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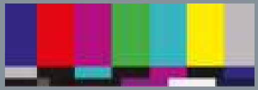
Year XVI Vol.I Summer 2015
Managing Change And Beyond ...

tapasya

MAKE IN INDIA
The Lion Roars


LEATHER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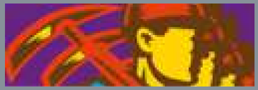
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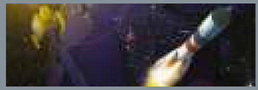
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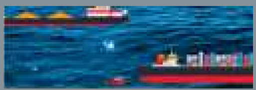
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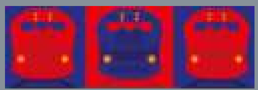
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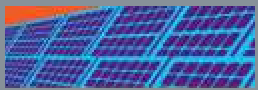
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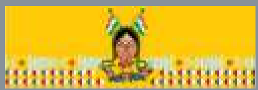
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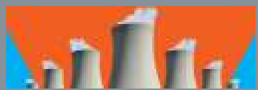
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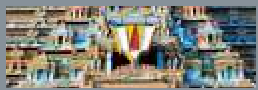
TOURISM AND HOSPITALITY

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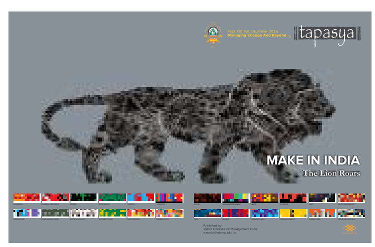
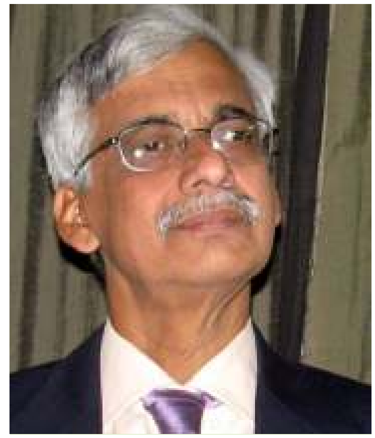
Editorial Office : 85/5A, Tathawade,
Near Wakad Police Station
Pune 411033
Telephone : 020 66739864
Email : vijai@indiraedu.com
Website : www.indiraiimp.edu.in



Make In India
The coming of the new Government in New Delhi has given a new sense of urgency for the fettered lion to come out of a sedated past to help India claim its rightful place in the World Economic Order.



India Means Business

"Ease of doing business" has been doing the rounds of the country for over a year now. When Prime Minister Modi promised investors,from abroad and desi ones, that India would no longer be constrained by laws dating back to the 19th century, or that the license raj which was for all purposes a thing of the past under Narasimha Rao, would not be allowed to rear its head under the guise of approvals, regulations and inspections, or that clearances would be at the speed of the Shinkasen, initiating tax reforms and many such, some observers were plainly unimpressed, while others were less cynical though doubtful if these promises were worth the paper they would be written on. The Prime Minister's assurance came in the wake of a landslide victory in the Lok Sabha polls which were seen as a referendum on the performance of the UPAII , on "ease of doing business" by the business community. This is the reason the promise held much in the way of approval by the citizens for the policies initiated by the present Government. The World Bank Report has a sorry tale to tell about India slipping eleven places in just two years (2011-13) to 142nd in the Ranking on Ease of Doing business in the world, where tiny Singapore leads the pack at No. 1

Economic reforms which also includes ease of doing business, is not just about releasing Government's stranglehold on the economy through licenses, quotas, tariffs, and regulations. It is also about allowing the corporate world to find its own place in the economy without being hamstrung by these pitfalls and bottlenecks. Again, experience tells us that a tsunami of reforms in one go can be counterproductive, especially for the citizen at the bottom of the pyramid, whose short term livelihood could be at stake. Therefore, economists and corporate honchos too, have understood the need to go at calibrated speed to unleash it. Which is why one year is too short a term to judge or pass judgment on a Government that has been assuring us that reforms it will undertake, but by degrees. The question that remains to be answered is, what exactly has the Government done to atleast initiate the promised changes in the economic landscape that could make a difference to our lives over a period? Has it come good on its promises to make a beginning at all? We take a peek into the Government's performance on the 'ease of doing business' sector and establish its sincerity in adhering to them.

> *"The World Bank Report has a sorry tale to tell about India slipping eleven places in just two years (2011-13) to 142nd in the Ranking on Ease of Doing business in the world, where tiny Singapore leads the pack at No. 1"*

To begin, Government has aimed at bringing down (or Up) our ranking in the EODB World Ranking from 142 among 189 countries (presently behind countries like Yemen, Bangladesh, Pakistan, Fiji, Azerbaijan and Cambodia) to 50 in the next three years. The Ministry of Commerce and Industry is reportedly hard at work to simplify Registration of Corporates to be effective in one day, as against almost one month presently. An Economic Times report says the Deptt of Industrial Policy and Promotion has identified 46 essential action points necessary to achieve this objective, which includes, simplification of tax laws,

It has suggested introduction of Bankruptcy Law, Unified Insolvency Code, speedy constitution of benches under National Company Law Tribunal and fixing of a definite and predictable timeframe for rehabilitation and liquidation process. Similarly, it has recommended reduction in number of taxes and permitting online payment of taxes; simplification of complex tax processes; expediting implementation of Direct Tax Code, Goods and Services tax besides abolition of minimum alternate tax for SEZ developers and units. Further, it has called for a uniform policy and procedure for all states for a single window clearance along with combined application form and single registration for VAT and other state taxes.

While these are in the realm of the future it would be pertinent to note the steps taken so far.

The revised Companies Act has been put in place which replaces an archaic relic of the early 20th century. Far reaching legislation on land Reforms, Unified taxation through GST, is in the pipeline but the fate of these hangs in the balance as the turmoil in Parliament in the Budget Session has shown. But the intent is apparent and any move to stall these changes could only mean the economy ranks below politics for some.

The Union Budget 2015 has done away with the composite structure of investments in Indian corporates through FDI and FII with a unified cap on such investment, which makes for ease of understanding and complying with our complex rules. The absence of a common approach regulating infrastructure investments like road, rail, power and ports for investing companies had been a bottleneck for infra companies which has been now addressed through a proposed law to regulate these under a common law. For far too long, Banks have been suffering the consequences of bad debts by large borrowers with laws like SARFAESI, BIFR etc. not giving much relief to them, thus undermining their balance sheets and valuation. With an insolvency and Bankruptcy law proposed to be introduced, the Government has taken a decisive step to streamlining the approach to recovery of bad debts. Tourist arrivals in the country are likely to soar with visa on arrivals extended to a host of countries, thus providing an opportunity for the world to experience the ease of being here, and doing business thereafter!

Many of these are of course, only a wishlist of the Government to make change perceptible and be felt by business. But the more comforting thing is the Prime Minister's assertion that there are over 90 specific points that need to change, and the Departments and Ministries concerned are being kept on their toes to speed up this, through personal follow up by no less than the PM every fortnight.

While there are a number of other important changes planned and in the pipeline, the most important indicator of Government's intentions is the Make In India campaign which has had its echo across the world – from Japan, US, Canada, Germany, France and now China! And Make In India can never hope to succeed unless it has "with Ease' suffixed to it. Prime Minister Modi seems fully aware of it and is determined to see it come true. We say Amen to that.

This is more than we can say about any earlier Prime Minister's stated objectives. That should give reason for India Inc to not get restive about the promises, and expect the Prime Minister to make haste slowly. For far too long has India remained on the sidelines of international business, which is appalling for a country of her size and resources. It is time India starts to mean business to the international community. There is no reason why it will not, given the determined push the Prime Minister is giving it.

We know that the nature of genius is to provide idiots with ideas 20 years later
- Louis Aragon

cover to cover

Tapasya meets Sujith Thannikatt, Co-Founder, Longman Suntech Energy Ltd., a startup that promises a new business line to keeps costs low and investment worries at bay, while making pollution control and environment conservation a reality on the ground.

In conversation with P.G. Vijairaghavan

The Business Model

"Longman Suntech Energy offers Solar power plants to potential Solar Power Consumers at no upfront cost. The Solar power plant will supply green power for the next 25 years. We will be offering 24 X 7 monitoring and maintenance support free of cost for this 25 year period.

As Solar Power Consumer, you will only be liable to make payments towards actual usage of electricity from the system installed at unit rates lower than what you currently pay to your power distribution company (e.g. TANGEDCO in Tamil Nadu). LSE will lock in these lower rates for the next 25 years and you will thus be insured and safe from increase in electricity tariffs in the future."

Sujith Thannikkatt : Co-Founder

A BITS-Pilani Engineering graduate and an MBA graduate from Lancaster University Management School, UK. He has worked with Europe's leading Petroleum product transporter - Motia Compagnia SPA. Later on, he did corporate strategy consulting at large MNCs such as Centrica - parent of British Gas as well as various mid-level businesses across the UK geography. He looks after Business Strategy and Product development at Longman Suntech Energy.

Hartej Singh: Co-Founder
A BITS (Pilani) Engineering graduate and Mercantile Merchant Marine of India certified Class I Merchant Navy Officer. He has held the technical command of Merchant fleet at V-ships, one of the world's largest ship management firms. He is the Technical lead at Longman Suntech Energy and looks after Operations.

Priyam Venkat: Co-Founder
A BITS (Pilani) Engineering graduate and an MBA graduate from Singapore institute of Commerce. He has worked with MNCs such as HCL and moved to kick-start a pharma business of his own under the name of Mercury Mediworld. Currently the firm clocks a turnover in excess of INR 10 million. He looks after the Business development at Longman Suntech Energy.

Sameer Patel: Co-Founder
A BITS (Pilani) Engineering graduate and an MBA graduate from Weatherhead School of Management, USA. He has worked with industry leaders such as Babcox and Willcox in US. He founded the Indian arm of an American fabrication specialist - AT&F and oversaw the prestigious pet projects of Gujarat CM in his capacity as the country manager at AT&F. He looks after the Finance and Accounts at Longman Suntech Energy.

> "*Longman Suntech Energy has been founded by Four BITS, Pilani alumni. Our association goes back to the year 2001, when we met on the Engineering campus. Eleven years later, one of us, while working for a solar firm in UK, stumped upon an innovative business solution – Solar Lease / PPA offering. He realized the great potential of this concept if indigenized for India. Drawing upon our Engineering skill-sets, Business acumen and respective work experiences, the four of us started working on this concept right away and Longman Suntech Energy was founded.*"

Origin of LSE. How did you hit upon this as an opportunity?
I was working as a Strategy consultant in London, when one of our clients hired me for their "Entry into India" project. The project got shelved but I got lot of insights into the India Solar story. I shared the same with my Engineering batch-mates and we are pretty excited about it.
Unfortunately, this project got shelved. But I and three of my batch-mates decided to give this business opportunity a try with a Start-up of our own. Four of us got back in India in Early 2012 & the Longman Suntech Energy got incorporated in November 2012.

Inspiration.... ?
We encountered lots of hardships on the way and as Business Graduates, we come to suspect if this solar venture in fact a great business opportunity at least for now. But then, an incident changed our perception forever. One of our rooftop solar power plant installation projects was at a hospital in a remote village in TN. The tradition in this village asks for people, other than the doctor and the local priest, to remove their footwear before entering the premises. But once we finished the project and the local folks realized that "their" hospital will never face a power cut, we too were asked "Not to remove our footwear" to enter the hospital premises.
We realized how important it to have a "No Power cut" scenario in India and the incident inspired us to spearhead this firm with our vision to "Accelerate the Adoption of Solar Power in India". The aim is to one day eradicate power cuts from this country forever and for good.

Business model. How does the model work? ON borrowed capital? Venture funding?
We put up Rooftop solar power plant at commercial locations such as Hospital and Retail outlets at zero cost to the client or the premise owner. The clients are in turn asked to pay for the electricity that they consume at a rate lower than what they currently pay to the Grid.
We bundle up such projects and get them invested from sources seeking long term investment opportunities.

How hard is it to convince corporates to opt for your model of power usage?
Initially, a lot many of them doubted us. We were perceived as some ponzy scheme dealers. But eventually, with a couple of project running successfully, we built on the credibility factor and now things have changed for good on the perception end.

What is the Government's role/view in assisting units substituting fossil fuels in energy production ?
What we are doing is technically called "Distributed Energy generation". One crucial manner in which the Government is assisting this concept is by "Net metering". Net Metering enables us to use the Grid for back-up power wherein we pump extra power into the Grid during the daytime. The grid in turn gets benefitted as they get extra power during the peak hours for no extra cost.
Besides, the current Government has been simplifying procedures for Renewable energy sector which also adds up to the sector's growth and substitute fossil fuel.

Have you tried to rope in Government as a consumer, given the obvious cost benefits, apart from environmental ones..?
Not yet. And as per the mandate that we got from our Equity Investors, we may not do so in near future.

What about other alternate sources of energy?
We wish to concentrate on Solar and even more specifically on Rooftop Solar.

What is the success rate in critical areas like Hospitals,

Schools etc

Hospitals (in Tamil Nadu) have proved to be best bet with a high success rate of 75%+. Three factors lead to the same –

- Enough Rooftop space to accommodate a Solar power plant that can offset more than 70% to 80% of the Electric power consumption
- High degree of awareness
- Good financial stability that provides Investors with a comfort factor

Domestic use of substitutes for electricity is becoming more prevalent now. Are you not looking at retail use of Solar Energy yet/

Domestic Electricity tariff is still less competitive as compared to Solar tariff. Smaller system sizes makes it even more difficult for us to offer tariff lesser than the Grid. Thus we wait and watch and will surely be targeting this segment when the market is ripe for it

Level of competition for LSE

We see very less direct competition as of today and especially in the markets that we operate – Commercial sector in Maharashtra and Tamil Nadu. Currently, our competition comes from regular System sale enterprises which start arranging for finance and/or financial investors after we get into the fray.

Efforts to promote LSE model of energy abroad, particularly in MidEast, African continent

Ours is a Regulatory sensitive business. Moving into geographies with different regulations thus is not what we would target anytime in near or may be even distant future.

How do you think Solar Energy fits into the Make In India campaign?

We stand to hugely benefit from "Make in India" campaign. Domestic content – PV Modules and Inverters – is priced extremely less competitive as compared to imported stuff. But relying on imported stuff makes it risky for us owing to highly volatile Indian currency - Rupee

What will be your role in Make In India?

More than 2 GW of PV module manufacturing is planned by International majors such as Trina Solar, First Solar, Sun Edison and Canadian Solar. Another GW is planned by Indian majors such as Reliance & Lanco (Lanco facility is already under construction). We shall be switching over to domestic procurement once all this "Make In India" capacity takes shape.

What was the response to LSE @Challenge Cup and WIEF?

Challenge Cup was a great experience. We got exposed to a whole new concept of brave and innovative thinking. Our pitches got refined and focused and so did our future Business Strategy.

Besides, the platform put us in touch with numerous Industry veterans and enterprises focusing on the start-up ecosystem. We got our Virginia based Investment advisor (a firm that has more than 22 years of Renewable Energy project investment experience) and also we secured highly competitive quotes from two of the 10 largest PV module manufacturers (they provided us with MW scale project pricing for our kWp scale projects with a 2 to 3 year moratorium to scale up our operations on a MW scale capacity).

Under capitalism, man exploits man. Under Communism, it is just the opposite
- John Kenneth Galbraith

Curtain Raiser

P.G. Vijairaghavan

Make In India

An Idea Whose Time Has Come

For many decades since attaining independence India has been at pains to register economic independence and to register growth that could make the world sit up and take notice. For more reasons than one, this did not happen, reasons being from political to policy adamance, adherence to a flawed socio-economic system, to age old biases, and, as many might even say, due to too much of democracy. Be that as it may, we were deprived of the chance to be at the head of Asia's growth story for more than 40 years when we realized that the socialistic pattern of economy was taking us nowhere, in fact it was keeping us back when much lesser countries, Singapore, for instance, were forging ahead with a vengeance, with a leadership determined to make the most of their freedom to improve the lives of the people. 1991 saw the beginnings of a forced realization that Government had no business being in business and a slew of measures to unwind and release the economy from the vice like grip of the Government began, only to stutter and almost stop by the beginning of the 21st century. While successive Governments swore by the Reforms mantra, precious little seemed to happen on the ground and many reasons were bandied about like coalition compulsions, lack of legislative strength to initiate changes, corruption at its worst levels and a frightening paralysis of policy level decision making that brought the nation close to another 1991 equal of economic paralytic stroke. The first decade and half of the 21st century was therefore one which India's economy would be glad to forget in a hurry.

Cut to Lok Sabha elections 2014 signalling the arrival of a new kind of leadership that seemed to be forward looking, committed to taking India ahead at speeds that would do a Bullet train proud. The citizens were suitably impressed by the assertions of pride in Indian nationalism, faith in its people to turn around the economy and the will to make it easier for the world's investors to do business in India, with India and for India.

When Prime Minister Modi spoke about Make In India from the ramparts of the Red Fort in his Independence Day address, not many gave much credence to it, dependent as it was on a host of agencies and individuals, political parties and corporates to be able to succeed. One could not blame them, for the past had been equally promising and equally deceitful in turns. But it seems this time, the country has taken it upon itself seriously to not let the opportunity go without making the effort to ride the challenge of development. Make in India plans to make India the hub of manufacturing, design and innovation and is an invitation for the world's businessmen to make India their home and in return a promise that they will have none of the earlier systemic potholes and bumps that were the signature of India's economic management.

For years now, manufacturing has been lagging behind in the composition of the GDP of the country. Many attribute it to the runaway growth of the Services sector,

Curtain Raiser

powered by the IT and ITES segments which have become the mainstay of the sector for long. However, the truth may lie elsewhere. It is a fact that for a number of years, we have not capitalized on the huge labour dividend which we enjoyed over many other developing countries in terms of wages and numbers. Our policies were not business friendly and enterprise was frowned upon and profit making considered a vice. Our entrepreneurial talent was always capable of getting down to making what the world wants – resources like raw materials, expertise, excellent management were all available here. China is the oft quoted example of what a country can achieve given the will and determination to get over its problems and challenges.

Given the advantage of demographic dividend, a young labour force, capital costs which are appreciably lower than in most other countries, it was but natural for the country to wake up and smell the coffee before it became cold and tasteless. And so it is that the newly launched Make In India campaign has found new rhythm and pace in the race to develop India into an Economic Powerhouse.

Ambitious plans have been drawn up to boost infrastructure – roads, railways, ports, airports, shipping facilities, communication etc. to spur the setting up of industries that will not only cater to the indigenous demand, but become the hub of manufacturing for many MNCs which would like to reap the cost advantage in India, much like the BPOs did in the past 30 years.

For all this to happen, the one thing that definitely is a must is Ease of Doing Business in India, about which we have made mention in the Editorial. Yet, it is a no brainer that unless investors especially from abroad find the environment friendly enough to put their money into our future, even the MII will be a nonstarter. For this purpose, the Government of India will have to put the money where the mouth is. Maike In India promises just that.

