

Press Release

10th International Conference

On

Energising Indian Aerospace Industry: The Road Ahead

New Delhi, September 8, 2015: The '10th International Conference' on 'Energising Indian Aerospace Industry: The Road Ahead', organised by the Centre for Air Power Studies and Confederation of Indian Industry in association with Indian Air Force is being held on September 8-9, 2015. In the opening address, Air Marshal Vinod Patney, Director General, CAPS brought out that the objective of this conference is to foster a constructive and mutually beneficial environment between Aerospace Industry and the users. The civil and military aviation are undergoing major transformation. Government policies and support are providing the necessary impetus to industry that is poised to become a global player with export potential. He brought out that Honourable Raksha Mantri had recently mentioned that the Indian Armed Forces should treat Indian industry as a partner and not as a vendor.

In his Inaugural Address, Air Marshal Sukhchain Singh, Air Officer In-charge Maintenance, IAF, brought out that major modernisation initiatives in Indian Armed Forces and growth in commercial aerospace sector has fuelled the growth of Indian aerospace industry. Futuristic technologies in aviation such as increased use of composites, modern engine technology, all weather capabilities etc are being adopted, and for achieving this goal, it is imperative to focus on design and development of requisite equipment in house. IAF is poised to become a multi-spectrum Air Force with force multipliers and space based assets. Indian companies need to develop capabilities and capacities to meet such demands. They

need to focus not only on wealth creation and job opportunities but in nation building process and supporting the armed forces. Indian aerospace industry must strive to become a part of global aerospace industry, focusing on quality, competitiveness and innovation, failing which it will only be a peripheral player.

The first session of the '10th International Conference' on “Energising Indian Aerospace Industry: The Road Ahead”, titled “Progress So Far”, was chaired by Air Marshal K K Nohwar PVSM VM (Retd), ADG, CAPS. He stated that there is a need for bipartisan support for the growth of aerospace industry as seen in the West. Air Vice Marshal GPS Dua (Retd), CII, was the first speaker who spoke on the topic, “Military & Civil Aviation Market Requirements”, the new Defence procurement procedure in which aviation sector is one of the sectors that is also a part of the new manufacturing plan. The need for skill development and promotion of R&D for enhancing indigenous manufacturing is the key. The second speaker for the session, Mr Sukaran Singh, MD & CEO, TATA Advanced Systems Limited, spoke on the topic, “Joint Ventures in Aerospace Industry: Indian Perspective”. He spoke at length on the importance given to the development of aerospace in India through joint ventures that acted as a bridge and therefore enhanced its capability today to produce air structures. He identified the four platforms that TATA Advanced Systems Limited (TASL) has ventured into as Aerospace, Unmanned Systems, Missiles and Radars. Joint ventures at a human level have enabled TATA Advanced Systems Limited to move forward and therefore showed confidence that in the future it would acquire the capability to move beyond air structures towards building an entire aircraft. The third speaker of the session, Mr Phil Shaw, Chief Executive, Lockheed Martin India, highlighted its joint venture called TATA- Lockheed Martin Aero Structure Limited, for the production of the C-130 J Super Hercules air structures at the TASL plant based in Hyderabad. Through this joint venture LM has been able to extend technical skills and know-how to over a 1000 Indian workers, thus enabling the 'MAKE IN INDIA' initiative to become a reality. However, in his opinion, there also exist many issues such as the offsets, taxation, technology transfers, etc. The final speaker of the session, Brig Mark Goldsack, Defence Advisor, British High Commission, highlighted the Smart Acquisition initiated by

the UK military to help curtail the gap between the UK Military and industry that ensured continuity of a strong military-civil collaboration through engagement.

