

ADVANCED ENGINEERING & MANUFACTURING

SECTOR POLICY GROUP MEETING

On 12 October, we held the third meeting of the Advanced Engineering and Manufacturing sector policy group, with attendees in Gurgaon and London. The meeting was chaired by Kevin McCole, Chief Operating Officer of the UKIBC.

ATTENDEES		
Kamal Sanan	BAE Systems	Commercial Manager Offsets
Andrew Clarke	GKN Aerospace	Engineering Director Sinter Metals
Jasmeet Singh	JCB	Head –Customer Experience
Anuja Kadian	Rolls Royce	Head of Government Relations – India
Martin Wheeler	Tinius Olsen	Director of Sales and Business Development
Abhirup Dasgupta	UKTI	Automotive Sector Lead
Kevin McCole	UKIBC	COO
Prasenjit Dhar	UKBC	Advanced Engineering and Energy Sector Manager
Tara Panjwani	UKIBC	Retail Sector and Policy Manager

UKIBC UPDATE

The group was updated on some of the main outcomes of the India UK Business Convention – one of which was how digital innovation and digital disruption is transforming how business is done across every sector and has opened up new opportunities for tech rich companies. They were also informed that the UKIBC met with Mr Atul Chaturvedi, Joint Secretary of the DIPP on 9th October in London. Mr Chaturvedi has invited UK companies to put forward their views, in advance of Mr Modi's visit to the UK (12-14 November) on improving India's operating environment.

The results of an ongoing UKIBC survey and the key points from this and other SPGs will form the basis of this submission to the Gol.

SECTOR UPDATE

Prasenjit Dhar updated the Group on recent work in the sector. The overarching theme is commercial R&D and technology collaboration between the UK and India – areas across which both countries share a synergy. The UKIBC is working with colleagues in both the CII and UKTI to plan a workshop in India to identify which areas offer the best opportunities for innovative technology collaboration.

Establishing centres of excellence and skills training also emerged as priority areas for the members – TWI are currently in India signing an MOU with the Indian Ministry of Small and Medium Enterprises to set up these centres of excellence and an MOU with CII for upscaling the training facilities.

Prasenjit also mentioned two forthcoming conferences in India and the UK:

- Innovate UK 2015 in November in London
- AutoExpo Feb 2016

KEY ISSUES

Members then outlined key issues.

1. Discharging Offsets

The restrictive nature of the Indian policy on discharging offsets is one of the main challenges faced by defence and aerospace companies. The current policy is interpreted in such a way that it only allows the contracting entity to discharge offsets whereas it should be that other divisions of the same group can discharge offsets and should be allowed to contribute to this process – which happens in other parts of the world. Following international best practices in discharging offsets will help catapult India's efforts at Make in India and significantly promote their exports.

The Indian government is taking steps to address this, but needs to focus more on encouraging success through mutual cooperation rather than imposing penalties for failure

2. Complex visa process and IP issues

Concerns around IP protection, and the convoluted visa process pose a major challenge to technology transfer and technology expansion in India. If this issue was addressed by providing visa assistance and accelerating patents, companies would be much more willing to scale up their Indian investment. Strengthening IP is key to attracting greater foreign investment.

It was mentioned that the national IP policy is currently being finalised and is expected to cover the main IP concerns raised by foreign investors. Even though IP did not rank as one of the top issues in the emerging findings from the UKIBC survey, it clearly is a major obstacle for advanced engineering companies

Actions:

- Divya to circulate the national IP policy document to all participants of this sector group once its been finalised.
- UKTI will continue to liaise with the Indian visa authorities to simplify this process. Talks are already underway to overhaul the business visa procedures which is a positive step in the right direction. UKTI to keep the group members updated on progress.

3. Unpredictability of the Indian Bureaucracy

Members unanimously agreed that the inconsistency of bureaucratic procedures in India is a real problem and makes it difficult for foreign players in India to manage and plan externally. This is in large part due to the lack of knowledge and awareness at the lower levels of government. More effort needs to be made to change the mindset of junior government officials and only then will we see real changes taking place.

Steps are being taken by the DIPP under the Ministry of Commerce and Industry and by the Ministry of Finance to rectify this situation (for example new platforms like 'Invest India' have been introduced) but the movement has been too slow till date - more needs to be done and at a faster pace.

KEY TAKEAWAY:

One way to accelerate this change would be to highlight the good work being done by British companies in India – UK companies in India invest 7% of their revenues on training and 4.4% of their profits on CSR – more than double the requisite amount. In addition, their investments lead to job creation and wealth generation resulting in a win-win outcome for both countries. Reinforcing these positive messages and ensuring that they get transmitted from the top level right down to the bottom of the pyramid will go a long way in transforming the Indian operating environment and making it easier to do business in India.

Group members expressed their positivity and enthusiasm to do business in India and support the work of this sector policy group. Most of our members in this sector are already well-entrenched in the Indian manufacturing sector and are exemplary success stories of the Make In India initiative.

Despite this problem however, they continue to expand their design capability and promote their manufacturing partnership in the area of advanced materials.

Actions:

- Group members were asked to complete the Ease of Doing Business Survey to draw out the positive messages that emerged from this discussion. Prasenjit to liaise with members to collate their views.
 - Action on UKIBC including members' views in the report to be sent to Gol.
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