The government has selected 25 sectors which have the potential to grow at a pace that could put India on the global Super Economic Power map in the coming 5 years. Ranging from Automobiles, Infrastriucture, Pharmaceuticals, Textiles and Garments to innocuous sounding Wellness, and Hospitality, it is a rainbow formation of industries that could signal the coming of India, even at the fairly advanced age of close to 70 years!

Tapasya has tried to encapsulate the dream of Make In India woven by an ambitious Prime Minister, to enable the country's growing millions to find jobs that bring them the lifestyle they yearn for; and the dignity and self-respect in international eyes that the country looks for by virtue of its economic strength . We have in the following pages brought out the views of some industry leaders and some trade bodies representing the biggest names and their views make a positive pitch for what hopes to be an exciting and productive period for the economy.

I refuse to join any club that would have me as a member.
- Groucho Marx

Make in India: Looking the Future in the Eye

Ravinder, IAS
Director, Deptt of Industrial Policy and Promotion (Ministry of Commerce and Industry, Government of India

Ravinder Singh Adil, is a 1999 Batch IAS officer of the Uttar Pradesh Cadre. Presently Director, Department of Industrial Policy and Promotion in the Ministry of Commerce and Industry, the nodal agency overseeing the Make In India campaign. A Commerce Graduate from the SR College of Commerce, New Delhi, Ravinder also has a degree in Public Administration from Syracuse University, USA . A qualified Chartered Accountant, Company Secretary, and Cost Accountant , he has held crucial positions in Uttar Pradesh before his current posting in the Commerce Ministry, such as District Magistrate, Varanasi, Barabanki and Moradabad and Additional Commissioner, Commercial Tax, Noida in UP .

The 'Make in India' global initiative was launched by the Prime Minister of India on 25th September, 2014 from VigyanBhawan, New Delhi. The initiative was simultaneously launched in the Capital of all states and in several Indian Embassies/High Commissions where time-zones permitted. Few other Indian Embassies have also organized "Make in India" interactions after the launch.

The 'Make in India' initiative is targeted towards making India an important investment destination and a global hub for manufacturing, design and innovation. The initiative intends to invite both domestic and foreign investors to invest in India in all sectors covering broad spectrum of manufacturing, services and infrastructure. However, 25 sectors have been identified as priority sectors on which detailed information is shared through 'Make in India' web portal (http://makeinindia.com) and information brochures.

The portal provides detailed information of 25 sectors with potential in investment. This portal also provides facility to post queries and receive detailed information by investors. More than 400 thousand sessions have been logged on the web portal. Responses to queries are initially provided through an automated frequently asked question response mechanism. Subsequently 9,336 serious queries have been received on the portal of which 9,190 were answered till 24th April, 2015.

The 'Make in India" initiative is based on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors. The four pillars are:

(i) New Processes: 'Make in India' recognizes 'ease of doing business' as the one of the most important factor to promote entrepreneurship. A number of initiatives have already been undertaken to ease business environment. The aim is to de-license and de-regulate the industry during the entire life cycle of a business.

(ii) New Infrastructure: Availability of modern and facilitating infrastructure is a very important requirement for the growth of industry. Government intends to develop industrial corridors and smart cities to provide infrastructure based on state-of-the-art technology with modern high-speed communication and integrated logistic arrangements. Existing infrastructure to be strengthened through upgradation of infrastructure in industrial clusters. Innovation and research activities are supported through fast paced registration system and accordingly infrastructure of IPR registration set-up has been upgraded. The requirement of skills for industry are to be identified and accordingly development of workforce to be taken up.

(iii) New Sectors: 'Make in India' has identified 25 sectors in manufacturing, infrastructure and service activities and detailed information is being shared through interactive web-portal and professionally developed brochures. FDI has been opened up inDefence Production, Construction and Railway infrastructure in a big way.

"The 'Make in India" initiative is based on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors."

(iv) New Mindset:
Industry is accustomed to see Government as a regulator. 'Make in India' intends to change this by bringing a paradigm shift in how Government interacts with industry. The Government will partner industry in economic development of the country. The approach will be that of a facilitator and not regulator.

With these canons in mind, an Investor Facilitation Cell has been created in 'Invest India' to assist, guide, handhold and facilitate investors during the various phases of business life cycle. This Cell will provide necessary information on vast range of subjects; such as, policies of the Ministries and State Governments, various incentive schemes and opportunities available, to make it easy for the investors to make necessary investment decision.

A workshop was conducted on 29th December, 2014 with sectoral emphasis to finalize policy issues related to specific 17 sectors. A special break away session was organized on 'Ease of Doing Business' in States where officers from States deliberated on future course of action to improve regulatory environment with Industry representatives. At the concluding session the Secretaries of various Ministries/Departments made presentation of the recommendations to the Prime Minister of India for targets for next one year and next three years.

Further, a number of initiatives have been included in the Budget, 2015-16 to strengthen and improve the investment environment. Key highlights for proposals aimed towards 'Make in India' initiative in 2015-16 Budget are:

The corporate tax rate for companies registered in

> *The 'Make in India" initiative is based on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors.*

India to go down

Story So Far: Below Par Performance

Over the last 20 years, Indian manufacturing has by and large grown at the same pace as our overall economy. Our share of global man-ufacturing has grown from 0.9 to 2.0 percent during this period while our GDP share has grown from 1.2 to 2.5 percent. Despite this en-couraging growth, however, the relative share of manufacturing in the Indian economy has remained unchanged, dashing hopes of an economy based on manufacturing-led growth. The sector accounted for 15 percent of GDP in 1993, a rate that remains about the same to¬day. Meanwhile, several Rapidly Developing Economies (RDEs) have increased their share of manufacturing to above 20 percent of their GDP, in particular Thailand (34 percent in 2012), China (32 percent), Malaysia (24 per-cent), Indonesia (24 percent) and the Philippines (31 percent).

In India, the number of jobs in the sector has also remained low over the last twenty years, increasing only by 1.8% per year from 37 and 53 million. This contrasts with the services sector, which has increased by 6.5% per year during the same period, growing its share of India's labour force from 22 to 31 percent and now accounting for 150 million jobs (compared to approximately 80 million in 1993)

(Continued ....)

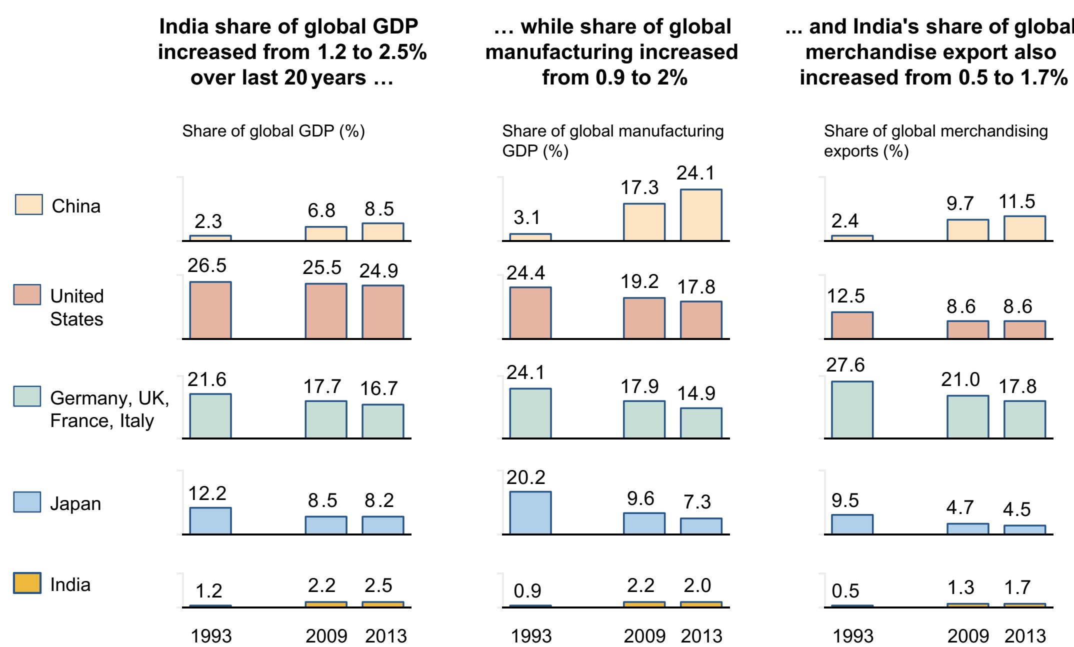
Over the last five years, there has been a re¬versal of sorts to this manufacturing trend, with Indian manufacturing's share of GDP falling from 2.2 to 2.0 percent between 2009 and 2013, even as the country's share of glob¬al GDP grew from 2.2 to 2.5 percent over the same period (Exhibit 1.1).

When seen against the performance of In¬dia's peers, the situation is bleaker still. Chi¬na's share of global manufacturing increased by more than six percentage points (rising from 17.3 to 24.1 percent) during the same period, while the manufacturing share of sev¬eral other countries (South Korea, Russia, Mexico, Malaysia, Thailand) has also signifi¬cantly increased.

The same bleak picture characterises the Indi¬an export sector—and exports are, the best in-dicator of success for any manufacturing na-tion. Here, India's performance has improved with its share of global merchandise exports increasing from 0.5 to 1.7 percent over the past twenty years. However, this increase remains modest compared to China's performance, where manufacturing exports have risen from 2.4 to 11.5 percent of global exports.

At the current rates of underperformance, the sector will fall well short of the target set by the National Manufacturing Policy (NMP) of 2012. While the policy set out plans for the sec¬tor to reach 25 percent of GDP and create 100 million additional jobs by 2022, the sector's contribution to GDP has fallen from 16 to 15 percent, with fewer than five million incremen¬tal jobs having been added to the economy over the past five years

Exhibit 1.1 | India's Position in Global Manufacturing GDP and Export Over the Last 20 Years

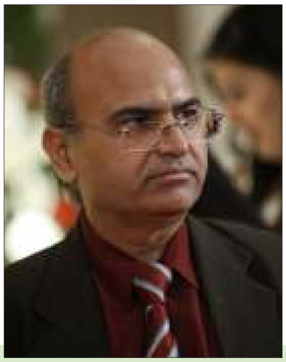


Source: World Bank.
Note: Based on valuesin current USD.

CII-BCG Report on Make In India:
Turning Vision Into Reality @ CII Manufacturing Summit - 2014

Derivatives are weapons of mass destruction
- Warren Buffet

Lets Make in India : Ships, hipbuilding and Ancillaries



Capt. Dinesh Gautama
President,
Navkar Corporation Ltd.

After completing his schooling at a public residential school in the Mussoorie Hills, and college studies in Mumbai, DINESH GAUTAMA joined The Shipping Corporation of India Ltd in August 1973 rising up in various ascending capacities till he became a Merchant Navy captain in December 1981.

He joined Patvolk (a Division of Forbes Gokak Limited (then a Tata Group Company) as All India Co-Ordinator for container feeder operations in 1994 looking after the interests of Sea Consortium of Singapore, a container feeder ship operator. He worked with the Forbes Group for about 13 years.

He has also worked in ship management companies for short stints.

Captain Gautama has been the Vice Chairman of the Container Shipping Lines Association, and a shipping consultant to the Indian shipping industry. He has also taught all marine commercial subjects at the Narottam Morarjee Institute of Shipping, Mumbai for about 20 years. Presently he is the President of Navkar Corporation Ltd, a company that is a leader as a Container Freight Station at Nhava Sheva Port. His qualifications include M.Phil, LLM (Mumbai), MA (Mumbai), MSc, FNMIS, FIII

For the first two decades after independence, Indian Shipping was always looked upon as a guzzler of foreign exchange. Anything that was related or in any way connected to shipping was thought to cost in dollars and pounds. Even after India made its first foray into ship construction during the early seventies, most of the components had to be sourced from locations in Europe.

Prime Minister Narendra Modi's push for "Make in India" in every sphere of the Indian industry has a greater relevance for shipping which has been neglected for too long since India became independent in 1947.

Shipping is a very capital-intensive industry and all its ancillary subsidiaries that supported the growth in India were based abroad. During the 50s and the 60s, Indian companies purchased ships from foreign locations only. Indian shipowners would head to Hamburg and Yokohama and pick-up second-hand tonnage from rows and rows of ships tied up in sheltered bays eagerly awaiting buyers. Most of the ships were either built in Germany or Japan. Occasionally, you could pick up a cheap Italian-built three-hatch shelter decker.

The Indian owner always had a thought in mind – "would he be able to source spares of the ship in case a breakdown took place?" It was a known fact that typically spares of German of Japanese make would be available but expensive, while spares for the Italian ships would never be available as it would have become obsolete.

The first attempts to make general cargo ships in India were at two locations - Hindustan Shipyard Ltd, Visakhapatnam, and Garden Reach Shipbuilding& Engineering Company, Calcutta (now Kolkata). India did not make any tankers for petroleum cargoes or even any bulk liquids. Hence all Indian tankers in the initial years were purchased from USSR (now Russia), Yugoslavia, Sweden and Japan.For augmenting its general cargo tonnage India mainly looked towards East Germany, Poland, Romania, USSR and Yugoslavia.

Considering that India has a coastline of 7516.5 kilometres and 1197 islands, we could only manage to have 27 shipyards out of which 8 are in the Government sector and 19 in private hands. These shipyards have 20 dry-docks and 40 slipways between themselves. The shipbuilding sector is dogged by low capacity, poor productivity and lack of modernization. Many countries which entered the field of shipbuilding overtook India. A classic example is South Korea which had nothing in shipbuilding before the 1970s. They outgrew every country in ship-building and even knocked out Japan from the top slot.

It is high time that India looks deep into the development of Indian shipping products which comprise a whole range of variegated items that include – classification society approved steel plates, hatch covers, cranes, electronics (radar systems, echo-sounders, course recorders, alarms, electronic charts, gyro compasses, rudder angle indicators, etc), cathodic protection systems, marine paints (including self polishing co-polymer paints, self-renewing anti-foulings, cold chambers, all types of valves (sluice, butter fly, non-return), remote control hydraulics for valves, rudders, propellers, shafts, couplings, high powered pumps, ejectors, auxiliary when it is stopped, afloat and in a safe anchorage or a berth where repairers and workshops can easily approach it and carry out the repair functions. Now if we look at India's biggest container port – Jawaharlal Nehru Port (Nhava Sheva) – it will be noticed that it has no anchorage or even a berth where repairs can be carried out. What would happen if a deep-drafted container ship, drawing a draft of 13 metres breaks down at JNPT – it will either stay at the loading/unloading berth at JNPT or be towed out to another port! If it continues to just stay and occupy the cargo berth it will prevent other ships from coming and using that berth – thus reducing the productivity and throughput of India's biggest port. This is a critical part of the shipping infrastructure and not addressed at all. Additionally, India does not allow the import of spare parts easily and that prevents repairs being carried out in India. If one has to replace a part in India it could take about 2 weeks – with the ship waiting at the berth for the required part. In a place like Colombo, Hong Kong, Singapore the part would be made available in less than 2 days from any point across the globe.

In India, most of the drydocking of ships are carried out at Kolkata, Visakhapatnam, Cochin, Mumbai. The facilities at these locations are not so great and they need greater

involvement of the government to ensure that they can rise up to international standards. Again while small ships can be taken for docking at Kolkata and Mumbai, it is Visakhapatnam and Cochin that can receive very large vessels. Of recently huge docking facilities are coming up at Pipavav in Gujarat and Katupalli in the south. Floating drydocks are also now being looked at by the Indian ship-repair industry. Floating drydocks are a popular form of drydocking of ships in river ports and can be widely seen in the ports like Hamburg, Bremerhaven etc.

There are many important private players in the Indian shipbuilding industry and the present government will do well if they can look into the issues that plague this industry. L&T Shipbuilding at Katupalli, ABG Shipyard at Mumbai, Pipavav Defense & Offshore Engineering Company at Pipavav, Tebma Shipyard at Chennai, are today playing a key role in the shipbuilding sector from the side of private players. The golden period for Indian shipyards was between 2002 and 2007 when the order-books touched a mind-boggling figure of Rs 25,000 crores. India's percentage share of global shipbuilding also rose up from 1% to about 1.24%. One of the main reasons for this was due to the fact that the government intervened and brought out a subsidy scheme for the shipbuilding industry which it a great fillip.

> *"Many countries which entered the field of shipbuilding overtook India. A classic example is South Korea which had nothing in shipbuilding before the 1970s. They outgrew every country in ship-building and even knocked out Japan from the top slot."*

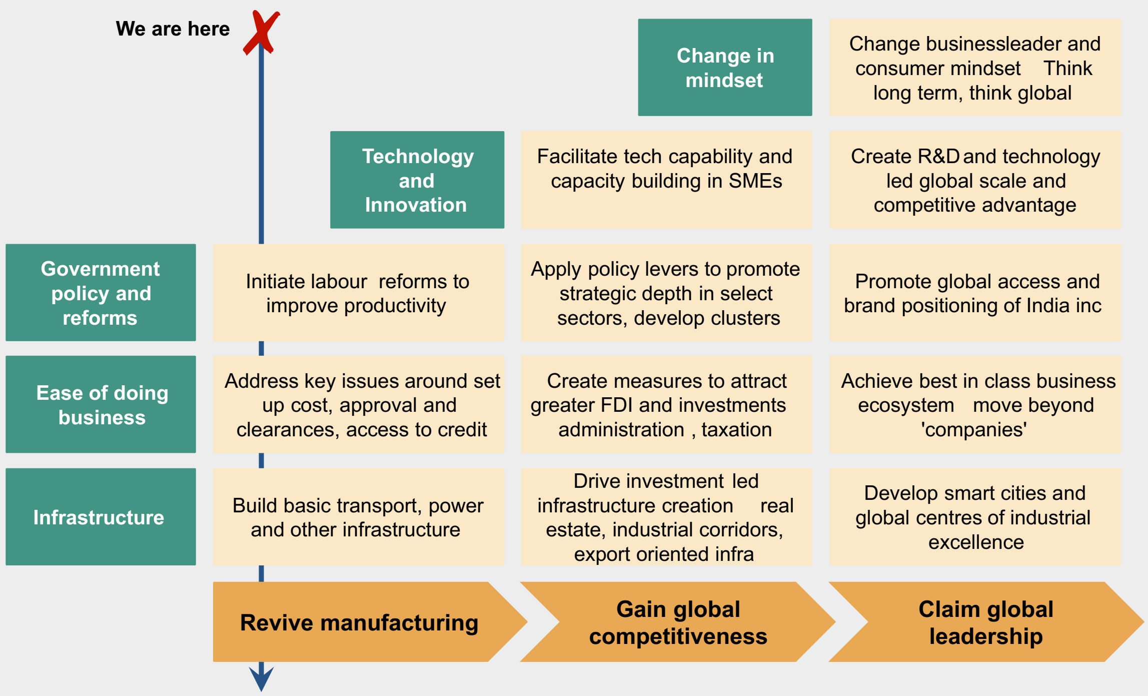
What is required for the Indian shipbuilding industry today? To act on some of the concerns of the ship-building industry the government should look at (a) providing financial assistance to Indian shipyards in the form of shipbuilding subsidy. This will bring them at par with their counterparts abroad. (b) exemption from service tax should

be granted for ship-repair (c) working capital should be available to Indian

c Positioning (DP) vessels. Such a foray will make the "Make in India" a name to reckon with on the global shipping and ship-building stage. The time is ripe and we have to strike while it is still hot.