The second session was chaired by Air Vice Marshal M Bahadur VM (Retd), Distinguished Fellow, CAPS. He stated that to make the 'MAKE IN INDIA' initiative a success it is necessary to treat the private sector as equals and to put full trust in them. The first speaker of the session, Dr AK Ghosh, Project Director (Advanced Medium Combat Aircraft), Aeronautical Development Agency, Ministry of Defence, GOI, talked on the AMCA which is a fifth generation combat aircraft with all fifth generation technologies such as stealth and so on. There already exists a strong launch pad for this through the LCA. The need exists for strong collaboration with other private firms to provide various technologies that would be inducted into the AMCA. The second speaker for the session, Mr Prikshat Sharma, Project Manager, Unmanned Aerial Systems, Hindustan Aeronautics Limited, stated that there are many initiatives being undertaken by the Government to ensure that India becomes a capable manufacturer rather than just an assembly manufacturer. However, many issues remain such as certain structural shortcomings within the government, and called for the establishment of an Indian Aeronautical Commission. The other issues highlighted pertained to skill development, low investment in R&D, policy issues and finally the need for orders. It was concluded that since there exists a big market in India there is a need for collaboration rather than for competition amongst entities to ensure the MAKE IN INDIA initiative achieves its goal. Mr Clemens Linden, CEO, Eurojet, highlighting his experience in the Typhoon project, brought out the importance of joint collaboration between the military and industry for a successful outcome. Mr Bharat Malkani, CEO, Max Aerospace, speaking on the topic, 'MRO: The Neglected Sector', highlighted on the many pertaining issues within India such as high taxation that leads civil aviation companies to outsource their MRO. These strong regulations in place have an anti-MAKE IN INDIA element. He concluded that a strong and robust MRO industry would enable a strong aerospace sector in India.

The third session on Setting up an Aviation Industry in India had representatives from large as well as small and evolving aerospace industries in India. The Chairman of the session,

Air Marshal PK Mehra, PVSM AVSM VM (Retd), raised questions on the best way forward for the Indian aerospace industries, questioned the reason for the slow growth in the industry and the pertaining question as to whether there is the need for collaboration or competition between the public and the private sector. Dynamics Technologies Pvt Limited CEO, Udayant Malhoutra stressed on the importance of partnerships that enabled it to make advances in the sector. Air Marshal JS Gujral (Retd), PVSM, VM, VSM, Advisor, Mahindra Aerospace, was optimistic about the growth of the aerospace market in India and despite many issues still persisting there are issues such as licensing that have been cleared by the government. Mr Ankit Mehta, CEO Idea Forge, informed the audience about his company's capabilities as the leading mini UAV (NETRA) manufacturer in the country. He explained how the NETRA UAV could be used for crowd management, counter insurgency operations, traffic management, etc. Based in Navi Mumbai, the company is looking at collaboration with a foreign OEM in the near future. Mr Nikhil Khanna, President, Raytheon India, reiterated the fact that a huge market exists in India and makes long term business sense. It was further added that for a successful partnership to exist it can be more than a joint venture and could be through early engagement. He suggested co-production of new generation systems between India and the US following the DTTI. Mr Stéphane Lauret, CEO, Safran India, stressed on the need for India to have a clear vision that is accompanied with well developed industrial corridors (to enable Tier-1 and Tier-3 companies to grow), establish world class infrastructure, and lastly to focus on skill development through education.

END OF DAY ONE

New Delhi, September 9, 2015: The fourth session of the '10th International Conference' on Energising Indian Aerospace Industry: The Road Ahead", titled "Panel Discussion on Designing and Aerospace Eco-system", was chaired by Air Marshal NV Tyagi PVSM AVSM VM VSM (Retd) Distinguished Fellow, CAPS & Former DCAS, IAF. He stated on the interplay of various elements that go into the making of an enabling eco-system for the development and growth of a robust aerospace sector. He further

