



**Curtain Raiser for the 8th International Conference**

**On**

**Energising Indian Aerospace industry**

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The brochure release for the 8th International Conference on energising Indian Aerospace Industry was held at New Delhi on 17 Oct 13. This was the curtain raiser of the actual event taking place on 6-7 Nov 13. Presided over by Director CAPS Air Mshl Vinod Patney, SYSM PVSM, AVSM VrC (retd), the panel included Mr HG Kamath from Mahindra Defence Systems and Mr Anjam Das of the Confederation of Indian Industries. The keynote address was delivered by the Deputy Chief of Air Staff (DCAS), Air Mshl S Sukumar, AVSM, VM.

In his welcome address Air Marshal Patney raised concerns about roadblocks in the growth of indigenous aerospace industry. He stated that there was a need for the government to relax its hold in the sector and give MSMEs the desired boost. The Director queried whether offsets were the only way forward to get in technology and made an important observation that, for some time to come, India will continue to import equipment and weapon system from abroad, as a defence industrial base takes time to be established. The delay in the MMRCA contract finalisation was a cause for worry he said, and urged that the requirements of the IAF must be given due consideration as they affect national security. Mr Kamath, in his address, put forth the plea of the industry for a level playing field and the fact that the Government and CII have been in dialogue for opening up the defence sector to private players.

Air Marshal Sukumar, in his keynote address, highlighted the steps being taken by the IAF to help the Indian private industry gain a foothold in the medium to high technological segment of the aerospace industry. Among the points covered by the Deputy Chief, the following merit special attention: -

- (a) The IAF orders for the next 10 years would be of the order of two lakh crores!
- (b) Air Headquarters has briefed the private industry and given it a fair idea of the large volumes required by the IAF in manufacturing of aircraft, radars and many associated weapon systems. Thus, it is just not the big ticket items that are in the fray but other equally important and high cost systems, for which MSMEs should make a pitch. The DCAS exhorted the private industry to build more tier II and tier III suppliers as part of the supply chain. It is important to remember, he said, that the basic cost of an armament system is only 50% of the total life cycle cost; the other 50% is required for operating and servicing the equipment for the next 25 to 40 years.
- (c) The private industry must tie up with DPSUs and DRDO to make use of their research facilities and labs set up with national monies.
- (d) The Department of Defence Production is seriously looking at the reluctance of DPSUs to outsource to private players. This would help small and medium scale industries who would also gain with diffusion of high end technology.
- (e) The DCAS brought out that the private industry must make use of the large number of technically qualified IAF personnel who retire every year. This is a pool that has immense collective and individual talent but is not being utilised by the private sector to their mutual advantage.

#### **Comment**

The lack of 'numbers' in Indian purchases is often quoted by the Indian industry to explain their lack of investments in the defence manufacturing sector. The 'humungous' amount

(phrase used by the DCAS himself) to be spent on new IAF purchases should itself galvanise the Indian industry and help it overcome its misplaced apprehension of lack of economic viability in the defence manufacturing field. This, of course, is a simplistic analysis of a major decision that an entrepreneur would have to take but he would be benefited and be sanguine with the knowledge that his investment, if he were to make it, would be for projects that have already been firmed up.

No foreign OEM will part with cutting edge technology, for that is a sure path to him becoming irrelevant himself. Many studies have shown that defence offsets will also not bring in the latest technology and help set up a defence industrial base. The only way to fast track R&D in the country is by opening up the countless R&D labs set up by DRDO and DPSUs to the private players. These facilities are not just DRDO/DPSU entities but are national assets established through scarce public funds. By doing so, the private industry would not only save money but, more importantly time, which would otherwise be needed to set up such research facilities. The operation of these and the manufacturing facilities would require trained manpower. Training on modern systems is exorbitantly costly and the comment of the DCAS about utilisation of the trained ex-IAF retired personnel makes for sound technical and monetary reasoning. This would be another way of short circuiting the fairly long gestation periods required for setting up new facilities in the private sector.

It was clear from the thrust of the address of the DCAS that the MoD as a whole, and the IAF in particular, are acutely focussed on the indigenisation aim of the Government. This was especially evident from the remark of the DCAS that they had made the MoD au fait with the inadequate Indian participation in the FGFA and Medium Transport Aircraft (MTA) projects, which belie the tag of 'Joint Venture' which they are supposed to be.

The interaction during the Q&A session brought out the keen sense of involvement of the private industry in the indigenisation endeavour. Questions on the much delayed MMRCA project brought forth a comment from the DCAS that the contract should get signed in the current financial year; this was picked up and widely reported by the national print and electronic media and on internet news portals!

The lively curtain raiser did justice to the anticipation with which the main event, the International Conference on 6-7 November 2013 is awaited. Coming on the heels of the amended Defence Procurement Procedure 2013 promulgated recently, the event promises to be an informative and spirited affair

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