"*There are other infrastructural issues (roads, power supply etc) that are important to develop the shipping and building sectors. One major part is the connectivity of roads.*"

Exhibit 4.1 | The Road to Global Leadership



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About the time we can make the ends meet, somebody moves the ends.
- Herbert Hoover

Make In India

Making MSMEs Sustainable

U. K. Joshi
Director, ASSOCHAM

Mr. U.K Joshi is the Director at The Associated Chambers of Commerce and Industry of India (ASSOCHAM), an apex Chamber of the country which is well recognized as the Knowledge Chamber.

Mr. Joshi has been brought up in New Delhi and is a Post Graduate in Economics and Commerce from Delhi School of Economics, Delhi.

He has been associated with Industry for more than 33 years and has worked very closely with top industrialists of the country through National Chamber and various Commodity organizations.

He has the core competencies in the sectors like Textile, Paper, Tourism, MSME, Bicycle and Real Estate and possesses the deep knowledge about technicalities of these sectors.

He has contributed significantly for the regional development especially in the northern, eastern and western parts of the country.

He has been associated with ASSOCHAM for more than seven years. In this role, he has been assigned the responsibility to ensure development of industries in various States of the India in specified regions. In the capacity of Director he represents the industry at various government forums as special invitee.

MSME sector is one of his favorite domains where he frequently comes up with the suggestions and recommendations for the development and betterment of the Sector.

At ASSOCHAM, he also heads the regional offices at Ahmedabad, Kolkata, Bengaluru and Ranchi. He has facilitated the signing of MoUs worth of more than Rs 10 Lakh Crore on aggregate basis between State Government and Private Sector in the States like Jharkhand, Chhattisgarh, Haryana, Punjab, Odisha, Madhya Pradesh, Jammu & Kashmir Tamil Nadu etc.

Under his dynamic guidance ASSOCHAM has organized various Seminars, Work Shops jointly with the support of various State Governments in almost all States of the India. He has received many appreciations and accolades from various State Governments for his achievements. He has widely travelled within and out side the country and attended many international seminars both as delegate and also as a speaker.

MSME Sector – An Overview

Micro, Small and Medium Enterprises (MSMEs) are the backbone of economy and also drivers of growth. The sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. With their inherent strength and resilience, MSMEs have emerged successfully in a competitive environment. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost as compared to large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and thus contributes enormously to the socio-economic development of the country. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports.

MSMEs have been globally considered as an engine of economic growth and as key instruments for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of large enterprises. MSMEs constitute more than 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, MSMEs play an essential role in the overall industrial economy of the country. In recent years, the MSME sector has consistently registered higher growth rate compared with the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology.

Micro, Small and Medium Enterprises (MSMEs) play a significant role in the development of the industrial economy of the country. MSMEs contribute close to 8 percent of the country's GDP, 45 percent of the manufacturing output. The major aspect of the sector is its immense employment potential at reasonable rate after agriculture. MSMEs have a wide presence across the country with production capacity of around 8000 diverse products and meeting needs of local as well as international markets.

However, in past few years, statistical data indicates that the growth in manufacturing sector has slowed down especially the share of MSMEs in GDP, manufacturing output and exports has declined to a great extent. The prime reasons for slowdown are higher interest rates imposed on consumer durable, several projects delayed owing to red-tapism, lack of will power in decision-making by the government, etc. All these dormant attributes have scaled down the confidence level, subsequently affecting the entire manufacturing sector in adverse manner.

To revitalize the bearish sentiments in manufacturing sector, government has triggered the "Make in India" campaign to boost manufacturing sector, aiming to redesign manufacturing sector as a key engine for India's economic

Strengths & Waknesses of Indian MSMEs

Strengths	Weaknesses
• High contribution to domestic production • Low investment requirements • Significant export earnings • Capacities to develop appropriate indigenous technology • Operational flexibility • Import substitution • Location wise mobility • Low intensive imports • Competitiveness in the domestic market • Competitiveness in the export markets • Flexibility • Owners Management • In-expensive Labour • Less Overheads • Favorable capital output ratio	• Lack of Quality Consciousness • Under utilization of capacity • Lack of Financial strength • High percentage of absenteeism • Lack of work culture • Lack of trained worker • Lack of technical superiority

growth. If "Make in India" campaign is successfully materialized, it will create a balanced road map and will link India into global supply chains, reduce trade deficit and increase the investor's confidence level at the same time.

It is believed that in order to encash upon the "Make in India" concept, there is a need to identify existing loopholes in MSME sector with respect to financial, technical, skill set, at each stage of manufacturing life cycle and providing requisite solution at the same time.

Challenges for MSMEs

Despite the importance of the MSMEs in Indian economic growth, the sector is facing challenges and does not get the required support which is proving to be a hurdle in the growth path of the MSMEs. Some of the major obstacles in the path of business development for MSMEs are as under:

1. Absence of adequate and timely banking finance: Lack of access to finance and timely credit as well as escalating cost are cited as the primary reasons for under-utilisation of the manufacturing capabilities of SMEs.
2. Infrastructure: The infrastructural facilities in India have not reached to the desired level. This restricts private initiatives in this sector. Therefore, creation of better infrastructural facilities for SMEs must receive greater priority.

> *Despite the importance of the MSMEs in Indian economic growth, the sector is facing challenges and does not get the required support which is proving to be a hurdle in the growth path of the MSMEs.*

3. Limited capital and knowledge: SMEs have limited capital due to limited access to sustainable finance. Moreover they lack in terms of knowledge because of lesser exposure to the international markets.
4. Obsolete Technology: It becomes difficult for SMEs to access cutting-edge technology due to the high initial costs and lack of knowledge, thus leaving them behind in the race for competitiveness. A major impediment in SME development in Technology Up-gradation is their inability to access latest technology.
5. Low production capacity: SMEs are struggling with lack of production capacity and are not able to meet the commitment of big orders.
6. Ineffective marketing strategy: With growing access to modern means of communication, particularly revolution in the information technology, the sheltered market for the SMEs product is no longer so. SMEs should join hands globally to create a global commodity chain. In this regard, SME mother units in marketing, similar to mother units in production, may be promoted.
7. Taxes And Regulations: A multiplicity of regulating agencies lead to harassment and inspections with greater impact on operations of SMEs than on larger units.
8. Non availability of skilled labour at affordable cost
9. Follow up with various government agencies to resolve problems due to lack of man power and knowledge etc.
10. Constraints on modernization & expansions

Re-igniting India's Manufacturing Sector

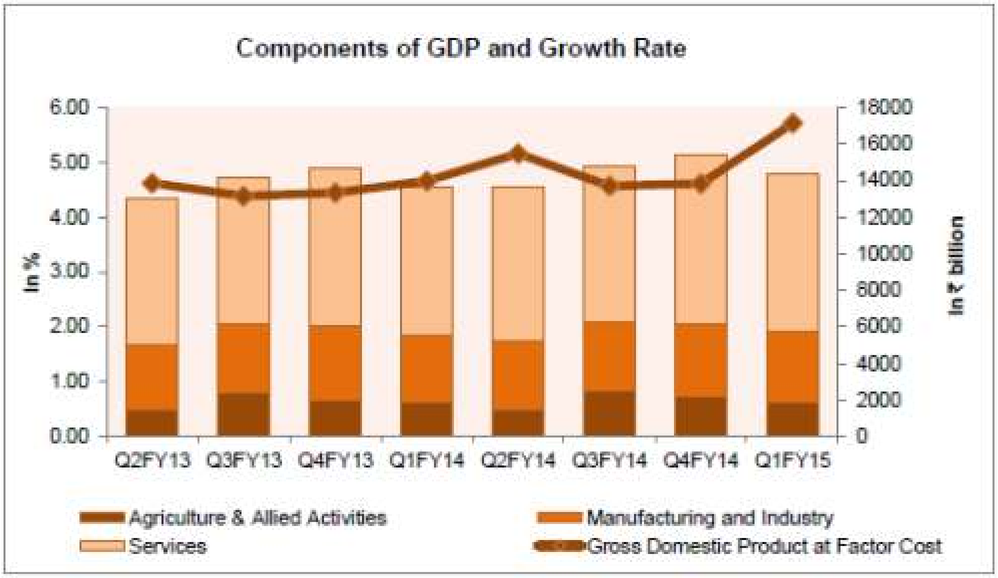
The global crisis has widely impacted manufacturing sectors across the globe. India is not immune to this global turmoil. Almost the entire manufacturing sector, ranging from metals and automobiles to capital goods and consumer durables are struggling to find market in India. The sluggish growth in manufacturing unit is being driven by slowdown in demand from domestic as well as global market. Subsequently, high interest rates on consumer durables, lackluster behavior of the government regarding land acquisition issues, stalled projects further discourages capital expenditure in the sector. Although, estimated statistical data issued by Central Statistics Office (CSO) indicated India's overall GDP growth during the period 2013 -2014 to be around 4.9%, rise of 0.4 basis points from previous period i.e. 2012-2013, but at the same time growth rate of manufacturing sector remained negative. Manufacturing output declined from 1.02% in FY13 to (0.68) % in FY14.

Growth rate in different sectors of Indian Economy

SL. No.	Sector Wise	Period (2012-2013)	Period (2013-2014)
1	Agriculture, Forestry & Fishing	1.93%	4.76%
2	Manufacturing	2.06%	-0.68%
3	Services	7.13%	6.79%

Source: Ministry of Statistics and Programme Implementation

Declining trend in manufacturing sector



Source: Ministry of Statistics and Programme Implementation

The manufacturing sector has been adversely affected not only through decline in consumer spending but also through exponential fall in confidence levels of consumers. At present, manufacturing sector contributes close to 15% of India's GDP which clearly indicates that this sector is highly penalized. India needs a boost in manufacturing sector to increase per-capita income and create employment. There is no doubt that manufacturing sector employs millions of workers, reduce country's trade deficit, provide a stable source of foreign currency, and create a smooth & rapid path for country's economic development. India is an obvious source of cheap labor and large domestic market. This wide demographic feature coupled with better infrastructure and easier regulations vis-à-vis set up of manufacturing unit especially MSME will surely propel manufacturing sector. By contrast, manufacturing's share has stagnated at 15-16% for nearly three decades with services sector share rising to 56% and agriculture to 17% in FY14. This has hampered growth, even though the manufacturing sector grew 15% YoY during 2003-2008. Around the same time, Asian peers concentrated their efforts on expanding manufacturing, boosting growth and keeping external imbalances in check. India's manufacturing value-added (MVA) as a percentage of GDP stood at 13% in 2013, compared to 24% for Indonesia and 30% in China and South Korea

"Make in India" to promote indigenization and import substitution

In order to make India a powerful indigenous manufacturing hub and bring about economic transformation, the government has come up with a concept of "Make in India". With successful implementation of "Make in India" concept, India's gross domestic product (GDP) is expected to grow over $4.5 trillion by FY20. With the help of Make in India, the dependence on imports can be brought down and at the same time, current account deficit can also be controlled. "Make in India" will not only encourage the indigenous manufacturing sector but also give tough competition to foreign rivals.

India is heavily dependent on imports for a large number of goods and services. While import of certain goods like crude is inevitable, many other products across consumer sectors like electronic white goods, lighting, and consumables which are not technology intensive, have a significant potential to be substituted by local enterprises. Further, there is potential to incentivize investments in high technology areas in order to develop capabilities in high engineering import substitution and indigenization in many areas of healthcare, automotive, defense, electronics and telecom. A strong support of industry association and academia is also needed to guide MSME foray into areas where they can substitute imports. Line ministries/departments can help identify major imports of products of their respective domain whose manufacturing involves low to medium end technology complexity.

> *"MSME can be the backbone for the existing and future high growth businesses with both domestic and foreign companies investing under the 'Make in India' initiative and this will prove to be a significant step in the area of indigenisation."*

Integrating Global Value Chain with MSME

MSME can be the backbone for the existing and future high growth businesses with both domestic and foreign companies investing under the 'Make in India' initiative and this will prove to be a significant step in the area of indigenisation. In recent years, India has progressed from the production of simple consumer goods to the manufacture of complex products like electronic control systems, electro medical equipment, microwave component etc. As a result of globalization and alarming demands, MSMEs have adequate opportunities in sectors such as information technology, telecom, textiles and garment, automobiles, leather products, chemicals, pharmaceutical, food processing, petrochemical, etc.

MSME sector accounts for 40% of total exports of the country, mainly consisting of pearls, precious stones, metals, electrical, electronic equipment, pharmaceutical products, organic chemicals, iron and steel articles, etc. It can play a vital role in curbing import and boosting export system in Indian economy. As per Foreign Trade Policy (2009-14) announced by the GOI, India has an excellent opportunity to shine in technology led exports with focus shifting to newer products. Therefore, MSMEs can be instrumental in transforming "Make in India" dream to the next level.

In recent years, the MSME sector has consistently registered a higher growth rate compared to the overall industrial sector. For manufacturing output to grow, a supportive ecosystem is required for each of the stages of the enterprises starting from promotion and creation to expansion till closure or exit.

Government Initiatives

Ministry of MSME, Government of India has been working towards the development of MSMEs in the country and has taken various initiatives to promote the small entrepreneurs.

Government has extended various supports in different areas to the MSMEs. Few of the schemes are mentioned below.

- National Manufacturing Competitiveness Programme (NMCP) Schemes Under XI Plan
- Micro & Small Enterprises Cluster Development Programme (MSE-CDP)
- Credit Linked Capital Subsidy Scheme for Technology Upgradation
- Credit Guarantee Scheme
- ISO 9000/ISO 14001 Certification Reimbursement Scheme

- MSME MDA
- Scheme of Micro Finance Programme

The above initiatives by the Government have supported the MSMEs very well. However, there is a need to assist MSMEs in the areas of funding, technology and marketing. Government should consider extending the following initiatives to galvanize the strengths of the sector.

The current limit to identify a unit as MSME has become very old and has minimal relevance in todays changed economic and business scenario. The classification of MSMEs should be revised and the upper limit of the small and medium units should be increased at least by 50%.

Under the procurement policy Government should make it mandatory to procure required goods and services from MSMEs with a minimum limit of 40% as an encouraging measure to promote the sector.

Finance has been a major impediment to the MSMEs. Despite several policy initiatives by the government, allocation of funds by financial institutions and banks continues to be an area of concern. Government should therefore set aside specific amount under the budgetary provisions for MSMEs and also issue clear guidelines to the financial intuitions for allocation of funds to MSMEs accordingly which should be periodically reviewed.

Due to the shorter repayment period to banks, MSMEs face huge pressure of performance and this is also a major reason for the sickness of the units. The repayment period should be increased up to 15 years to reduce the pressure amongst the MSMEs

Government should provide subsidized interest rates to the MSMEs to promote and help the small entrepreneurs

Government should provide support package for start-up businesses in innovative and emerging sector. Moreover, Government should also encourage the entrepreneurship amongst the management students so that budding entrepreneurs can be produced in the country.

The ease of entry and exit from business is likely to encourage interest in entrepreneurship. Government should develop a comprehensive bankruptcy code to facilitate easy exit from sick or non-profitable venture.

SMEs dedicated Research & Development centers should be established to uplift the level of product quality of small units.

The above suggestions by ASSOCHM will help the Government to support and develop the MSME sector in such a way so that they could contribute as per their maximum capability.

ASSOCHAM believes that MSMEs have immense potential to play a major role in Make In India campaign. The MSME business market of India is large and bubbling with newer opportunities. Increased purchasing power and consumerism is what drives the business scenario in India. Thus, there is an opportunity for competitive advantage that can benefit investors and entrepreneurs to a large extent. An investment in any best small business opportunity promises lucrative returns and success in less time.

Conclusion

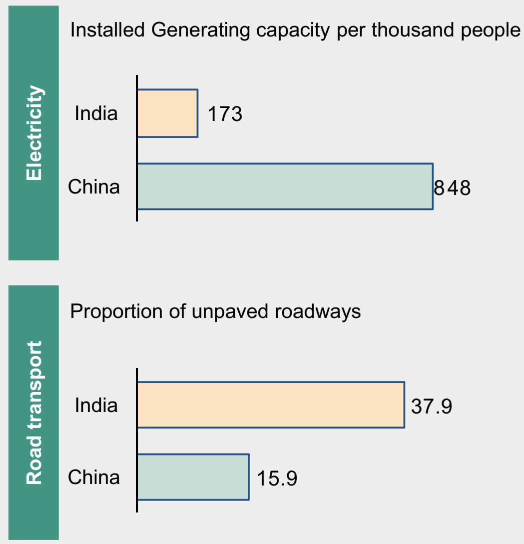
MSMEs, as a major contributor towards growth of domestic economy and employment generation, should get adequate support in terms of policy framework, incentives and other relevant aids. Steps like providing infrastructural facilities, developing various industrial parks and technology incubators under MSME cluster development programmes, creating networks of organizations that help provide training to skilled workforce to improve productivity, encourage entrepreneurship and competency in management, funding R&D investments, technology advancement may work for the betterment of the sector. Although, Indian MSMEs are finding it difficult to sell their products in the domestic and international markets because of increasing competition. To make their products globally competitive, Indian MSMEs need to up-grade their technology and put more emphasis on innovation. It will also help them to actively participate in Make In India initiative and make it successful.

Exhibit 4.2 | India's Infrastructure Facilities a Key Cause of Concern for Businesses

India's rank on Infrastructure has been deteriorating over the years …

Country	Rank (2014–15)	Rank (2012–13)
Japan	6	11
Germany	7	3
US	12	15
China	46	48
Thailand	48	46
Brazil	76	70
India	**87**	**84**

… because of severe under penetration in most of the sectors



Sources: World Economic Forum, BCG analysis

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The avoidance of taxes is the only intellectual pursuit that still carries any reward.
-John Maynard Keynes

Make In India program and its impact on Indian Defence Industry

S.P. Shukla
Group President & CEO -
Aerospace & Defence Sector,
Member –
Group Executive Board,
Mahindra Group.

S.P. Shukla is a Member of the Group Executive Board of Mahindra & Mahindra Limited and as Group President, he is responsible for Aerospace and Defence Sector. He is also the Chairman of Mahindra Sanyo Special Steels Ltd.