added that many constraints exist and, therefore, there is a need for collaboration between various entities. The first speaker for the session Mr Ian Ritchey, Director of Engineering, Defence and Aerospace, Rolls Royce, spoke on the topic, “Designing an Aerospace Eco-system”. He defined the eco-system as a living entity and that there is a need to set the right conditions for enabling the eco-system to develop and grow. Similarly, there is a need to create an enabling eco-system in India for the development and growth of the aerospace industry. Eco-system is the full scale of capabilities to develop an aerospace capability that involves various elements such as a mix of people, infrastructures, marketing, technologies, etc. The speaker also stressed on the company’s long engagement with India through its collaboration with HAL. He also stressed on the need for clarity and openness from the government of India along with its priorities that would enable a shared goal between the two. Dr K Tamil Mani, DG (Aero), DRDO spoke on the topic, “Airworthiness and Certification Challenges”. He highlighted the role of the CEMILAC; its ever changing methodology for certification as new technologies and needs arise in relation to the indigenous environment. R Adm Pritam Lal (Retd), former Technical Manager (Maritime & System), MOD, spoke on the topic, “Procurement System/ Transaction”. The speaker focused on defence aviation and in particular procurement as spelt out in the DPP. The three key elements of industry that can aid the growth of the eco-system through DPP were laid out, namely; predictability, time table/ order flow (stressing the need to improve timelines of the orders) and continuity in plans for procurement. On continuity he stressed that one order does not create an industry, therefore, there is the need to create a long term partnership with industries based on trust. He concluded that there is a need to involve industries and give more priority to the Indian industries and finally, he called for reforms to ensure a conducive environment which in turn would ensure that the domestic aerospace industry grows. Dr Sabasyachi Dasmohapatra, CEO, GITA, spoke on the aspect of funding towards the growth of the eco-system for an enabling

aerospace sector. He stressed on the aspect of R&D that is essential for an ecosystem to grow and for which a robust R&D funding is paramount. The programme initiated by GITA is based on international collaboration and funds mainly applied projects whose end product finds its way into the markets. He highlighted the Technology Acquisition and Development Fund (TADF) for MSMEs for green manufacturing technologies. He concluded by highlighting the Technology Development Fund, initiated by the current government, which stresses on R&D and innovation and also indigenizing and import substitution. The final speaker of the session, Dr Rajesh Kapoor, Director, CII, focused on the building blocks for an aerospace industry and in particular focusing on the missing links in India's aerospace industries. He stressed on the need for Indian industries to integrate itself into the global supply chain. He also highlighted on the need to have strategic players at all the levels of production for a long period of time. Skill which according to him is highly deficient within India due to lack of institutions, could enhance skill development and act as a major contributor towards the growth of the industry. In conclusion, the speaker highlighted one of the major and neglected missing links which is intellectual property; stating that very little understanding on this exists and there is a need to address this issue.

The fifth session, titled, "Empowering MSMEs" was chaired by Air Marshal RK Sharma PVSM AVSM VM (Retd) former Vice Chief of the Air Staff who reiterated that the Indian industries have a deep technical know-how in terms of capability and capacity. He highlighted the fact that MSMEs play a major role in contributing towards the GDP, exports, etc of the nation. The sector is vibrant and all that is required for it to grow is to have a proper direction at the apex level. The sector helps in the growth of the aerospace eco-system since majority of the components are being supplied by these MSMEs. The first speaker of the session, Air Vice Marshal Kuldeep Sharma AVSM VSM, ACAS (Eng A), IAF, spoke on the topic, "Opportunities for MSMEs", suggesting that the

