

Productivity & Efficiency Gaps in Indian Aerospace Sector

As identified in the above sections, the major gaps that exist in Indian Aerospace sector that are impacting its competitiveness with respect to competing countries are:

- **Issues in getting international Certifications:**
 - Getting certifications for processes and parts is a challenge for India-based suppliers. It is also a deterrent for OEMs to outsource some of their components to India, since approvals for parts/components made in India can sometimes take too long and as a result becomes cost inefficient.
- **Issues in Raw Material & technology**
 - Unavailability of critical raw materials such as aluminium, titanium, plastics etc. makes the sector dependent on imports.
 - Low technological capabilities across the design lifecycle
- **Issues related to Quality**
 - Inability of smaller suppliers to keep abreast with the rising quality issues
- **Tax Structure and subsidies**
 - Manufacturers in the aerospace industry face multiple levels of taxes such as excise duty, CST, VAT and additional service taxes on inputs thus making the sector uncompetitive. Whereas in China, the industry receives substantial subsidies as well as liberal state funding comprising very low interest rate bonds. The US government subsidies have helped Airbus in developing and manufacturing commercial jet aircraft.
- **Manpower skills and efficiency :**
 - Shortage of efficient and skilled manpower with expertise in Boeing and airbus related work.
 - Less productivity in production planning, supply chain management, quality and maintenance.
- **R&D and Investments :**
 - The level of R&D investments in India is low as compared to competing countries.
 - Lack of joint R&D activities with foreign partners.