

Infrastructure hurdles cripple growth of companies in aviation sector

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WHILE the government is keen to encourage more private players to come to the defence and aviation sectors, infrastructure challenges are holding back companies that supply components to manufacturers.

Speaking at the 11th edition of AeroIndia 2017 here on Tuesday, Defence Minister Manohar Parrikar reiterated the Union government's resolve to encourage growth in the sector by making it easy for new entrants and start-

ups. However, companies say they face problems ranging from access to capital to exorbitant cost of land, which are stunting their growth.

At an estimated \$18 billion, the market is so huge that bulk of the potential still remains untapped, said Arvind Melligeri, CEO and chairman of Aequs Pvt Ltd. Aequs, a precision engineering company, produces detailed parts for aviation and is the only supplier of detailed parts to Airbus from India.

Speaking to Express about the

situation at the ground level, Melligeri said access to capital is a big challenge. Banks' expectation of collateral is often not feasible for companies, he added. "Today, we are unable to see growth the way it should have come because of lack of access to capital. We are a capital-intensive industry."

Explaining the kind of investment that goes into projects, he said, "We have a joint venture with a French company and the deal was signed in 2010. Till date, we have barely started production after putting \$20 million in



the bucket. If we want to see success in 'Make in India', we need access to capital. This also includes bringing global capital to India. In other countries, there are capital subsidies to make it easy on the companies."

Not just that, something as fundamental as finding space to set up the business itself is a huge challenge, observed Sandeep Maini (seated), chairman of Maini Group, which manufactures precision components for the aviation sector. "The cost of land is very high for the manufac-

turing industry and hence there is a need to incentivise and support the industry in this aspect, particularly for facilitating more of the serious players to move into SEZs. Also, companies should be encouraged to invest in new technologies related to aerospace," he said.

The government could resolve the issue of land by making available huge tracts of unutilised land in its name, defence expert and a former official with Director General of Quality Assurance, Ministry of Defence, M K

Ravindra Pillai, told Express.

In Bengaluru itself, there are huge portions of defence land which could be given out for development of the sector, he added. According to him, this would also solve the issues around the trust quotient on the part of banks.

"Once the banks are sure that the companies are going to get government land and there are no legal tangles, even the availability of finances will be easier. The defence minister needs to look into this issue," he added.