A B. Tech & MBA, he has 34 years of rich, varied experience in managing large projects and operations. He has been a top professional in the field of Automotive Tyres and Information & Communication Technology (ICT) sectors in India and is widely credited with taking mobile telephony to the masses by setting-up telecom infrastructure in the remotest parts of India.
Prior to his current role, Shukla served as President of Group Strategy and Chief Brand officer of the Mahindra Group. He oversaw and orchestrated a complete makeover of the visual identity of the Mahindra Group. It was during this period that Group Strategy Office launched and institutionalized Rise Prize (with Prize money of US $ 1 Million) that aims to foster and develop the innovation eco-system in India. He has also been responsible for Mahindra Racing portfolio – both MotoGP (Motorcycle) and Formula E (Electric Cars) in his capacity as Chief Brand Officer.

He also served as Chairman of Group Brand Council & Member of the Investment Committee of Mahindra Partners. He continues to serve as Chairman of Mahindra Innovation Academy & Africa Council of the Group. He also serves as director on board of Group companies such as Bristlecone, USA, Mahindra Retail, Bangalore and Mahindra First Choice Services, Mumbai.

Defence and Aerospace are major focus areas for Mahindra Group to harness the vast potential that is emerging under "Make in India" policy of Indian Government. Mahindra Aerospace is the aerospace arm of the Group. Through companies located in both India and abroad, Mahindra manufactures utility aircraft and aero structures.

Shukla is Chairman of several companies engaged in developing and producing equipment to serve the needs of all three wings of the defence forces – Army, Air Force & Navy.

Make in India, the slogan given by our Prime Minister, which embodies the ambitious industrialization program of making India a global manufacturing hub has made good inroads in the past year by creating a positive perception about the country across the globe. The program aims at creating a platform for forming an indigenous manufacturing base, building in-house technological capabilities, reducing the import burden on the exchequer and creating employment opportunities for millions of youth. The strategic importance for this program can be understood in more concrete terms if we look at the impact it can create for specific industry like the Defence sector.

The government is currently spending close to USD 40 billion on defence budget of which 40% goes into capital expenditure. This indicates a huge potential for manufacturing players in the defence sector.

Mahindra Group has perhaps the oldest relationship with the Defence forces in the country. It is well-known that one of the founding businesses of the group was supply of war-surplus military jeeps for civil transport just before the independence of India. The business further expanded to designing and development of various types of armored vehicles and general service vehicles for defence forces and producing even sea mines, surveillance solutions and weapons. Today Mahindra Aerospace and Defence Sector comprises of 9 operating companies engaged in designing and producing products across a wide spectrum and is the largest private sector supplier to the government. Mahindra is perhaps the only business group in India which has both the interest and capability to serve the needs of all three wings of our defence forces - Army, Air Force and Navy.

Despite the huge potential in the defence sector, the current scenario is disconcerting, with 70% of our defence requirements being imported. The dubious distinction of being the largest importer of defence equipment is unacceptable from strategic perspective as it projects a negative impact on our country's capabilities. This is unhealthy from the financial perspective as well since high value of import presents an additional burden on the exchequer which is already bearing the brunt of oil imports. Also, as higher imports mean loss of millions of potential jobs in the country, it is not seen in favorable light from public welfare perspective as well. Make in India program therefore becomes imperative to ensure balanced growth.

There have been several instances in the past, when the defence equipment was imported off-the shelf, mostly from Russia, and even though there was some local manufacturing or assembly of certain equipment in India, there was little or no technology transfer. This clearly drives home the point that successful promotion of manufacturing will require creation of a favorable ecosystem for business with healthy investment environment and revamped infrastructure.

It is reassuring to note that these issues were realized by the government and the decision to open up the defence sector to private players has been taken which provides several advantages. Private sector participation enables a large pool of well-established industrial companies in private sector to partner foreign OEMs to set up production facilities in India for equipment which was always been imported.

Availability of multiple players (whether from public sector or private sector) ensures technology transfer at multiple fronts and hence an increased technology absorption capacity. This should result in indigenization at a much faster pace rather than the scenario in the past decade when the government relied on just a few units for home-grown technological advancements. Furthermore, an element of competition between different units in private and public sector will also bring in efficiency and cost effectiveness in indigenous production.

Since the importance of private sector participation has been well received by the government, a slew of measures have been undertaken to make business more conducive for private players to enter this sector.

To begin with Department of Industrial Policy and Promotion (DIPP) has considerably reduced and simplified the list of items which require a license for production of defence equipment. And further it proceeded to clear long pending licenses, giving Indian Industry an opportunity to get more involved in the defence production. This makes environment more conducive for new players to enter.

Further the government has approved 49% FDI in defence to encourage the foreign OEMs to transfer technology to the Indian partners. As a result of increased limit of foreign investment, companies in India can engage with multiple technology partners from abroad in an increased capacity so that several product options become available in India for our defence forces in the long term. This broad basing of technology base as well as faster pace of technological absorption as mentioned above, will help in creating an appetite for innovation and hence R&D in the sectors. Capitalizing on this opportunity quite early on, the Radar Manufacturing unit of Mahindra Defence sector, Mahindra Telephonics Integrated Solutions (MTIS), a Joint Venture between Mahindra Defence Systems Ltd and Telephonics Corporation of USA has already applied for increasing its foreign shareholding from 26% to 49%.

Defence Procurement Procedure (DPP) has been amended to provide preference to 'Buy Indian' and 'Buy and Make Indian' over 'Buy Global'. As a result, several projects are now being offered under 'Buy Indian', Buy & Make Indian' and 'Make' Categories for procurement. Further, 'Buy and Make Indian' procedure has been simplified to ensure that Indian Private Defence Industry plays a partnership role in meeting the requirements of the Defence Forces. Further, the DPSUs are being encouraged to participate in the programs on equal footing including import duty and other tax matters.

Another welcome gesture shown by the government in the last few months is the intent to conduct an open dialogue to discuss all the issues faced by the Indian Defence Industry to ensure 'Make in India' becomes a reality. This has resulted in positive steps towards resolving policy issues such as Exchange Rate Variation (ERV) due to long gestation period for fructification of the Defence programs etc.

With several positive policy initiatives already in place, the Indian Defence Industry is now hoping that the government will soon kick start several large 'Make' programs through leading Indian industrial companies, which will promote R&D and in turn will lead to defence manufacturing in India, development of business for MSMEs, jobs creation and above all a positive step towards meeting the needs of our Defence Forces indigenously. With this in mind, Mahindra Aerospace has already submitted a response to the helicopters project.

Although, good policy initiatives have been taken in the past one year, the Indian defence industry still has huge expectations for reforms on several fronts. As a major policy initiative the government should streamline the process of partnership between Indian companies and foreign OEMs to expedite decision making.

Further, there are some concerns over the current draft of the 'Make' procedure which disallows the interest cost of the capital to be included in the project cost. The current procedure stipulates that the government would reimburse 80% of the developmental cost to the company or the development agency, which is a standard practice globally. However, the payment would be made only upon reaching pre-decided milestones and hence, the development agency would have to bear the interest cost of capital employed which currently stands at approximately 14%. This causes the actual share of company in the development cost to increase from the nominal value of 20% to 30-40%, which is very high.

A good policy initiative in terms of formulation of

Raksha Udyog Ratnas had been suggested by the highly regarded Vijay Kelkar committee in 2005. It aimed at creating Champions of Defence industries by nominating leading defence players from the private sector as Raksha Udyog Ratnas (RuRs), thus granting them the same status as Defence Public Sector Undertakings (DPSUs) and Ordnance Factories (OFs). This would have helped in fast tracking suitably identified large projects in private sector and ensured meaningful engagement of private sector players. As the draft policy was prepared few years ago, it may require some fine-tuning but it can still serve as a good base to give impetus to indigenous defence production in the country. Needless to say, this would also lead to development of small and medium industries as vendors of these larger firms.

Another important aspect is that policy changes would be required on several related fronts to create an ecosystem which promotes growth of Indian Defence industry. For instance, though the recent liberalization of in the license policy is a welcome change but there is an additional requirement of making aligning changes in industrial policy to other applicable regulations such as the export of defence items from India. This will give India dual advantage of saving forex on import substitution and also earn forex through exports. It can be a vital foreign policy tool and leverage in our relationships with friendly nations in the developing world.

Across the globe, major industrial nations use the supply of defence equipment (or withholding of it) as an important tool in foreign policy. Developing an indigenous defence industry will provide India with a similar strategic advantage, one which will be befitting to its aspired status to be a permanent member of Security Council.

An interesting statistic which highlights the potential strength of India in manufacturing is that it ranks second on BCG global manufacturing cost-competitiveness index indicating inherent potential for low cost product development. It is indeed true that currently there are structural barriers which might be preventing the movement of resources to manufacturing and thus limiting its size. But factors like, labor arbitrage and a depreciated currency can ensure India becomes the next factory of the world. Hence there is an opportunity for India for becoming a major player in defence export. However, given the competitive nature of the global defence industry and demand for proven-track record, the Indian defence industry has to fare well in the domestic industry. Further, if the ability to supply equipment to our own defence forces is developed, the domestic players would gain significant gain in the scale of operations and hence could prove competitive across the globe.

Given such interesting prospects for the future and good progress made during last one year on several policy fronts including higher FDI limit and de-licensing of large number of items in the defence production, most of the players in the Indian defence industry are gearing up for big opportunities in near future. We, at Mahindra, are also looking forward to launch of several major programs under 'Make-in-India' umbrella where we will actively participate, so that needs of our armed forces can be met indigenously at competitive prices and with the added advantage of service support being available at all times in the country itself. Mahindra is committed and geared to rise to the occasion in the service of the nation.

I finally know what distinguishes man from the other beasts: financial worries.
- Jules Renard

Digital India's Technology To Power Make In India

Dr Ganesh Natarajan
Vice Chairman & CEO
Zensar Technologies, and
Chairman NASSCOM
Foundation.

Digital India 2020 – One member each of 250 million families in the country digitally ready to access and distribute information through ubiquitous smart phones and digital kiosks in every one of 700,000 villages, over two hundred smart cities with full connectivity for manufacturing , services and education across populations ranging from two to twenty million and skills development centres in each one of 300,000 Panchayats and 50,000 other specialised centres distributed across 1,000 cities and towns. It would not be too grandiose a statement to make that it is into this India that our future generations should enter and prosper!

The good news is that this vision, which could have been a pipe dream just a year ago, is now within the realms of possibility for most optimistic Indians and indeed friends of India from around the world. The Rs 1.1 lakh crore initiative that seeks to transform India into a connected economy has recently been announced by the Modi Government and plans are already in place to attract large scale investments in electronics manufacturing and use the mobile phone as the backbone of the delivery mechanism for Digital India. With over 15,000 crores of global investments already committed, we are on our way!

Dr. Ganesh Natarajan is Vice Chairman & CEO of Zensar Technologies, a leading firm that optimises technology and processes for Fortune 500 companies. He is also a Founder and Board Member of Global Talent Track, a pioneer in Employability Skills Training in Asia.

Ganesh's industry responsibilities include leadership of the HBS Club of India, Chairman of the National Committee on Knowledge Management and Business Transformation and the Western Region Committee on Skills for the Confederation of Indian Industry. He was Chairman of NASSCOM in 2008 and is a member of the Chairmen's Council of NASSCOM. He is also a fellow of the Computer Society of India.

Ganesh is a Director of Social Venture Partners India and Convener of SVP Pune. He has been appointed the Chairman of NASSCOM Foundation for 2014-16.

There are three key dimensions where robust action will have to be seen in 2015 to convince the cynics that the Government means business and the pathways towards Digital India are indeed being created. The first is laying down the physical and digital infrastructure that will be the foundation of all significant nation-wide initiatives. The National Broadband Mission and the National Optical Fibre Network (NOFN) programs hold much promise and it is heartening to find that in villages like Hirwe Bazaar in Maharashtra and many others in progressive states, technology is already being deployed to ensure that village management is made more professional. The mobile phone promise of a device in the hand of every Indian by 2019 seems possible since 74 percent of India already has a mobile phone, but one should not forget that this percentage is largely concentrated in urban India. Once the national spread increases, the "network effect" will see health, education, financial services and government interaction all available at one's fingertips and an aware citizenry stepping up to contribute to the next wave of progress.

The second imperative is the fleshing out of the smart city program. Both green field and brown field projects need to start and get the support of Central and State Governments as well as Municipal Corporations and public and private funds. One of India's more progressive states is already considering a cloud platform where platforms and software can be deployed to connect up demand and supply chains of lakhs if entrepreneurs engaged in a 'Make in India" mission. In addition, the IT minister's promise to create multiple manufacturing clusters for mobile handsets, set top boxes and other electronic components will be key to the proliferation of job opportunities that is one of the key promises of Digital India. This manufacturing renaissance coupled with the ambitious e-Kranti program, which envisages a slew of services, the Pradhan Mantri Jan Dhan Yojana for financial inclusion and all-encompassing e-healthcare, e-police and a host of e-Government services have the potential to truly transform expectations and reality.

The third and possibly the most crucial one is the generation of digital literacy and IT enabled skills across the country through robust Public Private Partnerships. The goal of ensuring one digitally literate member in every family with the ability to search, use and disseminate information that will be of value to family and friends is a noble one and will need substantial outlays at national, state and city and panchayat level. The delivery of the twenty and forty hour courses envisaged and the testing effort will need the common service centres to be multiplied and put to good use. Early efforts by NASSCOM companies to set up digital literacy centres and enable municipal schools to be the hubs for community learning have already started and a comprehensive literacy and IT enabled skills program needs to be unleashed all over the country.

The good news is that all the participants seem to be ready. The Department of Electronics and Information Technology (DeitY) has already allotted funds for the first phase of digital literacy and large scale digitisation of documents and records and digitalization of processes is expected to commence soon, which will provide both the capability and the applications for citizen participation. Early efforts at e-healthcare with worthy players like Bill and Melinda Gates Foundation and Nat Health playing their role have shown that remote diagnosis and pathology can substantially improve health awareness and the availability of new pedagogies for connected education and new vocational programs for youth to move towards gainful employment are falling into place. With the full support of NASSCOM, CII and many companies willing to provide CSR funds and larger investments, Digital India is no longer just a dream; it is an idea whose time has come. 2015 should be the happy New Year when the pieces of the jigsaw puzzle fall into place!

Driving Labour reforms

Employment growth during 2004-05 to 2011-12 clocked only 0.5 percent, compared to 2.8 percent during the period of 1999 to 2005. This situation will not change, unless manufacturing leaders feel more confident of hiring and increasing the size of their firms. Today, the average manufacturing leader is wary of increasing the size of his permanent workforce, because of inability / difficulty in downsizing if required, and the significant managerial effort that goes into managing government authorities or unions. As a result, the proportion of temporary and contract staff in the workforce is very high. Also, manufacturers are open to outsourcing labour-intensive operations to SME suppliers who would then suffer from lack of scale—which would hurt in the longer term.

Unless this central issue of managerial confidence in increasing workforce size is addressed, all plans for manufacturing growth will be difficult to implement. The government has started addressing this issue. For example a unified Labour Identification Number (LIN) for simplifying business regulations and securing transparency and accountability in labour inspections has been announced. The wage ceiling for Employees Provident Fund (EPF) has been increased from INR 6,500 to INR 15,000. While these are indeed welcome and much needed initiatives, still more reforms are required to truly unlock the potential of India's vast human resources.

Easing Doing Business

Even after two decades of economic reforms, India has been struggling to provide the right environment and facilities for its businesses. The effort and time consumed in India for starting a business, dealing with construction permits, gaining access to electricity, registering property, paying taxes, enforcing contracts or resolving insolvency is higher than most other countries.

A study undertaken by the World Bank on 'Ease of doing Business' reflects a similar story, where India sits at the bottom of the pile at Rank 142 (Exhibit 4.3). In addition to issues related to domestic business infrastructure, the process of getting approvals for exports in India is quite outdated and highly time consuming. The cost involved in the process is higher than even in some developed countries (Exhibit 4.4).

According to the CII-BCG Manufacturing Leadership Survey 2014, 84 percent of CEOs responded that 'significant' change would be required both in policy conceptualization and implementation to support manufacturing growth. Governments at both the centre and the states need to step up their efforts, going forward. This would involve clear industry-specific policy guidelines aligned to the needs of each sector. While the central government has initiated steps in the right direction to overcome some of these challenges, it is necessary to develop and deliver on initiatives across the board to resolve hurdles in the way of doing business in India.

CII-BCG Report on Make In India:
Turning Vision Into Reality @ CII Manufacturing Summit - 2014

Capital is that part of wealth which is devoted to obtaining further wealth.
- Alfred Marshall

Sustainable Development

The Mantra for Real Growth

Mahathi Parasuram,
Head, Marketing and Public Affairs
Grundfos India Pvt Ltd.,

MahathiParashuram is the Head of Public Affairs & Marketing at Grundfos India Pvt. Ltd. (Grundfos India). In this role she leads the company's Policy Advocacy (Government & Industry Associations), Marketing, Corporate Social Responsibility (CSR), Business Communication, Media Relations, Online & Branding and Internal Communication efforts. She also oversees the Public Affairs operations for the company in Bangladesh, Bhutan and Maldives.

Mahathi joined Grundfos in May 2013 as the Head of Public Affairs. In January 2015, she took on the additional role as Head of Marketing as well. She comes with more than 15 years of industry experience. Prior to joining Grundfos, she has held various Public Affairs and Communications roles with Dow Chemical International Pvt. Ltd. (Dow India), Genesis BursonMarsteller, Hanmer MSL India and 2020: Media. While at Dow India, Mahathi also led CSR for the company in India and was the CSR Subject Matter Expert for Asia Pacific.

Mahathi works closely with various industry associations like the Confederation of Indian Industries, Madras Chamber of Commerce & Industries, The Energy &Resources Institute and the Alliance for an Energy Efficient Economy on various sustainability, energy efficiency and water conservation initiatives. She is also part of the CII CSR Task Force for the Southern Region and the Energy & Environment Panel for CII's Chennai Zone.

India's economy is set to grow at 7.7% in 2015 and 8% in 2016 according to a recent study by Organisation for Economic Cooperation and Development (OECD).While China is pegged to grow at 7% in both these years and even as the world economy is forecast to do moderately better than expected.

When a nation's GDP increases, the purchasing power of its people increases as well. It is estimated that nearly 85 crore people will live in cities across the country by 2050. Do we have enough natural resources to withstand thisenormous growth onslaught in the near future? The answer is a certain no. India is expected to surpass China as the world's most populous nation by 2025. As the Indian population rises rapidly amidst its depleting land and water resources, there will arise a widespread hunger problem and serious economic disparity unless serious steps are taken now to remedy the situation.

It is heartening to note that India is now focusing on sustainable development and considers ita critical component in overcoming all the above mentioned issues. The government is also creating new policies focusing on increasing its resources through renewable and green energy which will result in sustainable development in the future.

Manufacturing has a great opportunity to play a major role in the global sustainability agenda. The new Indian government has been actively rooting for clean technology and energy efficiency in its endeavor to pursue a low-carbon growth model. The aim is to have a sustainable economic growth without compromising on environmental safety. The shift in focus to renewable energy bodes well for India. The natural resources available in the country should be used effectively and efficiently for the betterment of the people. Increase in renewable energy infrastructure should be the focus to improve the livelihood of upcoming generations.