MSMEs should also look beyond aerospace and diversify their portfolios since the demand in the aerospace sector is limited. He stated on the already existing indigenisation of the repairs and maintenance in the IAF's fleets and is in close collaboration with many MSMEs to build various components. He stressed on the various opportunities available for further collaboration between the IAF and the MSMEs, citing the example of a joint collaboration for the development of NDE equipment. This was followed by various representatives from various Indian MSMEs that are a part of the aerospace supply chain. Mr Rajesh Gupta from EIS Electronics (India) Ltd stated that MSMEs can lead technology development and further enhance the eco-system for the growth of Aerospace industry. He highlighted that EIS Electronics (India) Ltd is a joint venture between MKU Pvt Ltd, India and EIS Electronics GmbH, headquartered in Bremerhaven (Germany), and is producing harnesses for Airbus aircraft such as A 320 having a zero percent rejection for its harnesses (10,000 harnesses produced since 2013). The plant has laborers who are local, trained in-house, thus, contributing towards skill development. Mr DR Subramanian, CEO, SLN Technology, stated that MSMEs have been participating and supporting DRDO and HAL for the last 30-40 years when large industries declined because of the long gestation period. However, there is a need for opportunities to be given to these MSMEs that face many challenges and that they need to give a free hand so that they become a part of the global supply chain. Mr Ashok Atluri, CEO, Zen Technologies, called for the need to design and produce indigenous high-tech products. There is a need to have a category "Buy India" in the DPP and preference should be given to indigenous companies that design and produce various sub-systems. However, there exists resistance in the existing system to indigenize and changes need to be made in the DPP with the underlining clause that gives preference to indigenous manufacturers in order to protect Indian capabilities. This was followed by Col Kuber, NSIC and Founder, Defence Offset Facilitation Agency. He stressed on the need to focus on

MSMEs and increase the reservation of items for the MSMEs. He also suggested the establishment of cluster participation that would enable the MSMEs to grow.

This was followed by the closing session with the valedictory address by Air Marshal SBP Sinha AVSM VM, Deputy Chief of the Air Staff, IAF. He complimented CAPS and CII for their initiative in organizing the Conference, as it would provide an institutional thrust towards the “MAKE IN INDIA” initiative. He was confident that such discussion involving all the stake holders would be beneficial towards the development and growth of India’s Aerospace industry which has a growing domestic demand. He stated that there is a need to wholeheartedly pursue indigenous technologies and to this end the IAF has always encouraged indigenous capacity and capabilities. Emphasizing on the need for indigenous design and development of the C⁴I system that is specific to India’s aerospace needs, offers one of the many opportunities that exist for the Indian aerospace industry. Furthermore, he added that this would create an enabling eco-system that would become a huge source of job creation. With regards to reforms he stated that the DPP has evolved in the last thirteen years with the DPP which was once reserved only for the government entities, opening up to private players in 2001. He also added that the “MAKE IN INDIA” initiative has received positive response from the Indian industries involved in aerospace as they see the enormous scope for its growth, and with the continued thrust towards this initiative, high tech products for the aerospace sector that are indigenously developed and produced will be rolled out. He also stated that aerospace technologies are governed by denial regimes and in order to bridge this gap initiatives would be taken up. There is also the need to absorb the best technologies since finished aerospace parts and products cannot be produced overnight. He concluded by stating that the Indian Air Force is making all efforts for the growth of Indian industries and this opportunity should not be missed.

In his closing address, Air Marshal Vinod Patney SYSM PVSM AVSM VrC (Retd), Director General, CAPS, shared his optimism on the road ahead for India's Aerospace industry and the need for continuous discussions in order to take it forward. Issues that hamper the industry's growth such as land, labor, taxation, etc needs to be resolved. He stressed on indigenous rather than indigenization of capabilities. There is also the need for greater responsibility and accountability to be incorporated into the existing system. Further, there is a need for academia and the industry to speak to each other about the greater use of the technology and scholarships for aeronautical studies must be also initiated by foreign entities to enable skill development.

The vote of thanks was given by Air Vice Marshal GPS Dua (Retd) on behalf of CII. At the outset he shared facts about the long term collaboration between the CII and the Indian Air Force. He highlighted the 1994 seminar that was organized in order to generate discussion on indigenous production for spare parts. The CII remains committed to the aerospace industry and would continue its long term partnership. He thanked the Centre for Air Power Studies for their long term partnership which has stood the test of time. Finally, he shared his optimism that the recommendations based on this seminar would help the CII to conduct its policy advocacy and research work.

END OF THE EVENT