any one - US Army included - buying the same number of guns. India though happens to be the only country interested in these howitzers at the moment.

BAE Systems at one time also mentioned a price of \$ 694 million.

It is to be seen if the price line for India is \$ 647 million, as the negotiations were initiated earlier, or more. There has been no engagement between the two governments for about eight or nine months, and the actual price for India can be ascertained only if the talks reopen. There is perhaps a little fog, and MoD sources say that the revised price, if applied for India, makes the deal difficult to digest financially.

Notably, MoD's apex Defence Acquisition Council (DAC) had cleared the gun for acquisition in 2012, and on the eve of the Army Day 2013, Chief of Staff Gen Bikram Singh had told this writer that he expected the first lot of the guns to reach India by end of the year. In terms of perspective, the Army had accorded approved after testing the M777 extensively in desert and high altitude trials in Pokhara and Sikkim in 2010.

As for FMS pricing, the US Government charges what it pays to the vendor - the manufacturer - plus a fee of 2.5 to 5 per cent to help execute the deal. It also gives guarantees of the quality of the equipment and timely deliveries. There has been standstill nonetheless after Pentagon's Defence Security Cooperation Agency (DSCA), which manages FMS programme, announced the revised price. It is also to be noted that the price set thus is the maximum possible - a cap actually - to initiate the negotiations but can be lower depending upon the requirements, associated equipment and timelines.

It may also be noted that the only other gun in competition was Pegasus from Singapore Technologies Kinetics but this company was blacklisted after some allegations of wrongdoing. The choice with the Indian Government now is either to go ahead with the BAE Systems deal or refresh the competition for decisive action within a time-bound period.

It may be recalled that the Swedish Bofors was acquired by the US United Defense in the late 1990s, and then by the US arm of the British BAE Systems. Significantly, while the Swedes were ready for TOT, the BAE Systems is unlikely to accede to such a proposal.

#### President Bill Clinton's Intervention

Also, what is not known generally is that as the Indian Army continued to be in talks with Bofors for buying more guns, US President Bill Clinton went out of the way to allow United Defence in 2000 to sell the guns to India if the deal - under discussions before Bofors' sale to United Defense - fruited. There was otherwise a ban on selling US weapons to India after New Delhi's 1998 nuclear tests and the resulting US and West's technology denial regime.

President Clinton's intervention was disclosed to this writer by the then Managing Director of Bofors at a defence show in Abu Dhabi, UAE in February 2000.

As for the Nexter-L&T-Ashok Leyland artillery system proposed for the MGS programme, the consortium is led by L&T acting as the prime contractor. The partnership among the three companies is based on delivering the best solution and value to the Indian Army. The customization of the systems to fulfill specific Indian requirements will be done in cooperation between the three companies, it was stated in the press statement.

The gun is a version of the well-known Caesar artillery system that has been tested successfully in Afghanistan, and is fitted onto a 6x6 Super Stallion chassis from Ashok Leyland.

Unveiled for the first time at the DEFEXPO show in New Delhi in February 2014, the Indian version of the CAESAR® was on display again at the Nexter stand in Paris.

Nexter and L&T are collaborating in meeting other artillery requirements also, including for a new Towed Gun System and the up-gunning of the Soviet-vintage 130 mm M 46.

Notably, to reduce costs and introduce some indigenous elements, the Ministry of Defence (MoD) is encouraging Indian participation. It is in this perspective, that Ashok Leyland has developed heavy vehicles, which could be used for a number of utility purposes to base or move heavy equipment. The company is trying to build a replacement for the Czech Tatra vehicles that the Indian armed forces have been using for missiles, radars and other heavy equipment.

The Super stallion truck is available in two versions, 6 x 6 and 8 x 8, the latter for heavy missile and radar deployment.

Incidentally, I may mention here that a senior officer in the MoD had mooted a proposal some time in the 1990s to acquire the Czech Tatra company as it was selling rather cheap after the disintegration of the Soviet Union which had affected the economy of the eastern block states. Needless to say, the top leadership of the ministry failed to appreciate the advantages of a strategic foreign acquisition.



TRAJAN GUN

Nexter and L&T are also teaming for the Towed Gun System programme of the Indian ministry of defence, by proposing the TRAJAN® which is under evaluation in India.

Collaborating with them is also the French company Sagem Défense Sécurité, whose Sigma 30 Inertial Guidance System enables the gun a high degree of precision in autonomous firing. Caesar, or CAmion Equipé d'un Système d'Artillerie), can fire six rounds in a minute and scoot away from the firing site in about two minutes to evade counter-fire.

Nexter and Sagem are supplying some systems to HAL for the Dhruv Advanced Light Helicopter (ALH) as well. The 20 mm gun on its armed version Rudra for the Indian Army and IAF is supplied by Nexter. Another variant, the Light Combat Helicopter (LCH) being built with composite materials for IAF is also using the same canon - or gun - in trials.

ALH and its variants are largely based on French technology. LCH is still under development.

#### About Nexter

Nexter applies its expertise in land defence systems to meet the needs of the French army and other forces internationally. The scope of its business includes the supply of armoured vehicles, weapons systems and munitions for Army, Air Force, Navy and law enforcement applications. In 2013, Nexter reported revenue of € 787 million, of which 18% were allocated to Research & Development. The range of products offered by Nexter includes: CAESAR® the highly mobile 155mm self-propelled gun, TRAJAN® the powerful 155 mm towed gun, 105LG lightweight towed gun, Leclerc battle tank, VBCI Infantry combat vehicle, ARAVIS® highly protected armoured vehicle, BONUS intelligent munitions and FINDERS® C2 command system, all backed up by customer service, support and recycling.

#### About L&T

Larsen & Toubro is a USD 14.3 billion technology, engineering, construction, manufacturing and financial services conglomerate, with global operations. Its products and systems are marketed in over 30 countries worldwide. L&T is one of the largest and most respected companies in India's private sector. A strong, customer-focused approach and the constant quest for top-class quality have enabled L&T to attain and sustain leadership in its major lines of business over seven decades.

#### About Ashok Leyland Defence

Ashok Leyland for over six decades has been in the business of moving people and goods across 50 countries worldwide and is one of the largest commercial vehicle manufacturers in India. 70 million passengers travel on Ashok Leyland buses every day; close to 700,000 of their vehicles keep the wheels of economies turning and, with close to 70,000 STALLION vehicles in use, they are also the largest supplier of logistics vehicles to the Indian Army. Ashok Leyland Defence Systems (ALDS), is a company meant specifically to address the diverse and different requirements for specialist vehicles meant only for the defence forces and homeland security agencies.

Note: [India Strategic](#) Associate Editor Sangeeta Saxena attended the Eurosatory weapons show.

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