India has set itself sustainable development goals in unison with the Sustainable Development Goals (SDGs) that the UN General Assembly is expected to come up this year. Poverty eradication, gender equality, affordable and reliable energy access for all; inclusive, safe, resilient cities and sustainable management of water and waste are some of the country's sustainable development goals.

'Make in India' focusing on sustainable development

The answer to all the above issues also lies in India becoming an economically superior country which will enable efficient financial distribution to all sections of the society. The new government's recent and most appreciated campaign 'Make in India' is aimed to increase the manufacturing bandwidth of our country which will provide long term sustained growth of the economy. The government should ensure development of suppliers' eco-system to promote efficient manufacturing, while improving infrastructure like roads, ports and railways to make logistics faster and cost effective. This will in turn ensure that the 'Make in India' campaign is more effective and will enable speedy growth.

"As the Indian population rises rapidly amidst its depleting land and water resources, there will arise a widespread hunger problem and serious economic disparity unless serious steps are taken now to remedy the situation."

While Make in India is a critical campaign aimed at boosting India's economic growth, it is imperative that there should be a sustainable angle towards it. Sustainable Manufacturing can provide efficient results. It is a systems approach focused on the creation and distribution of products and services that minimizes resources such as materials, energy, water, and land, eliminates toxic substances; and produces zero waste.

Most of the pollution on the planet can be traced back to industries of some kind. Countries facing sudden and rapid growth of industries are finding it to be a serious problem which has to be brought under control immediately. Causes for the industrial pollution can be attributed to lack of policies to control pollution, unplanned industrial growth, use of outdated technologies, and presence of large number of small scale industries which don't follow environment regulations, inefficient waste disposal, and unauthorized use of natural resources from natural world.

Therefore sustainable development requires business enterprises realign their priorities and take the lead in adopting sustainable business practices. Stronger private sector engagement in the regional economy can harness opportunities for export-oriented production, and greater participation in global and regional value chains can create and expand economic opportunities. Business enterprises have a clear and important role to play in the 'Make in India' campaign.

Future business models have to generate surpluses within the paradigms of sustainable development. The need to go beyond business-as-usual models which requires more creative use

> “
> *While Make in India is a critical campaign aimed at boosting India's economic growth, it is imperative that there should be a sustainable angle towards it.*
> ”

the same period. To walk the talk on water conservation, one of the initiatives we globally implemented was to have all our companies install water saving aerators on taps in many of the factories and offices. Some of our committed employees have gone one step ahead in following this best practice in their own private homes as well.

As far as our Indian operations are concerned, we align to our global sustainability focus and are committed towards helping our customers and nation to conserve water and energy. We at Grundfos India, are also working towards helping Indian industries and corporates save both energy and water not only through our highly energy efficient products but also through the energy and water audits we conduct. These audits are a complete system analysis of the energy and water consumption. Post the analysis the energy audit team recommends the best solutions to right size the systems; thereby helping conserve both these resources.

Our headquarters in Chennai is India's first gold-rated green building (LEED certification by USGBC in 2005) and is energy efficient with 100% recycling of the sewage, rain water harvesting and with solar collectors and photovoltaics. Grundfos India's factory also received the gold certification in 2011 from the Indian Green Building Council (IGBC). In August 2013, after a voluntary recertification, the office building was elevated to a LEED EB Platinum standard.

Another major contribution from our end to the society is through solar pumps. Solar pumps which are self-sustaining and which does not depend on electricity is the quickest solution for the impending issue of water supply shortage faced across the country for drinking as well as irrigational purposes. Through our solar pumps we have helped small towns and villages in the country overcome issues such as poverty, lack of water supply, hygiene issues, education, healthcare, energy security and environmental protection.

Sustainability Reporting is the Way Forward

To conclude, sustainability reporting will be the first step towards the right direction for our country as it will create responsible organizations among government, private and social sectors. Sustainable reporting, if made mandatory will ensure that every organization will create a strategy for energy efficiency and water conservation. It will help the organization to understand the impact on its stakeholders through its sustainability measures which if collectively done across the country may have huge positive impact on the economy, society and the environment. If the sustainability reporting becomes a norm for all the organizations, there is little doubt that performance indicators on sustainability issues will become as important for business as financial performance.

A good marriage would be between a blind wife and a deaf husband.
-Michel de Montaigne

Exhibit 4.3 | Decreasing Ease of Doing Business in India

India ranks 142 among 189 countries on ease of doing business

Country	Rank (2015)	Rank (2014)
Thailand	26	28
Mexico	39	43
China	90	93
Russia	62	64
Brazil	120	123
India	**142**	**140**

... especially due to difficult to enforce contracts / deal with construction permits and start a business

Topic	Rank (2015)	Trend in Rank 2014-15
Starting a business	158	
Dealing with construction permits	184	
Getting electricity	137	
Registering property	121	
Getting credit	36	
Protecting minority investors	7	
Paying taxes	156	
Trading across borders	126	
Enforcing contracts	186	
Resolving insolvency	137	

Source: World Bank "Ease of doing business" report 2014 and 2015.

Project execution and monitoring discipline *Across government and private entities, there is a critical need to scale up overall project monitoring and tracking capabilities. Specifically,*

as 50 to 70 percent of investment in infrastructure development will be made by the government, public agencies will be highly involved in project execution and coordination.

Those agencies will have to set new practices and processes to execute and monitor investment in order to avoid the project delays that were witnessed in the last decade. Even as entities, like the Project Monitoring Group (PMG) have been set up at the central level to oversee project execution and resolve delays and drive coordination, a much wider multi-tiered effort is required to ensure a proactive

and top down overseeing of infrastructureprojects - right from concept to commissioning.

Measures also need to be initiated to ensure that the right capabilities in project management are made available to the key government entities, currently a major shortcoming.

Greater participation from private sector Private participation typically ensures better quality of execution. The profit focus of private entities and their advanced monitoring mechanisms typically tend to ensure better execution. However, private sector participation in India remains low. Benchmarks of peers in terms of private participation in infrastructure (PPI) show that private sectors role is less predominant in India than in other RDEs. For example, India per capita PPI index is one tenth that of Thailand and one twentieth that of Malaysia and Brazil in electricity projects (Exhibit 5.4).

The Twelfth Commission plan for infrastructure lays down the expectation of higher private participation in infrastructure projects. An additional investment of respectively INR 520, 480 and 300 billion are expected from private companies to finance electricity projects (i.e. budget increase of 15 percent), transport roads and bridges (i.e. budget increase of 50 percent), and projects related to ports (i.e. budget increase of 70 percent).

To effectively achieve the target investment levels

from the private sector, the government needs to address key industry concerns such as access to viable long term funding, streamlining approval processes, assuring contract sanctity, addressing issues on dispute resolution, and streamlining procurement policies to ensure on schedule and in time delivery of projects.

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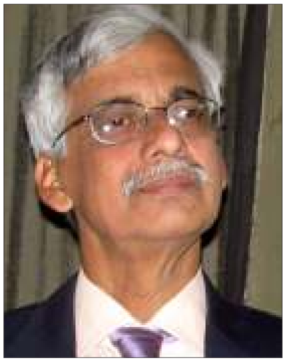
Make In India : Railways On Track



P. G. Vijairaghavan
Editor, Tapasya

To say that the Indian Railways will have to play a pivotal role if the Make in India campaign is to log any degree of success at all, will be stating the obvious. At 64,600 km of railway network, and operating over 19000 trains every day, and employing over 1.5 mn staff, it is arguably the largest single rail establishment and by far the biggest employer in the world. Yet, it is not the most efficient operator and the financials have undergone a sharp downturn in the past five years, although at no time was the Railways able to claim a healthy façade. What has held the Indian Railway back over the past 65 years is the woeful lack of professional management, and gross interference in its management by a political establishment that has used it as a tool for electoral and regional agendas, financial tomfoolery that made populism the mainstay without relation to the realities of cost and incomes in providing even basic facilities, and a disconnect with the standard of service that is available in other countries which makes our facilities primitive in comparison, resulting in a gradual disinterest in rail travel among the travelling public and a corresponding increase in footfalls in airports etc.

But all that is likely to change, if the Rail Minister Suresh Prabhu's assertion is to be believed. While presenting the Railway Budget in Parliament, he has outlined a number of passenger-business-economy friendly measures that his Ministry hopes to take to jumpstart an entity that has been slowly suffocating for want of able management and investment to modernize its functioning. Coming as it does with the Prime Minister's call to industry to Make In India, the Budget has outlined the broad areas of improvement expected to make it a vibrant and dynamic, functioning unit. For a start, the Railway Minister has announced 100% FDI in rail infrastructure except operations. This is seen as a big step in making costly railway equipment in India a reality, with the participation of international players in the transportation business. No government approvals will be required under this route.

Freight movement

Freight is a profit making business segment of Indian Railways and is the backbone of railway revenues. Indian Railways have carried 1009.73 million tonnes (MT) of revenue earning freight traffic during FY13. The freight carried shows an increase of 39.95 MT over the freight traffic of 969.78 MT actually carried during the corresponding period last year, registering a growth of 4.12 per cent.

The recent growth in freight loading due to more intensive asset utilisation and adoption of market responsive strategies has brought into focus its long term sustainability. With rapid economic growth and increasing industrialisation, freight traffic is expected to grow rapidly over the medium to long term. It is expected to touch 1,405 million metric tonnes (MMT) by FY17.

The government is investing heavily in building rail infrastructure in the country. It plans to invest US$ 153 billion during the 12th Five Year Plan.

However, the profitability of the Railways is adversely affected by the cross subsidization of passenger fares which is eating into its ability to sustain development. Besides, the freight rates having been required to be kept artificially high to offset low passenger fares, the growth in volumes is expectedly lower than growth in freight traffic by road.

> *Moreover, climbing freight rates over the years have steadily eroded the ability of railways as is evident from 65.5% in 1970 to just above 38.5 today and a corresponding rise in road freight movement from 35% to almost 60% now.*

Moreover, climbing freight rates over the years have steadily eroded the ability of railways as is evident from 65.5% in 1970 to just above 38.5 today and a corresponding rise in road freight movement from 35% to almost 60% now. The Railways will certainly need to do a reality check to regain lost ground and the Make In India campaign is a good time to do so.

Railway Minister's Vision

The Rail Minister's Budget provides an insight into his vision for the Railways of the future.

He has envisaged a 9 point thrust for his vision for the Railways :

1. IR to become prime mover of economy once again 2. Resource Mobilization for higher Investments

3. Decongestion of heavy haul routes and speeding up of trains: emphasis on gauge conversion, doubling, tripling and electrification 4. Project delivery 5.Passenger Amenities. 6. Safety 7. Transparency & System Improvement. 8. Railways to continue to be the preferred mode of transport for the masses. 9. Sustainability.

The execution of this vision is proposed through four goals that encompasses the entire gamut of Railway functioning :

Four goals for Indian Railways to transform over next five years:

a) To deliver a sustained and measurable improvement in customer experience.

b) To make Rail a safer means of travel.

c) To expand Bhartiya Rail's capacity substantially and moderniseinfrastructure.: increase daily passenger carrying capacity from 21million to 30 million: increase track length by 20% from 1,14,000 km to 1,38,000 km: grow annual freight carrying capacity from 1 billion to 1.5 billion tones

d) Finally, to make Bhartiya Rail financially self-sustainable. Generate large surpluses from operations not only to service the debt needed to fund capacity expansion, but also to invest on an on-going basis to replace depreciating assets.

Greater investment in infrastructure, ease of business for foreign investors to form the backbone of financial resources and investment management. The strategy is a five pronged action to invest over Rs.8,856,000cr between

now and 2019 in critical areas of Railway functioning.

DMIC – Star participant in MAKE IN INDIA :

• The ambitious Delhi Mumbai Industrial Corridor has been envisaged as a Global Manufacturing and Industrial Destination along the 1480 km Dedicated Railway Freight Corridor new manufacturing cities, logistic hubs and residential townships along the DFC will form the mainstay, incorporating the philosophy of sustainability, connectivity and development; each manufacturing city will have world-class infrastructure, convenient public transport, power management and an efficient water and waste management system. Set to house industries like IT/ITES, auto ancillaries, hi-tech units and food processing etc., it is a prestigious collaborative effort with Government of Japan, straddling seven States from Maharashtra to Haryana along the way. The project is likely to be completed by 2019.

In the pipeline

• The investment in new loco manufacturing units at Madhepura and Marhora on PPP basis, to make electric and diesel locomotives is a big thrust to infrastructure to drive the Railways' and power Make In India. With corporate like GE, Alstom, Siemens and EMD bidding, it sets the scene for locally manufactured infra to lead Make In India. Bombardier, the Canada based transportation major is also eyeing a $7-8 bn worth of investments in various Railway projects like signaling systems, locomotives, track technology, metro and light rail etc.

• The introduction of Bullet trains in India has received a fillip with the survey of the Ahmedabad-Mumbai route for this being taken up. It is expected that China will probably collaborate in this prestigious project.

• A memorandum of understanding (MoU) and an Action Plan have been signed between the Government of India and the People's Republic of China to improve technical cooperation in the railways sector, at delegation level talks between the two countries. The Prime Minister of India MrNarendraModi and the visiting President of China, Xi Jinping, were present at the signing.

• An MoU was signed in August at Rail Bhawan, New Delhi between the Ministry of Railways of the Republic of India and Czech Railways (Ceske Drahy) and Association of Czech Railway Industry (ACRI) of the Czech Republic on technical cooperation in the field of the railways sector, by MrArunendra Kumar, Chairman/Railway Board and Mr HE MiloslavStasek, Ambassador of Czech Republic.

- The government has cleared a proposal to allow 100 per cent FDI in railway infrastructure, barring operations, via the automatic route. FDI channeled through this route does not require prior government approvals.

- The Railway Board is considering the implementation of the 106 recommendations of the High Level Safety Review Committee (Kakodkar Committee) pertaining to general safety matters, empowerment at working level, vacancies in critical safety category, organisational structure, shortage of critical safety spares, human resource development with focus on education and training research, and safety architecture, among others.

- The Union Cabinet has given the green signal for establishing a new rail coach manufacturing unit at Kolar, Karnataka. The unit will produce 500 coaches per annum at a projected cost of Rs 1,460.92 crore (US$ 231.27 million) excluding the cost of land, with active participation of the Karnataka government. The Ministry of Railways will provide 50 per cent of the finances with the Karnataka government providing land, free of cost, and the remaining 50 per cent of the project completion cost with escalation.

> *The government has cleared a proposal to allow 100 per cent FDI in railway infrastructure, barring operations, via the automatic route. FDI channeled through this route does not require prior government approvals.*

The Outlook

The already massive network of the Indian Railways is growing at a healthy rate, given the rise in population and a growing economy that offers immense growth potential. In the next five years, the Indian railway market will be the 3rd largest, accounting for 10 per cent of the global market, with Metro rail going to be 70 per cent of the railway market in India.

The massive campaign launched to promote Make In India worldwide through Fairs and Exhibitions, and the personal push from the Prime Minister seems to have made the necessary impact with country after country pledging to invest under Make In India . But the two big deliverables for the Government of India for it to succeed would be : to ensure Ease of Business promises are kept and the political climate remains conducive for such investments with uncertainties that plagued investments for over 20 years not visiting the country again.

(with inputs from Government sources and agencies)

Driving Labour Reforms

Labour issues in India, with highly restrictive laws and time consuming procedures, stand out as a key impediment to manufacturing growth (Exhibit 5.5). Two areas of change need to be undertaken to improve the situation: improving the ease of compliance and incentivising scale.

Easier compliance mechanisms

Compliance to the stringent and complex regulatory requirements for labour is a key cause of concern for the industry.

Acknowledging this issue, a set of reforms has been recently initiated by the government and has been well received within the industry.

These reforms include measures to:

- *End the 'inspector raj' and move towards greater IT enabled work flows with the introduction of a mandatory all-new random inspection scheme - utilizing technology to eliminate human discretion in the selection of units for inspection, and ensure the upload of inspection reports within 72 hours of inspection; and*
- *Simplify business regulations and fostering greater transparency and accountability within the system with the launch of a unified Labour Identification Number (LIN) used for allocating labour inspections across various agencies and bodies under the administrative control of the labour ministry. It will also enable employees to have their provident fund account portable, hassle-free and universally accessible.*

While these are welcome and much needed steps, additional reforms are still expected by industry leaders and workers, including a critical measure to streamline dispute settlements between employers and employees. Today, India has four levels of regulations prior to arbitration as compared to only one level of mediation in Indonesia and the US.

Incentivising scale

Indian regulations currently do not enable scaling up of the workforce by any manufacturing company. Scaling up in the same location typically attracts the attention of political unions and the industrial disputes act is considered to be rigid, and in favour of the unions. Further, laying off employees is not an easy proposition for Indian firms. Severance pay is high and unemployment protection scheme practically non-existent.

As a result of these factors, Indian entrepreneurs find it easier to hire temporary workers or outsource labour intensive activities to their suppliers. Today, only 16 percent of our workforce is regularized, with the remaining being temporary workforce or workers on the rolls of sub-scale SMEs. Another approach is to have a distributed manufacturing setup with each location having a minimal large number of labourers— solving potential labour issues, but effectively giving up any scale benefits.

Tackling these regulations head-on is critical to infusing investor confidence and incentivising scale.

CII-BCG Report on Make In India:
Turning Vision Into Reality @ CII Manufacturing Summit - 2014

People ask the difference between a leader and a boss. The leader leads, and the boss drives.
- Theodore Roosevelt

How Modi Can Deliver on the Promise of 'Make in India'

Knowledge@Wharton India in its October 2014 issue, essayed a set of views that look at the Prime Minister's ambitious program to launch India on a Universal Power Wagon under Make In India. What could make it succeed, and what has the potential to derail it? Read on

Within the 24 hours surrounding Indian Prime Minister NarendraModi's announcement of the government's new, pro-manufacturing "Make in India" policy, the nation also boasted a successful mission to Mars and a credit rating that had been raised from "negative" to "stable" by Standard & Poor's. Suddenly, a lot of things seemed to be going India's way — but for "Make in India," at least, there are plenty of hurdles ahead.

The campaign, which focuses on the manufacturing sector, is not going to be easy to deliver, despite the enthusiasm that accompanied the launch of the effort's new logo and website. FDI (foreign direct investment), Modi, told investors, should stand for First Develop India. "India is the only country in the world which offers the unique combination of democracy, demography, and demand," he said. In the audience were CEOs from abroad — Maruti Suzuki's Kenichi Ayukawa and Lockheed Martin's Phil Shaw — and home, including Tata Group chief Cyrus Mistry, Reliance head MukeshAmbani, Kumar Mangalam Birla of the Aditya Birla Group and IT tycoon AzimPremji.

> *"Poor infrastructure, crony capitalism and corruption have likely done more to dissuade investment than labor laws. What Modi needs to do is eliminate outdated legislation and replace them with up-to-date laws, where appropriate...*

Modi followed the launch with meetings with other CEOs, such as Mary Barra of General Motors, Jeff Bezos of Amazon, Mark Zuckerberg of Facebook, SatyaNadella of Microsoft and (earlier) IndraNooyi of PepsiCo. They all gave the appropriate soundbites to the media. But the key question is: Will they bite? Will they be able to convince their boards and companies to invest in India? Will Make in India work?

