



# Text of the Speech of Defence Minister at TECHNOPROM-2017 in Russia

Posted On: 21 JUN 2017 4:04PM by PIB Delhi

*Following is the full text of the speech of the Minister of Defence, Finance & Corporate Affairs Shri Arun Jaitley at the plenary session of "Make in Russia: Double Purpose Industrialisation" of Technoprom-2017 at Novosibirsk, Russia on Wednesday, 21 June 2017, today:*

"It is a great pleasure for me to address the Plenary Session of the 5th International Forum for Technological Development TECHNOPROM. I thank Mr Rogozin and the organizers for the invitation.

I am also delighted to visit the beautiful city of Novosibirsk, which is also the science and technology capital of Russia. I am impressed by the all round development of the city and its stellar contributions to the development of Russia as a whole.

TECHNOPROM has, in the five years since its inception, grown to become a leading international forum in the area of technology with over 50 business events and an impressive 6000 participants. The focus this year on breakthrough technologies in the scientific, technological and innovative fields has established this event as a key forum for insights and business opportunities into leading technological products and technologies.

Ladies and gentlemen,

This year, India and Russia are celebrating the 70th Anniversary of the establishment of diplomatic relations. Over the past seven decades, our relations have grown from strength to strength.

For India, relations with Russia are a key foreign policy priority. Russia is been a trusted and time-tested partner.

Since the signing of the Declaration of India-Russia Strategic Partnership in 2000, our bilateral ties have witnessed enhanced levels of cooperation in a wide range of areas. Today, we enjoy vibrant and mutually beneficial political ties, defence and security cooperation, trade and economic partnership, science and technology linkages and cultural exchanges.

Our long standing and wide ranging cooperation with Russia in the field of military technical cooperation has graduated from a simple buyer-seller relationship to one involving joint research, development and production of advanced defence systems. The Brahmos Missile System and the licensed production of advanced Sukhoi 30 aircraft in India are recent highlights of our bilateral cooperation, which today covers practically all areas in defence.

Friends,

I have just co-chaired with Deputy Prime Minister Rogozin the inaugural meeting of the India-Russia High Level Science and Technology Committee. Together, we have resolved to place our scientific and technological cooperation at the centre of our future relationship.

This new mechanism will further energise our partnership by opening up advanced areas of cooperation that will benefit our future generations.

The Prime Minister of India, Shri Narendra Modi, had immediately after forming the Government, launched the flagship 'Make in India' initiative to promote manufacturing in India.

We recognize that in today's fast moving world of technological innovation and information driven business models, manufacturing can thrive only if we are able to establish a symbiotic relationship between innovation and enterprise.

I have been asked to share a few thoughts today about how we intend to develop the defence manufacturing sector, which is one of the key areas identified in the Make in India initiative.

Firstly, we have initiated a series of policy and procedural changes to facilitate tie-ups, including joint ventures and technology partnerships between Indian and foreign companies.

Russian companies, which already have a long experience of working in India and working with India are well placed to take a leading role in this process.

Since the announcement of 'Make in India' initiative by the Hon'ble Prime Minister, we have witnessed tremendous and growing enthusiasm and participation from private companies in the area of defence production.

In the days to come, we hope to fully harness the energies, entrepreneurial spirit and enterprise of the private sector in the area of defence manufacturing.

Here again, Russia as India's largest, oldest and most trusted partner in defence hardware and equipment, would have a comparative advantage in partnering with Indian companies for realizing 'Make in India' potential in defence production.

Further, we recognize that technological progress is spread across the spectrum of products from full platforms to the smallest of hardware components or software. We are thus placing great emphasis on development of capacities in the areas of components and sub-systems, with a view to developing a vibrant ecosystem of defence manufacturing.

One way in which we seek to accomplish this is by incentivizing indigenous content, specifically indigenous design, development and manufacturing in our defence procurement. In the latest edition of Defence Procurement Procedure (DPP) of 2016, we have introduced a new category of acquisition called 'Buy (IDDM)', wherein the first preference would be given to the equipments, which are designed, developed and manufactured within the country. We hope this will encourage Indian companies to invest in R&D and technology.

The new DPP has also made several other provisions for indigenization and greater participation of Indian industry in design, development and manufacturing.

Indian companies are already gearing up by developing capabilities for design and development. In this area too, the cost effective and state of the art technological capabilities of Russian companies can be an important asset.

I invite Russian companies to come forward with proposals for technology transfer to Indian companies and facilitate manufacturing of more advanced components/ parts and sub-systems. This can start with platforms of Russian origin where the requirement is in large numbers and is recurring in nature.

As an incentive, industrial licensing for manufacturing of defence equipments has been significantly liberalized. Now for manufacturing of parts, components, sub-systems, production equipments and testing equipments, no license is required from the Government. Even for the items for which license is required, the initial validity has been increased from 3 years to 15 years. As a result of this liberal approach, the presence of private companies in defence production sector has risen manifold in last two years.

We envisage 'Make in India' in defence sector to not only address domestic requirements, but also to enable Indian firms to become part of the global supply chain. Despite India's significant domestic requirements in defence, manufacturing and business would be sustainable in the longer term only if companies look at global requirements and create economies of scale.

Russian companies may identify some items for which they can set up joint ventures with Indian companies so that these items can be supplied across the world. Keeping this in mind, we have also streamlined the process of export clearances in last two years. India's export control processes and technology security mechanisms are robust as required in the interest of national security. India is likely to soon become a member of the multilateral Wassenaar Arrangement, which will further catalyse our international engagement.

Another area where Russian industry and business houses can join hands with Indian companies is research and development. We are now giving significant emphasis to technology development and innovation in the defence sector. In the Defence Procurement Procedure-2016, we have streamlined the 'Make' procedure to encourage and incentivize design and development of defence

equipment and systems. We would welcome partnerships between Indian and Russian companies in this area as well.

Cities such as Bengaluru, Delhi and Hyderabad have design centers of many global defence companies. Bengaluru is fast emerging as an aerospace design hub of the world. Russian companies must take advantage of the large skilled manpower available in India. This would be a win-win situation for companies of both countries.

Ladies and gentlemen,

In the past three years, the government has introduced several path-breaking policy and procedural changes in the defence production sector for encouraging private investment, R&D and indigenization. We are witnessing a significant momentum in industry for setting up manufacturing facilities for defence items.

Russian companies can be natural partners of the Indian companies as most of our defence equipments and inventory are of Russian origin. A large industrial base and supply chain can be created for manufacturing of spare parts and components of such platforms to be made in India by Indian companies either through transfer of technology from Russian OEMs or through joint ventures between Indian and Russian companies.

In March this year, we had organized the largest ever India-Russia Military Industrial Conference in New Delhi. Over 600 business representatives from both countries attended the conference. Discussions between our companies have already begun. Both governments are fully supportive of these partnerships.

Defence is only one possible area of engagement. We would be glad to facilitate involvement of Russian companies, especially young, innovation driven and technology oriented firms to explore the enormous opportunities opening up in India's fast growing economy.

I wish the TECHNOPROM Conference all success and look forward to building a bigger and brighter scientific and technological partnership between India and Russia in the years ahead.

Thank you!"

**NW/DK/Rajib**

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