

83 LCAs Order: HAL may finally agree to lower price

By Chethan Kumar

Bengaluru: Staring at a depleting order book, defence PUS Hindustan Aeronautics Limited (HAL) negotiating price for the 83 Light Combat Aircraft (LCA) Tejas aircraft order is likely to agree to a price that is significantly lower than its quotation.

According to sources privy to the negotiations, HAL quoted Rs 450 crore per aircraft as the basic price. “MoD and IAF (customers) are firm that this price is not competitive and are negotiating for a price that is less than Rs 300 crore per aircraft. Negotiations are nearly complete and final price is likely to be in the range of Rs 250 crore and Rs 275 crore,” a source said.

If the price is Rs 275 crore, then the value of 83 LCAs would be about Rs 22,825 crore compared to Rs 37,350 crore if it was Rs 450 crore. This value would be excluding maintenance and other aspects of the overall deal. It’s noteworthy that former defence minister Nirmala Sitharaman had pegged the total value of LCA order at Rs 50,000 crore in January.

“HAL really has no choice. If we need to sustain our production lines and the employees, we need fresh orders, and this is one of the bigger orders which will go on for at least five years,” a source said.

At present HAL has orders worth only Rs 45,000 crore, with a major concern brewing in its plant in Nasik, which has orders to sustain only until March 2020. According to MoD, HAL has orders for 48 fixed wing aircraft—only 12 of these for Nasik plant—67 helicopters, 80 engines and 26 sets of rocket structures placed by Isro (See graphic).

One source claimed: “The Gripen, which has features similar to LCA, was costing less than Rs 300 crore per plane and that HAL must become competitive and be able to offer similar price.” Gripen is manufactured by Swedish firm SAAB.

Another source said that this would benefit HAL in the long run to increase efficiency to reduce costs. Eventually, the aim is to export LCAs and HAL has already expressed an interest in supplying them to Malaysia. If it wants to export, it needs to price aircraft in the same range as others.

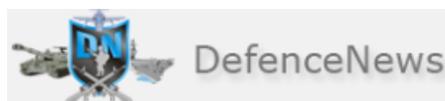
“Why would anybody pay Rs 450 crore for Tejas if they can buy Gripens for cheaper,” the source argued, adding: “Also, HAL quoted 2.5 lakh man hours to build one aircraft and the customers want it to be 1.5 lakh hours,” a source said.

HAL Order Book:

| Project | HAL Division | Order Book Position# |
|----------------------|-------------------------|----------------------|
| LCA Tejas | Bangalore | 24 |
| Su-30MKI | Nasik | 12 |
| Donier-228 | Kanpur | 12 |
| ALH (helicopter) | Bangalore | 56 |
| Chetak (helicopter) | Bangalore | 08 |
| Cheetal (helicopter) | Bangalore | 03 |
| Engine RD-33 | Koraput | 19 |
| Engine AL-31 FP | Koraput | 61 |
| PSLV Structure | Aerospace Div Bangalore | 24 sets |
| GSLV Structure | Aerospace Div Bangalore | 02 sets |

Source: Ministry of Defence

<https://timesofindia.indiatimes.com/india/83-lcas-order-hal-may-finally-agree-to-lower-price/articleshow/70823895.cms>



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LCA Tejas still to match to modern Fighters Jets

A more potent version of Light Combat Aircraft (LCA) matching current generation of fighters is not expected to be available to the Indian Air Force before 2025.

"Tejas", the home-built jet, was meant to be a replacement for MiG-21s but even after four decades in the making, the aircraft is still undergoing the process of induction.

The LCA got Final Operational Clearance (FOC) from the Centre for Military Airworthiness and Certification (CEMILAC) only earlier this year. The certification confirmed Tejas as a multi-role fighter with capabilities like beyond visual range air-to-air and air-to-ground attack capabilities and longer endurance through mid-air refuelling.

Despite these advanced features, Tejas in its current form is only an improved version of MiG-21 but it falls short when compared to other modern day fighters.

Even the production of these variant is slow with Hindustan Aeronautics Ltd. (HAL) delivering only about a dozen of them so far. The IAF is looking for more numbers as Tejas is meant to strengthen the air defence capabilities. The current variant of the aircraft has the same role as MiG-21s.

The follow up versions of LCA Mk 1 (a) and LCA-Mk 2 will be the improved version of Tejas.

The LCA Mk 1 (a) will have improved serviceability, faster weapon loading time, enhanced survivability, better electronic warfare suit and AESA radar significantly enhancing its capability.

The LCA Mk 2 will be a bigger aircraft (1.6 meters longer) with a wider wing span (0.6 meter). It will have more powerful GE 414 engine. Because of size and power the aircraft will be able to carry much more load. Its weight will go up from 4 tonne to 6.5 tonne.

As of now, 40 Mk 1 and 83 Mk1 (a) have been ordered by IAF. The orders for Mk 2 will be placed as and when the aircraft starts flying. The LCA Mk 1 (a) will fly in 2022, according to the current schedule.

Out of the first 40 Tejas ordered by IAF, only 20 will be FOC certified.

The officials said that the production line needs to be enhanced substantially to deliver the aircraft to IAF. The HAL has managed to achieve a rate of eight aircraft per year as against 16 to 17 produced by big manufacturers.

<http://www.defencenews.in/article/LCA-Tejas-still-to-match-to-modern-Fighters-Jets-586701>