"This is a great idea," says JagmohanRaju, professor of marketing at Wharton. "The Indian consumer has come of age, and domestic demand will continue to increase to justify the production of goods in India. Twitter If goods are produced in India, it creates manufacturing sector jobs. It creates an infrastructure of ancillary industries. More jobs will be created in the industrial sector and the economy will get a boost. Japan started its growth path by making goods for the U.S. China has a strong manufacturing base. India can achieve the same."

Getting Rid of Red Tape

"There are several hurdles to Modi's Make in India campaign," counters Ravi Aron, professor at Johns Hopkins Carey Business School. "The reason that there is very little manufacturing investment in India is not because the country has done a poor job of marketing itself. Twitter India today is a bad choice for foreign investment in manufacturing. It is not surprising that manufacturing accounts for only about 15% of the Indian GDP."

"Poor infrastructure, crony capitalism and corruption have likely done more to dissuade investment than labor laws."–Janice Bellace

Modi has not yet initiated many policy changes to improve the business climate in India, although he has assured investors that a red carpet will replace red tape. India is currently ranked 134th in the World Bank's Ease of Doing Business list. According to government officials, as part of the Make in India initiative, all hurdles related to starting or doing business in India will now be resolved in a maximum of

72 hours. The government has created a panel of experts and representatives from various departments to hear issues related to domestic and global investment. To put that in perspective, Vodafone has been fighting the government in the courts for several years. Walmart is still waiting on the sidelines, having abandoned its partnership with the Bharti Group.

Almost a month after the new policy was announced, the government amended some of the labor laws. The changes pertain to the system of inspection of companies, known as the Inspector Raj. Under the new system, inspectors will no longer be able to visit companies of their choice and stay there for as long as they want. A computerized database system will decide who goes where. There is also a time limit for filing reports. An online ShramSuvidha portal has been unveiled for employers to submit one compliance report for 16 labor laws. "These facilities are what I call minimum government, maximum governance," Modi said at the launch of the campaign. There were a few other measures, such as portability of provident funds, designed to benefit employees. But the Industrial Disputes Act, which does not allow a company to close down a loss-making unit, remains intact for now.

"Modi has taken the position that India must be transparent and efficient," says Janice Bellace, professor of legal studies and business ethics at Wharton. "Poor infrastructure, crony capitalism and corruption have likely done more to dissuade investment than labor laws. What Modi needs to do is eliminate outdated legislation and replace them with up-to-date laws, where appropriate, and streamline compliance and enforcement procedures. Most importantly, Modi should commit the government of India to 'decent work,' an International Labor Organization term that includes opportunity, security, adequate remuneration and freedom of association."

A Mindset Shift

Modi is trying to change mindsets — that of labor, of bureaucrats and of employers. "The policy offers few tangibles except acceptance of self-certified documents, a 72-hour window to get clarifications on the Make in India website and 25 defined focus areas," says RadhickaKapoor, fellow at the Indian Council for Research and International Economic Relations and the author of a recent paper titled, "Creating Jobs in India's Organized Manufacturing Sector."

"While the PM has acknowledged that India is indeed a difficult place to do business due to the large number of regulatory bottlenecks and has set a target of elevating India's ranking by 85 rungs in the World Bank's Doing Business survey, he has not outlined a specific strategy to achieve this goal," Kapoor notes. "What the policy does, however, is to send signals of vigor and enthusiasm. But it will take a lot more than a flashy new website, a new lion symbol and catchy phrases to make India a manufacturing powerhouse and create productive jobs for India's rapidly-expanding workforce."

Adds C.S. Rao, chief economist at apex chamber Assocham: "At this point, the policy mirrors Modi's thoughts. It needs to be seen how it turns out." According to Kumar Kandaswami, senior director at Deloitte Touche Tohmatsu India, so far the campaign is "a statement of intent." That said, he adds, "it is a very important one as it will mobilize activity and direct the attention of stakeholders. The government has brought on board industry leaders. The fact that this is held out as an important initiative of the prime minister means that there will be serious follow-up action."

No one is quarreling with the need to boost manufacturing, but Pankaj Chandra, professor of production and operations management at the Indian Institute of Management Bangalore, says that the government must take a proactive approach if it wants to get results. "In the past, the bureaucrats didn't do their part of the job. They did not have the strategic framework," Chandra notes. "There were the big manufacturing investment zones. But the bureaucrats couldn't see beyond a real estate play. And manufacturing is everything but a real estate play. The world over, manufacturing has changed. Modern manufacturing is about science and technology, R&D, new processes, innovation, skills and quality. If we can't do all this, I don't think the Make in India project will work."

"Make in India is a great idea. The Indian consumer has come of age, and domestic demand will continue to increase to justify the production of goods in India."— JagmohanRaju

But Babu Khan, senior director (manufacturing &

infrastructure) at apex chamber the Confederation of Indian Industry (CII), says that "Make in India" is more than a statement of intent. "[Make in India] underscores a sound strategy and the strong reforms process that the new government is committed to," Khan says. "The Indian economy is at a major turning point, as we can now look back at the global financial crisis and move ahead toward economic revival."

Khan adds that recent statistics show how critical it is for India to focus on boosting manufacturing. "After growing at 10.1% during the five-year period 2005-2006 to 2009-2010, the manufacturing sector slowed down sharply, growing at just 4.2% in the past four years," he explains. "As a result, its share in GDP has declined to 14.9% in 2013-2014 from a peak level of 16.2% in 2009-2010."

Déjà Vu

This is not the first time that India has tried to boost its manufacturing prowess. In 2004, the Confederation of Indian Industry (CII) and McKinsey produced a report titled, "Made in India: The Next Big Manufacturing Export Story." According to the report, "Manufacturing exports from India have not taken off even though India has several advantages, includig engineering skills (process, product, quality and capital), a growing domestc market, a raw material base and a large pool of skilled labor.... India has the potential to increase manufacturing exports from $40 billion in 2002 to $300 billion by 2015."

> *"The window for growth through export-led manufacturing may well have closed for India."–Ravi Aron*

In 2004, the government set up the National Manufacturing Competitiveness Council (NMCC). In 2006, the NMCC came out with a national strategy for manufacturing. The objective: to raise the share of manufacturing in GDP from 17% to 30%-35% by 2015. The council dubbed 2006-2015 as the "decade of manufacturing in India." In 2012, McKinsey wrote: "If India's manufacturing sector realized its full potential, it could generate 25% to 30% of GDP by 2025." In May 2011, the department of commerce finalized a strategic paper on doubling India's exports from $246 billion to $500 billion in the next three years (2011-2012 to 2013-2014). Merchandise exports needed to grow at 26.7% to achieve this target. For the record, the manufacturing sector saw a decline of 1.4% in August 2014.

The figures have not changed materially; only the target year has moved from 2015 to 2025. A more recent FICCI report dated August 2013 notes: "In the current scenario, to expect manufacturing to grow at 14% (as targeted) on a long-term basis may not be feasible." (Incidentally, Modi has appointed former McKinsey India chairman AdilZainulbhai as chief of the Quality Council of India, which will spearhead the Make in India effort.)

Aron says that there are several things fundamentally wrong with India that will continue to stifle manufacturing. "There are four classes of deficits," he explains. First are the factors of production. India faces crippling shortages in, for example, power. Businesses are forced to rely on expensive and inefficient ways of producing power. India's labor laws make it hazardous for businesses that face seasonality in their demand to set up mass production facilities. By telling industry that it cannot retrench a part of the workforce in accordance with falls in demand, India has succeeded in making original equipment and component manufacturing extremely unattractive, Aron notes.

"The window for growth through export-led manufacturing may well have closed for India."–Ravi Aron

Second, continues Aron, are the enablers of production — such as surface transport and ports. "Manufacturing requires a significant edifice of infrastructure support. This edifice is absent in India," he points out.

"The third set of issues has to do with the legal regime. Laws are made to suit the extremely myopic and expedient objectives of the regime in power," Aron notes. "The Vodafone retroactive taxation is a case in point. Even after the Supreme Court ruled that the company did not owe taxes, Parliament passed a retroactive law to claim the money from Vodafone in what must surely seem to foreign investors like state-sponsored larceny. Walmart, Amazon and Nokia are all faced with capricious tax and business laws being implemented by a corrupt bureaucracy. Is it any surprise that

Microsoft did not include Nokia's manufacturing facility in Chennai in its deal for Nokia's phone and tablet assets.The reason?Tax terrorism again."

Finally, there is chronic, all pervasive corruption. It is only the fourth deficit that Modi can tackle to some extent, says Aron.

Raju contends that Aron is too pessimistic. On infrastructure, for instance, "many manufacturing companies in India and elsewhere do create their own infrastructure. Look at Jamshedpur [a city with a population of more than 600,000 built by the Tatas over 100 years]." But he sees other problems. "I am less worried about labor laws, and more worried about the availability of a skilled workforce," he says.

Kandaswami says the Make in India policy can bring in more FDI, make the sector more competitive, create good quality jobs and enhance the quality and quantum of exports. "But the vision statement has to be followed up by action on the policy and implementation fronts," he explains. Not delivering on the promise would be a significant setback for manufacturing in India.

Has Time Run Out?

Considering that India realized the manufacturing imperatives several years ago and did nothing but produce a series of reports that gathered dust, it may already be too late. "The window for growth through export-led manufacturing may well have closed for India," says Aron. There are two reasons for this, he adds. First are supply efficiencies: Large volume component manufacturers move to a region because they wish to co-locate with other firms in the same supply chain. "Between 1985 and 2000, many manufacturers went to China because of cheap labor," Aron notes. "But their growth in the second phase — from 2000 through 2012-2013 — was because an ecosystem of suppliers comprising members ... of many business verticals — semiconductors, medical equipment, heavy electrical, molded plastics and toys — had sprung up in China. In other words, many firms took their manufacturing to China because their supply chain partners were already there. Companies first went to China for cheap labor, but stayed for supply chain efficiencies."

The second issue is the extent of automation in production, continues Aron. "In industry after industry, we have seen automation in the form of robotic production, digitization of business processes and precision manufacturing techniques," he points out. "Manufacturing is returning to the U.S. much faster than manufacturing jobs are. The growth in manufacturing jobs is not really about where unskilled laborers swing their hammer at a widget moving on the assembly line; it is about workers that calibrate, operate and manage machines as a part of the manufacturing routine.

Even with all these challenges, Modi could still attract some manufacturing FDI to India, Aron says, though it would be nothing like China's "spectacular gains" made between 2000 and 2010. "But nonetheless, [it could be a] significant amount," he notes. "Before he does that though, he will need to build roads, ports and power plants — the manufacturing infrastructure. Perhaps a CEO could tell the PM: 'If you build it, they will come.'"

They say a little knowledge is a dangerous thing, but it's not one half so bad as a lot of ignorance.
- Terry Pratchett

CLAIM GLOBAL LEADERSHIP

Achieving true manufacturing l To achieve true manufacturing leadership, India Inc. will have to make a paradigm shift in the way it conducts its business. India's current competitive advantage, based almost entirely on its low cost manufacturing, will not be sufficient to reach such a goal. Indeed, in today's fast changing world, relying on low-cost labour is a strategy that is not sustainable. While India works to build the basic understructure needed to support a manufacturing revival (Chapter five) and prepares to gain a larger share of global trade (Chapter six), Indian leaders—both political and corporate—will need to bring about a fundamental change in mindset if we are to target true global leadership.

Two distinct strategies must be embraced for India to achieve its long term vision of becoming a global powerhouse in manufacturing:

Think Big: Pursuing a bold entrepreneurial vision; and "India Inside": Repositioning "Brand India".

(Continued....)

Think Big: Need for Visionary Entrepreneurship Long term excellence in an industry does come not from relying on a low cost advantage and a knack for 'jugaad innovation', but from improving the capability and performance of the entire industrial ecosystem. Take the Chinese textile industry for example; while China's labour costs are twice those of India, China's annual apparel exports of USD 165 billion dwarf India's exports, which are only USD 16 billion. The reason China has achieved this growth is because it has prioritized the development of world-class infrastructure, investing in critical industry segments, such as large scale textile fabric manufacture even ahead of full visibility of demand. Large manufacturing companies in India need to take the lead in moving beyond a three- to five-year planning and value creation horizon. These companies need to work to create advantage not just within their own operations but also across the whole value chain, focusing on an 8- to 10-year path to success. Specific actions that could drive this change would include, but are not limited to: Working strategically with suppliers that are Small and Medium-sized Enterprises (SMEs) to increase their capabilities (the chain is as strong as its weakest link) in a very fundamental and structural way;Putting workforce skills development ahead of the corporate interests to build a pool of qualified and world-class workers;

42 | Make In India: Turning Vision Into Reality

Working closely with the government on regulations that strengthen the whole value chain;

Driving R&D investments ahead of the curve, with a longer term view on the return of such investments; and Collaborating with world-leading peers that have strong technology and resource capabilities.

While large manufacturing companies already pursue many of these strategies, Indian SMEs also need to work towards a dramatic change in mindset. As is widely acknowledged, the key to India's manufacturing success lies in its SMEs. Contributing around 45 percent of India's manufacturing output, the SMEs form the backbone of Indian manufacturing. However, SMEs are currently plagued by a number of fundamental weaknesses, particularly their lack of orientation towards exports. This needs to change.

To draw a parallel, the 'Mittelstand', or the SME equivalent in Germany, have a number of characteristics which resonate very much with the Indian SMEs:

Both are almost entirely family-owned.

There are close to 4 million Mittelstand classified firms in Germany, as against 48 million SMEs in India.

While Mittelstand companies contribute to nearly half of value added in German manufacturing, Indian SMEs are not far behind at approximately 45 percent.

However, when compared on output, stark differences emerge:

Compared to around USD 120 billion of exports by Indian SMEs, the Mittelstand exports stand at close to USD 250 billion.

Large numbers of Mittelstand firms occupy worldwide leadership positions in product segments such as machine tools, electrical engineering and industrial products. Meanwhile, Indian SMEs remain largely low tier suppliers.

More than half of Mittelstand firms hold process or product patent in the global market, while less than 10 percent of Indian SMEs undertake any R&D at all.

The contribution of SMEs in India's GDP is only 17 percent compared to the 50 percent share of German GDP enjoyed by Mittelstand firms.

An assessment of the performance of the Mittelstand reveals certain key characteristics that could offer significant lessons for Indian firms, and specifically SMEs. The Mittelstand companies have a clear focus on R&D and product excellence and embrace the philosophy of 'doing one thing really well'. Coupled with this, they take a long term view of value creation, rather than pursuing short term profit maximization. This philosophy has been the bedrock on which the German firms have built their presence as global leaders in manufacturing.

The German government in turn, has actively supported the Mittelstand. Measures have included supporting start ups, creating easy access to financing, reducing bureaucracy and, most importantly, helping companies identify global opportunities and supporting them in developing the key technologies needed to compete in international markets.

India, too, should shift its focus away from short term operational goals and embrace long term value maximisation, through a targeted approach that is aimed at establishing global leadership.

CII-BCG Report on Make In India:
Turning Vision Into Reality @ CII Manufacturing Summit - 2014

People who think they know everything are a great annoyance to those of us who do.
- Isaac Asimov

IN A NUTSHELL

Often enough, we tend to take basic concepts and thinking on most human endeavours and issues for granted. This includes Management and its many hues Some of the principles and concepts of Management subjects like Marketing, Organizational Behaviour or Human Resource Management would do well to be reignited in our minds and jog our awareness, so as to make our functioning in the workplace more effective and rewarding – both for the organization as also for ourselves. With this in view, through this column, Tapasya brings the thoughts of eminent writers on Management related subjects back on stage, which could remind us of the basic purpose of management – to get the best out of every stakeholder in the business and bring satisfaction in the process through better results for one and all.

(For more on the subject of Business Models, we recommend Entrepreneurship Theory and Practice by Raj Shankar, published by Tata McGraw Hill.)

INTRODUCTION TO BUSINESS MODELS.

With the growing interest in the area of starting up of a business and the subject of entrepreneurshii most of the discussions are focussed around mastering finance and writing business plans. One an idea is fairly accepted by the entrepreneur and the relevant group of people, writing a busines plan has become the de-facto next step. Once business plans are written, they are then circulate to investors and venture capitalists, who take high risk and invest in early stage ventures. But ther is a large step that is skipped in between the process of moving from a good idea to opportunit map, to writing a business plan, which is business modelling. Business Modelling at the simples level is the process of visualizing the logic of the business. A Business Model will help detail ho* the business will make money in the process of delivering value.

Before we get to understand what business modelling is and how to go about doing it, it i important to understand that most business plans are written around ideas. And ideas may not b< the most ideal starting point for ventures to be successful. It is the idea to opportunity map tha makes business successful.

With a good idea to opportunity map, one has to proceed to design the business around it It see how the business will shape itself when turned into reality. The process of creating a business around an 120 map involves understanding the economics of the business. The economics of the business will clearly indicate whether there is an adequate business opportunity and a possibility of making surplus money by investing into this venture. At the basic level, it also examines the possibility of the business as an operation and how it would churn out profits.

Designing a business model becomes important from an entrepreneur's perspective primarily because the entrepreneur tends to spend a lot of important resources in the process of converting his idea into a business. Considering the fact that a large percentage of entrepreneurial ventures fail during the first few years of their existence, it may benefit to remember that moving directly from an idea to business plan is probably not the right approach. It has also been brought to light post the dotcom bubble of the late 1990s and early 2000 that if the economics of the business is not studied clearly, then looking at converting a business into reality may be pretty hard.

When one thinks of the business model, he/she might easily dismiss it saying that it is just a different way of seeing the business plan. But if one looks more deeply into the aspect of designing the business, he/she will appreciate the fact that in a business plan the approach is literary. While the intention behind drawing up a business model is to see the viability of the business.

The various aspects that go into designing the business model help the entrepreneur relook the way business needs to be created. There are many reasons why business modelling is needed before writing a business plan. Some of the reasons include:

1. Profitability is designed from the inside of the business

All businesses have a model. The idea behind business modelling is to see if we can proactively create a model around the business, rather than just accept the model that gets created. Depending on the model that is being practised by the institution in carrying out its business, a certain amount of profitability gets generated. The intention of the business model is to see how to provide value to a customer and in that process, capture some portion of that value into commercial gain for the institution. This captured commercial value is more commonly referred to as margins. Thus margins can be seen to depend largely on the approach taken by the business to serve its customer. Profitability can then be estimated and controlled more closely. Hence, working on business model provides the entrepreneur with a handle on profitability.

2. Most industries are moving from single dominant models to multiple models

Most players in an industry in the past used to operate in a standard way. !n the sense, most of them normally buy from same sourcing agents, would process and distribute in a very similar manner. The prices were defined by the ability to reach their customers rather than their true value. Most industries had dominant business models.

But with the increasing speed at which changes are taking place (technological advances, falling of trade barriers, new communication challenges, etc.,) it is very rare to have one model of delivery. With information almost democratised, it is becoming very difficult for institutions to control everything in the industry. The industry dynamics and landscape is constantly changing and is in flux.

While this is a good development, it also brings to the forefront the need for an entrepreneur to model the business and constantly fine tune it based on his choice of customer segments, resources, channels, etc. Without modelling a business, a lot of discussions may just be in the air and a sudden disruption in the environment might topple the business, as the inter-links may not have been considered. This necessitates now industries to witness multiple business models, each with unique competitive advantage and nuances.

Hence, when an entrepreneur decides to set-up business in an industry, he needs to first understand the industry dynamics and create an appropriately agile and flexible model that will give him the maximum leverage on implementation.

3. Improved chances of success in creation and execution of a business

Business plans are typically written based on templates available with various sections. They are definitely comprehensive, but lack one basic aspect in business, which is design. They do not look at all aspects in relation to one another.

They may also not be considered at the level of depth that is needed. With increasing number of business plans written and greater numbers vying for the limitedly available finance, the need for shorter and crisper plans is the order of the day. Hence, entrepreneurs tend to limit their

Entrepreneurship Theory and Practice

detailing to the interests of the investors. While making the opportunity interesting from entrepreneur's and investor's perspective is the primary goal of writing a business plan, at tim the interdependencies and profitability portions are lost. This then leads to an incomplete z inefficient implementation.

Hence, for better business creation and greater success in execution, the design of the busir* must be pre-thought, pre-defined and then executed. In this respect modelling the business cot provide some relief.

Let us take the case of what can happen with a simple commodity like 'Coffee'. In the init days, people used to buy coffee seeds through retailers and distributors who in turn used to pi up from the producers of coffee seeds. While there used to be fairly defined ways of doing th someone decided to add more value to the end-user by saying that they could powder the coff seeds and provide the same. Over a period of time, most people started picking up coffee powd because they were prepared to pay a little extra for powdered coffee, since it made life easier f them. Continuing the trend, people now have started serving coffee at various outlets. Today \ have an entire industry around serving coffee.

Today Star Bucks or Cafe Coffee Day tends to harp on the experience around coffee, rath than just sell it as a commodity. They are also looking at aspects like customised coffee, great varieties etc. Probably, going forward, one may also be able to experience coffee making wh;: could be available at a greater premium.

When we try to analyse the changes that have happened with respect to distribution of coffs seeds, making or drinking of coffee, we realise that at each stage, greater value got added and ti nature of customers also changed. The cost for providing the value increased with an exponents increase in the price that was getting charged to the customer.

So, for each type of business, be it trading seeds, grinding and selling powder, mixing an providing coffee, delivering experiences around coffee, etc., there needs to be an approach to th business in totality. And depending on the value the entrepreneur decides to create and distribute the model needs to be designed.

Laugh and the world laughs with you, snore and you sleep alone.
- Anthony Burgess

The Writing on the Wall

Tourist Arrivals to India Under E-visa Scheme Up 11 Times

Tax lens only on multiple foreign visits

Indians 2nd biggest job creators in London

Forex reserves cross $350-billion mark

₹ gains after 5 sessions of loss, recovers from 20-mth low

Fiscal deficit at 4% in FY15

Augurs Well For Rate Cuts, Better Ratings As Govt Beats Target

'Eco fundamentals strengthen in 1 yr'

'India on cusp of 24x7 power supply to all'

GST Bill passed in Lok Sabha; govt upbeat on prospects in Rajya Sabha

Whats Up

The Writing on the Wall

Industry growth slows to 2.1% in March

Core sector contracts 0.4% in April

TIMES BUSINESS

Worst Monthly Fall In Decade | PMI Points To Best Mfg Show In May In 4 Mths

GDP growth weaker than what numbers suggest, says Rajan

Rising oil prices may leave ₹14k-cr gap in fuel subsidy

Exports fall 14%, gold imports soar 78% in April

TIMES NEWS NETWORK

SLOWEST GROWTH IN OVER A DECADE

Food for Thought: Consumption Fall Bites FMCG Hard

Sale of consumer goods slows to 7.5% in FY15; errant monsoon may hurt sector further

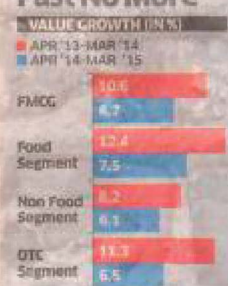
Ratna Bhushan & Sagar Malviya

New Delhi | Mumbai: Sales of consumer goods have slowed the most in about a decade, suggesting that Indians are making cuts in spending — especially on discretionary products — amid high inflation and a sluggish economy. Most company bosses expect things to get better soon, but a bad monsoon looms as a threat over rural consumption.

The overall consumer products market slowed to 7.5% in the year to March from 10.6% in the previous year, according to Nielsen data. The declining pace is across urban and rural markets and covers all three broad categories — food, home and personal care and over-the-counter prod-

FMCG firms are now taking steps to hedge themselves

Fast No More



DISSECTING THE NUMBERS

Two Contrasting Trends Are Visible: shift to value segment as well as premiumisation

Cos are leaning on urban demand to improve numbers as it accounts for 65% of the market

Some analysts say the worst may be over and fall in demand may have bottomed out

Annual performance figures also

Whats Down

EcoEchoes

Business Standard
Volume XIX Number 184
MUMBAI | WEDNESDAY, 29 APRIL 2015

Waiting for action

The Indian market looks like it has run out of steam

The stock market has had an eventful few days — weeks, in fact. Many believe that the uptrend that had been seen since early 2014, of relentless bullish optimism, may be on the brink of ending. Indeed, some think that bearishness has already set in. The numbers are interesting: on Monday, for the first time since September 2013, the two benchmark stock indices closed below their 200-day moving averages. Many stocks are at 52-week lows, and there have been several days of losses. Even top-of-the-line stocks, such as HDFC and Unilever, have seen selling.

The forces behind this movement are relatively easy to pin down. First of all, it is clear that foreign money has fallen out of love with India. Confused and angered by their treatment at the hands of the taxman as well as by the lack of clarity on the pace of reforms, foreign institutional investors or FIIs are looking at other options. The trend is particularly clear to see in debt, where FIIs are expected to turn net sellers of Indian debt in April, for the first time since India began to shrug off the taper tantrum in late 2013. A certain overconfidence had crept in about India's chances — after all, where else could global capital seek returns? Europe was still struggling, US equities were supposedly overbought, and all other emerging markets were in trouble or in the doldrums. However, a strong winning streak since January 1 in the Chinese markets shows that this is not a sustainable belief. And among the major world markets, Indian stock market indices have slipped the most from their highs in 2015.

The second point is that optimism has essentially been priced in — heavily. The market now is action-oriented. It will respond to clear and present action that will improve further earnings. If signs come in that earnings recoveries will be further delayed – as seems to be the case following the early bird results – then, naturally, it will lose value. If the government takes sustainable reform action, then the markets will respond appropriately.

The impact of the FIIs' inflows on the markets has been odd. It has, in effect, created a dual market. The Sensex has a price-earnings (PE) ratio of 18.7, down from 19.3 on January 1. Indeed, the biggest 500 companies – as measured by the BSE S&P 500 – are at a PE of 20.6 now, marginally up from January – and from 17.2, 16.5 and 14.6, their values one, two and three years ago respectively. This does not seem remarkable. However mid-cap and small-cap companies are more expensive — at PEs of 27.9 and 25.3 respectively. The carnage in small-cap companies in the past months and weeks has been intense — the PE for small-cap companies stood above 60 on January 1 this year, and was above 40 a year ago. The suggestion is clear: prestigious companies with clear balance sheets, the sort FIIs like, are holding their value, but the general trend elsewhere has been downward. Some sectors and companies are very expensive indeed. FMCG is at a PE of 48.5 and capital goods at 50.3 — but realty is at 18.4, and banks, dragged down by the public sector, at 16.8. The variation within each sector between companies that FIIs will buy and those they won't starkly diverges from fundamentals. HDFC Bank is at 23.6, while State Bank of India is at 12.4.

Clearly, the markets have had a comfortable run thanks to FII money, and that trend might well reverse. Whether or not that means that India is at the beginning of a bear trend depends — it depends on how bad corporate earnings are, how the United States Federal Reserve views its monetary stance, and whether or not the government is willing to take the sort of reform measures that will please an action-oriented market.

56% jump in FDI as the Lion roars a mighty welcome

With this high-voltage campaign the government is trying to change India's image from a slow-moving elephant to a roaring lion.

But more than the campaign, the idea is to get foreign — as well as Indian companies headed offshore — to make in India. Government officials would tell you that Make in India is a success with a 56% jump in foreign direct investments (FDI) since it was launched eight months ago.

How much of it has gone into setting up manufacturing facilities or adding to existing ones isn't clear.

Data till February indicates that services continue to dominate in terms

MAKE IN INDIA

of attracting overseas investors.

Although investments may not have started trickling in yet, global giants have begun taking note. Domestically too, the aggressive pitch has had the desired impact.

Indian companies are no longer talking of relocating production bases. And, ministries such as railways and defence, which had for years blocked private investment, are more open. As a result, several defence sector proposals have been cleared with local manufacturing.

The likes of global giants like Airbus and Boeing are talking of the possibility of having some sort of a manufacturing presence in India.

There isn't much to write about for the railways, though, or the ambitious Delhi-Mumbai Industrial Corridor project, a key element of the Make-in-India scheme. Despite being in the pipeline for several years, the company overseeing it is yet to call tenders to build basic infrastructure.

Similarly, the new ministry for skill development is yet to kick off the skilling drive at the pace that's needed.

States to come under DIPP watch on ease of doing business

PARAMETERS ON WHICH STATES WILL BE MARKED

1. Setting up of business
2. Acquiring land for construction
3. Compliance with environmental procedures
4. Compliance with labour regulations
5. Obtaining infrastructure-related utilities
6. Taxation procedures
7. Carrying out inspection
8. Enforcing contracts
9. Exiting a business

NAYANIMA BASU
New Delhi, 28 May

To make India more investor-friendly and trigger competition among states, the Department of Industrial Policy and Promotion (DIPP) is planning to issue a report card of sorts for each state on the ease of doing business.

In line with the World Bank's annual 'Doing Business' report, the DIPP has already sent a detailed a questionnaire to all state governments, based on a 98-point matrix, divided into nine broad parameters.

"Come July or August, there will be a report card for each state government on ease of doing business ... This will be done only for internal assessment. Initially, the plan was to recognise the strengths and weaknesses of states. But now we plan to make it public, with a ranking of states," a senior DIPP official told Business Standard.

This would be an annual exercise, for which the government had also roped in NITI Aayog, to bring "greater transparency and accuracy" in evaluating states, the official said.

The DIPP has asked states to respond to its questionnaire by this month-end or early next month. Based on the responses, the department is planning to devise an evaluation mechanism. This is because all states do not have a uniform policy or regulatory mechanisms.

The chief ministers and officials of some state governments were taking the matter "very seriously" and were in constant touch with the DIPP "to seek help", the official said. "This will trigger healthy competition among states, as each will strive to better the others."

Some broad categories on which the 98-point matrix has been based are similar to the World Bank report, including those relating to ease of starting a business, securing permits and licences, availability of land, taxation structure, labour compliances, infrastructure and environmental clearances.

Recently, DIPP Secretary Amitabh Kant had said the Centre would "name and shame" states that didn't comply with the central government's directives on easing of procedures for doing business and relaxing regulations.

The government is tracking the progress of seven to eight regions, including Gujarat, Maharashtra, Delhi, Tamil Nadu and Karnataka, in terms of their ease-of-doing-business plans.

Chandrajit Banerjee, director-general of the Confederation of Indian Industry, said: "We strongly support this initiative of annual assessment of all states, along with the progress made by each in the area of ease of doing business. This will inculcate healthy competition among states, irrespective of the inherent advantages, and help the overall business environment."

India was ranked 142nd among 189 countries in the World Bank's latest Ease of Doing Business report, two slots below its rank for the previous year.

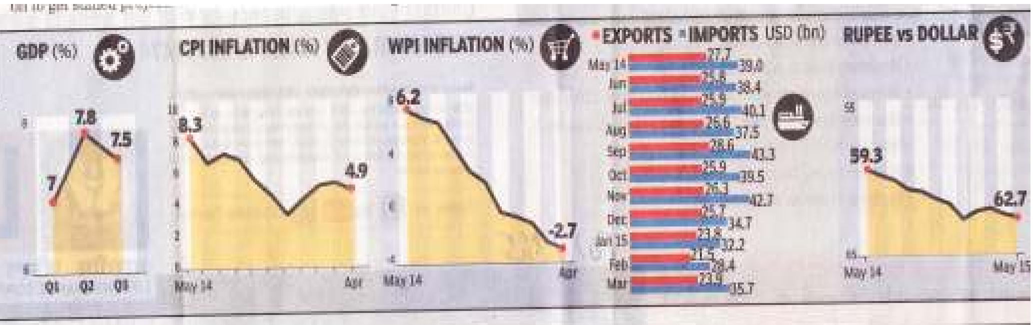
Prime Minister Narendra Modi has set a target of ensuring India ranks among the top 50 countries in the report.

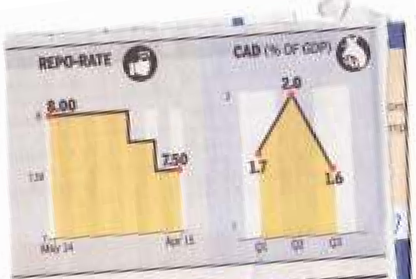
For April-February 2014-15, foreign direct investment equity inflow into India was $28.81 billion, about 39 per cent more than in the year-ago period.

Infografix

EARLY SIGNS OF ACHHE DIN

The big numbers in the economy have all started looking up in the last year. Growth is up, inflation is down, non-oil exports are rising and the current account deficit is under control. Interest rates are heading south





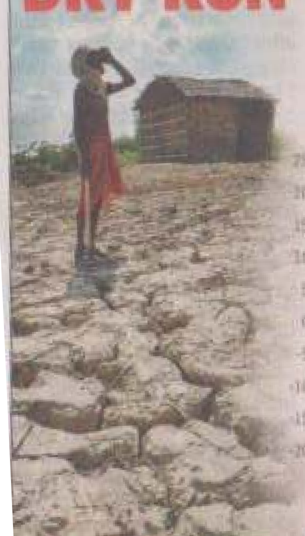
INDUSTRIAL OUTPUT GROWTH (in %)

	March 2011	March 2012	April-March 2012
Manufacturing	11	-4.4	2.9
Electricity	7.2	2.7	8.2
Mining	0.4	-1.3	-2
Capital goods	14.5	-21.3	-4.1
Consumer goods	13.2	0.7	4.4
Consumer durables	14.9	0.2	2.5
Consumer non-durables	11.9	1	5.9
Overall output growth	9.4	-3.5	2.8

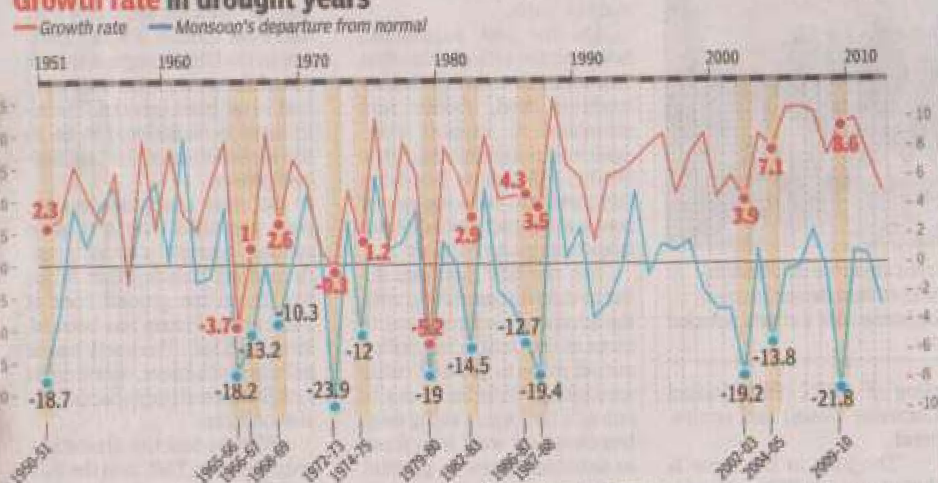
STATOISTICS

ECONOMY'S DRY RUN

The monsoon's failure is often linked with a dip in the overall performance of the economy. It's not the agricultural sector alone that gets affected by a bad monsoon; industry also suffers as lower agricultural output decreases demand coming from a sector that gives employment to over half of the country's total workforce. An analysis of GDP growth rates and drought years since 1951-52 shows that growth does tend to be sluggish in drought years. In recent years, this correlation seems to have become weaker, not surprising given the fact that **agriculture's share in GDP has also fallen**



Growth rate in drought years



Source: IMD, MOSPI. Growth rate at 2004-05 prices; Research: Atul Thakur; Graphic: Sunil Singh

Meditation :

For The Young & Successful

Dr Amar Kumar

AMAR KUMAR is a well known Traditional Reiki Master Teacher (highestattainable level-equivalent to Grand Master) and is a registered Medical Practitioner with Indian Board of Alternative Medicine. Reiki Kendra, one of the oldest government recognised Reiki Centers in thecountry, was set up by him in Kolkata in 1998. Although based out of Kolkata he has been practicing and teaching Reiki for the last severalyears both in different parts of the country and abroad. Apart from Reiki he is also exposed to other areas of alternate therapies, such as Yoga, Meditation, Pranik Healing, Art of Living, Fire Walking, Past Life Regression, Five Tibetan Rites, Nadi Pran Release amongst others.Meditation techniques developed by him, although very simple to follow is very intense and has been very popular.

A mech. engineer (B.I.T. Ranchi) and MBA (XLRI - Jamshedpur), he opted to pursue Reiki on full time basis after resigning from the post of Senior Vice President in BK Birla group. He has fond memories of his role as Training Manager in Dunlop when it was a multinational co. and subsequently as Co-ordinator of HRD movement in B.K.Birla group of companies and he feels life has again given him an opportunity to train people to live a happy and healthy life with Reiki, Yoga, Meditation etc.. Because ofhis corporate background Amar Kumar is aware of the stress of the modern day workplace and has conducted numerous workshops for training executives in techniques of Reiki, yoga, meditation, pranayam, music therapy for relaxation etc in companies like TCS, Tata.Steel, NHPC, Gloster Jute Mills etc .His services are frequently sought by RotaryClub, DignityFoundation Sri Aurobindo Institute of Culture, Kolkata ATTN Educational Institution Pvt. Ltd.etc

Regular training & treatment sessions are organised by Reiki Kendra and thousands of people have benefitted from it. His students and client base come from diverse countries. Amar Kumar has been very active in creating awareness about Reiki through his lectures on various platforms and has a desire to leave behind an Institution of Reiki professionals to promote it in its original form. One can get more information by visiting his web site www.reikikendra.com

Modern day lives of corporate executives can be quite exhausting. The day to day stress can drain our energy, tire us and invite a whole host of problems. Things build up slowly, and over a period of time it can affect our ability to think clearly, communicate and take the right decisions. The mind gets loaded with negativity, leading to disease and depression. Negativity impacts our concentration, it erodes our self confidence and drains our enthusiasm for life. Happiness becomes elusive.

But there is a way. Our search for happiness may become easier if we choose the path of meditation. It is not difficult, all it requires is a little practice.

Meditation is an ancient practice found in most religions- Christianity, Judaism, Buddhism, Hinduism and Islam. Prayer is probably the most practiced and best known form of meditation. Interestingly no matter how old the practice is, it is relevant even today.

There would be quite a large number of people who think meditation is 'too tough' and not for them. This is simply not true. It does not ask for the renunciation of our world, too much time or a religious bent of mind. It is a simple practice that can be incorporated into our daily lives to help us live a more fulfilling and happier existence.

For those chasing corporate jobs, quiet contemplation might just be the new caffeine shot you need. It can help unleash your creativity and increase productivity. The compassion can help connect with colleagues and customers, and it can be an effective antidote to stress.

Meditation is a journey within us that helps us tap into our inner strength and find true meaning of life. It is a state of the mind, body and soul, in perfect harmony, calm, focused and aware...totally connected with our inner self. It helps us attain a state of pure consciousness that ultimately leads to bliss. It is not so easy to get to this state, but then again there are so many ways to get there. It need not always be the famous lotus pose.

You could choose to concentrate on the breath, the air flowing in and out of our bodies. Or repeat a mantra, a verse or a line or a name, either loudly or silently to gather our attention and brighten our consciousness. Or focus on an object, a pendulum, a candle, a piece of art...Interestingly meditation is also possible through movement, very slow and deliberate like yoga or tai chi. There are so many paths that lead it. Meditation can help bring peace and joy to our lives. It is not an attempt to the control the mind, rather it helps focus to attain a higher level of consciousness and inner peace. It brings clarity, helps us understand and accept ourselves and increases self-awareness.

Meditating for spiritual expansion and fulfillment, without a religious basis, is becoming very common. Interestingly, measurements using electroencephalography (EEG) and Magnetic Resonance Imaging (MRI) show that meditation can alter your brain's activity.

There are different techniques of meditation to choose from. Some examples include:

- concentrating on the breath – consciously noticing the movement of air in and out of your nostrils, or counting your breaths in various ways

- grounding and mindfulness – being aware of inner experiences (such as bodily sensations, feelings, thoughts and memories) and simply observing them without judgement
- emptying your mind – allowing your mind to clear and 'float', gently pushing aside any stray thoughts, or allowing thoughts to float in and out of awareness
- looking at an object – focusing your attention, but not necessarily your thoughts, on the shape, sound and texture of an object such as a tree, a candle flame, or a spiritually significant painting or image
- movement – using a physical technique like yoga, qi gong or tai chi to still your mind by coordinating your breath and body with gentle movement
- using a mantra – repeating a word or phrase over and over, either aloud or silently, sometimes timed with the breath, to focus your attention and brighten your consciousness

It takes practice, the mind will wander. But over time you will be able to do it. Try it, it is simple, needs no equipment and costs nothing. All you need is a little time and intent.

Maybe it will help to keep the following in mind.

Make time for it: a few minutes each day is all you need

Free yourself: no phones, no emails, no distractions

Have patience: like most other skills, it needs practice

And do it at home or in a hotel while on tour

Just do it: don't complain, don't put it off, start today

My grandmother started walking five miles a day when she was sixty. She's ninety-seven now, and we don't know where the hell she is.
- Ellen DeGeneres

TAPASYA GYANGANGA LECTURE SERIES

Kranthi Kiran Vistakula, Founder and CEO, Dhama Innovations Speaks on Innovation to Power Make In India

"Innovation is about making life easier for the consumer"

As India goes on overdrive to make Make In India the mantra for galloping economic progress, Indira Group of Institutes believes if the campaign is to genuinely succeed, it must bring to the fore the innovative talents of our entrepreneurial class. No business can continue to survive on history. It has to change and keep in tune with the changing demands and needs of a consumer community as diverse and widespread as in India. This is a challenge as well as an opportunity for the genuine entrepreneur. And this is what Kranthi Kiran Vistakula, spoke at the Tapasya Gyanganga Lecture when he addressed the MBA classes at Indira Group. Make in India was not a one year program that could be safely stored away after the celebrations were over. It had to become an entrepreneurial movement to keep India on the track to continued development. And this requires the ability to look ahead and plan, and innovate so that we get the first mover advantage over competing economies.

And Mr Vistakula knows what he is saying. His was a case of adversity spurring innovation. As a student of MIT, Boston, like other Indian students, he was at odds with the freezing sub zero temperatures in winter. But like the other students he did not take it as his karma and groan. Instead he wracked his innovative brain into trying to fight the cold with some unconventional dressing. This soon became the talking point across the University and across the United States earning him a bagful of awards for his innovative apparel that kept him warm at between 18 to 24 degrees C

The consternation on the faces of his classmates as he entered his classroom decked in his heavy, surreal attire made many wonder if it was The Terminator, or Alien in their midst! Soon though surprise gave way to admiration and appreciation as he explained the concept behind his new range of winter clothing!

His innovative spirit was not to end there, though. From the heavy outfit that was ungainly to carry and wear, he remodeled it to be less wearisome to wear and transport. Soon he realized that his invention held a business opportunity, and entrepreneurial inclination took over. He exhorted the students of Indira to never be content with what they were doing in life; but to strive to make life easier for the customer and for themselves through constant innovation. It delivers untold value in terms of creative satisfaction, unadulterated admiration and the means to a comfortable living.

Pain management through the manipulation of temperatures is another of his splendid effort which is sure to come as a boon to many struck by excruciatingly painful conditions. He has been a recipient of some of the most prestigious Awards like the Businessworld Under 35 Hottest Young Entrepreneur Award, India Innovation Pioneers Challenge for the Intel Cup, etc.

He received a standing ovation for the inspirational address he gave the young listeners who were more than awed by his words. Prof. P. G. Vijairaghavan, Convenor , Tapasya Gyanganga Lecture Series introduced the guest and Vote of Thanks was delivered by Ms Leena Harale, Faculty, Indira College of Engg and Management.

Indira Youth Yatra

"Youth would take India to great heights" Swami Vivekananda.

Indira Youth Yatra is an initiative by the Indira Group of Institutes, Pune to create youth brand worldwide and to understand today's youth aspiration. The Core Team members along with Chairperson, Dr. Tarita Shankar and Group Director, Prof. Chetan Wakalkar travelled across the country as we believe in empowering youth of India.

The Indira Youth Yatra organised by the young & energetic core team members of Indira Group of Institutes, Pune and considered as Yatra targeting the youth of India. Moreover, around 25000 youngsters attended the Indira Youth Yatra at various centres across the country such as Malegaon, Dhule, Jalgaon, Ahmednagar, Kota, Aurangabad, Nanded, Latur, Satara, Sangli, Surat, Nashik,

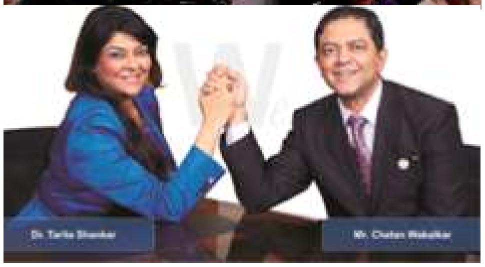
Raipur, Indore, Patna, Ranchi, Guwahati, and Lucknow."

Indira is delighted to be among the youth in their own cities "Because they are the future. What they do today, will decide country's tomorrow".

"Some believe that the world changes with the wisdom of the old. I think that the idealism, innovation, energy and 'can do' attitude of the youth is even more powerful."

A quote by Honourable Prime Minister of India, Shri. Narendra Modi.

IYY is designed especially for the youth. The seminar is a forum that bright young minds to interact in an open two-way conversation with the industry experts and motivational leaders. A space where inspirational leaders from different spheres of life share their success stories. A platform for youth to discuss, explore and clarify their doubts.



Indira School of Communication

ISC CONVOCATION - 2015

ISC hosted its 9th Convocation Ceremony for the Post Graduate Programme in Mass Communication batch 2012-2014. The Chief Guest of the function was Padmashri Kumar Ketkar, Senior journalist. Present on the function were Dr. Tarita Shankar, Prof. Chetan Wakalkar and Prof. Renu Garg. The Chief Guest guided the passing out graduates to be prepared for the future ahead and to be ready to face the challenges in Journalism. It indeed reflected the clarity and experience about the dynamic media industry and its changing scenario.

ISC ACTING ACADEMY PLAY 2015

The convocation ceremony was followed by the play “Summer in Sumsing” directed by Prof. Subhadip Raha where the crew consisted of the ISC & ISC’s Acting students which was thoroughly enjoyed and applauded by the audience. The suspense thriller thrilled the entire environment of the ceremony and was a great stress buster.

Ishq-e- Fillum

ISC organized its 1st short film festival 'Ishq-e-Fillum'. Participants were awarded in different categories.

Indira School of Communication

Mr. Gerry McCulluoh

Mr. Gerry McCulloch, Film maker & Cinematographer from Goldsmiths, University of London visited ISC & interacts with students

Mr. Dhanushka Gunathilake

Mr. Dhanushka Gunathilake, Srilankan Film maker with Srilankan students visited ISC.

Film Promotion

Ayushmann Khurrana and his team @ IGI for movie promotion of Hawaizaada.

Study Tour - Nigdi

Study Tour of MAJM Batch @ PCMC Water Supply, Nigdi. Which is known as Asia's best water supply system.

Visit - Radio Mirchi

ISC students visited Radio Mirchi 98.3FM studio to known functioning of the Radio station.

Artathon Event

ISC organized an Artathon Event through painting which was tribute to R K Laxman's 'Common Man' sketch.

Indira College of Engineering & Management

Basic Engineering Department

An Inter-college Level Technical Symposium "Azionare'3.15" was organized by the Basic Engineering Department as a part of Techfest. The symposium included events like Model Making Competition, Poster Presentation, Quiz Contest, Sudoku and Autocad. The objective of the symposium was to bring the students of various streams from different institutes on a common platform where they were encouraged to share knowledge and innovative ideas. It also aimed to exhibit the talents and skills of the aspiring Engineers both in Technical and Non-technical ways.

Computer and IT Engineering Department

A National Level Technical Symposium "QUANTONIUM'15" was organized, by the department of Computer and Prof. Chetan Wakalkar had an interactive session with the students about recent developments in technologies and their challenges. Dr. A.A. Kulkarni addressed the students about the need and benefits of the symposium. Dr. Poorna Shankar enriched the student with the concepts like Big Data, New Mobile Technologies and Recent trends in the market.

More than 90 papers were selected for presentation in the symposium. The event was executed in five different sessions, namely, Image Processing, Data Mining, Distributed Computing, AI & Networking and Security.

Civil Engineering Department

Civil Engineering students visited Dubai, U.A.E. as a part of learning process. Dubai is famous for its high buildings. In this study tour, the students visited different innovative architecture structures in Dubai.

Indira College of Engineering & Management

Mechanical Engineering Department

Maverix 7.15 is an inter college technical event organized by the Mechanical Engineering Department at ICEM under the aegis of i-MESA, initiated in the year 2008 when the department was established with an aim to motivate students by giving them a platform to present their skills. Since then it is organized in the second semester of every year. Over 1250 students from 25 diverse engineering colleges have participated so far.

Electronics and Telecommunication Department

The E&TC Department of ICEM organized a Project Competition under IETE Pune Chapter on 29th April 2015. 30 groups from various reputed colleges in Pune registered for the competition out of which 12 groups were shortlisted for the final round. BE (E&TC) project group of ICEM Pune received the First Prize of merit from Prof. S. K. Khedkar, Chairman IETE.

MCA Department

An Inter-Collegiate event of Techkshetra'15 was organized by the MCA department at Indira College of Engineering and Management. It aimed to inculcate presentation and technical skills in students through technical competitions. 104 UG & PG student participants from various colleges across Pune, enriched the event with their active participation. All MCA I & II year students whole heartedly worked in various committees for the event. The event consisted of two competitions, namely, WebGeek competition & TechWiz competition.

MBA Department

An Outdoor Management Training was organized by the MBA department at ICEM on 20th March 2015. It aimed to enhance individual and team performance, skills improvement and team bonding. The natural environmental and outdoor activities like Rain Dance, Sky Walk, Rappeling, Rock Climbing, Army Obstacle, Burma Bridge and River Kayaking added to the fun quotient of the outdoor training.

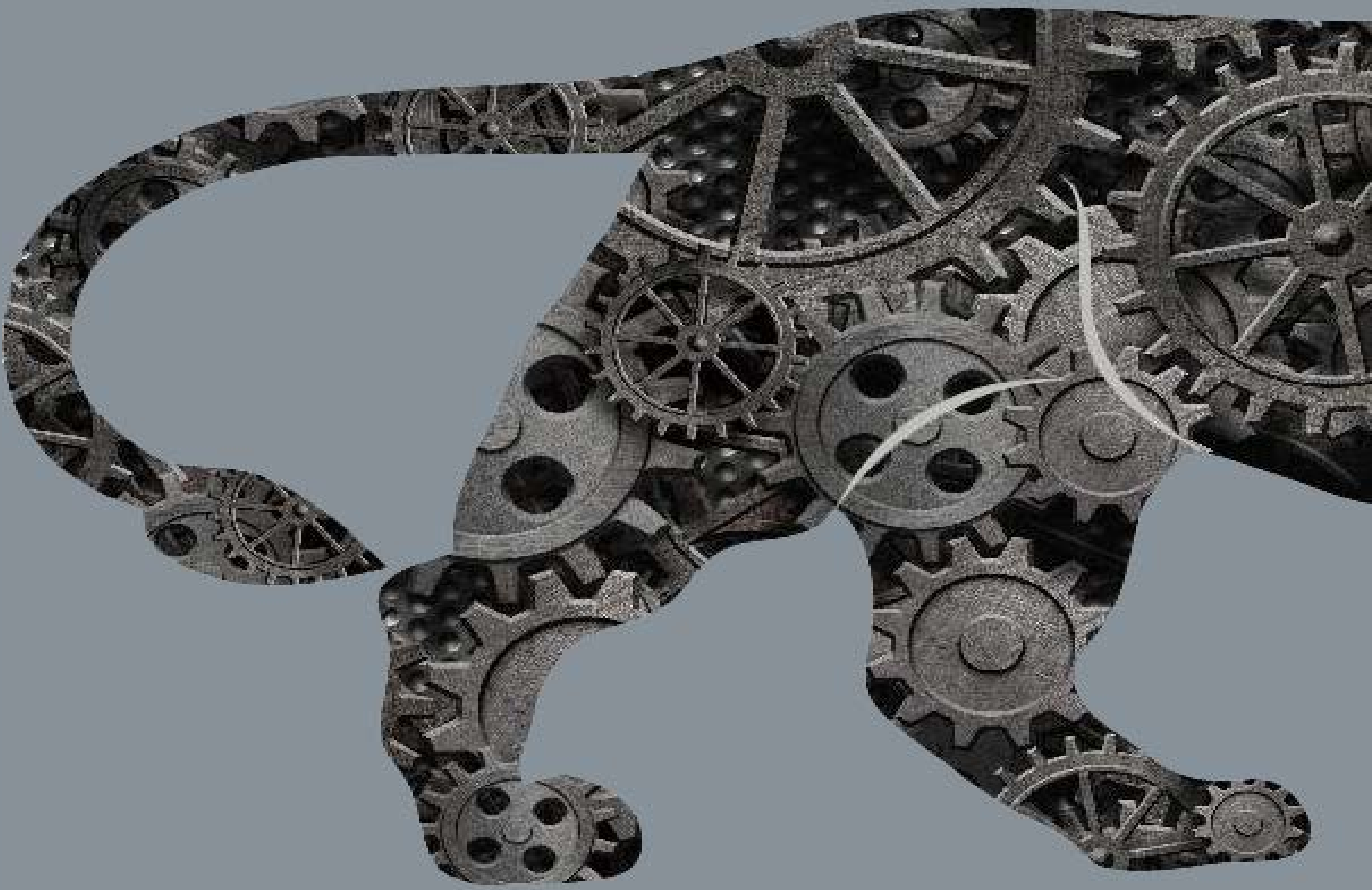
Indira Management Review

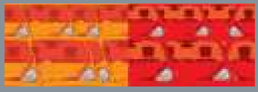
The Indira Group of Institutes has established a reputation for flawless, quality higher education, be it in Management or Computers.

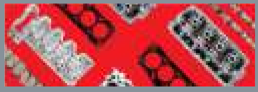
For some time now, we have experienced the need for a dedicated journal of Management to empower academicians, professionals and aspiring students of subjects like Human Resources, Logistics, Operations, Finance and Accounting etc. with updates on present day thinking and concepts, mainly to help the decision making process – be it at the Corporate Level or individual level. This need has been satisfied with the coming of the Indira Management Review, a biannual journal of Management academics that aims to decongest the information channels and present clearly, where Management is today, and where it is headed. It reports, analyses and suggests changes to established ways of thinking to lead the way into a more profitable and immensely satisfying Management experience. The contributors to the journal are from an array of institutions across the country and from abroad who have what it takes in terms of qualifications and first handexperience to talk with authority on their chosen subject. This can only further empower those desirous of perfecting the art and science of Management in a world getting increasingly complicated as India gets more integrated into the global corporate village. Order your specimen copy of Indira Management Review.

Better still, subscribe to it at Rs 400/700/1000 for 1/2/3 years.

Contact us at vijai@indiraedu.com for more details.




AUTOMOBILES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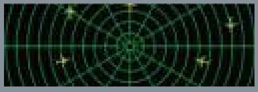
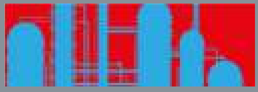
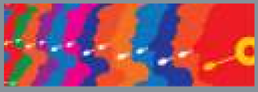
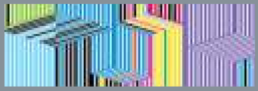

AVIATION

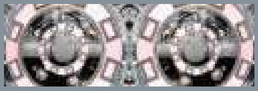

BIOTECHNOLOGY

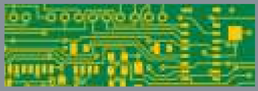

CHEMICALS

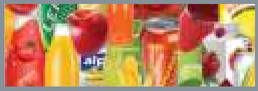

IT AND BPM

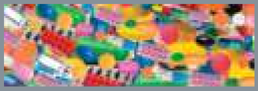

CONSTRUCTIONS


DEFENCE MANUFACTURING


ELECTRICAL MACHINERY


ELECTRONIC SYSTEMS


FOOD PROCESSING


PHARMACEUTICALS