



SAMVAD

Igniting Thoughts of Tomorrow

Featured Article

Zero Defect, Zero Effect (ZED)
Maturity Model

WeChat



Ms. Aparna Sharma
Former Country Head HR
at Lafarge India

MANUFACTURING SECTOR

Must Read !!

MUDRA Bank
Funding the Unfunded

May 2015


Welingkar Education

S.P. MANDAL'S



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

WeSchool has chosen the 'design thinking' approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



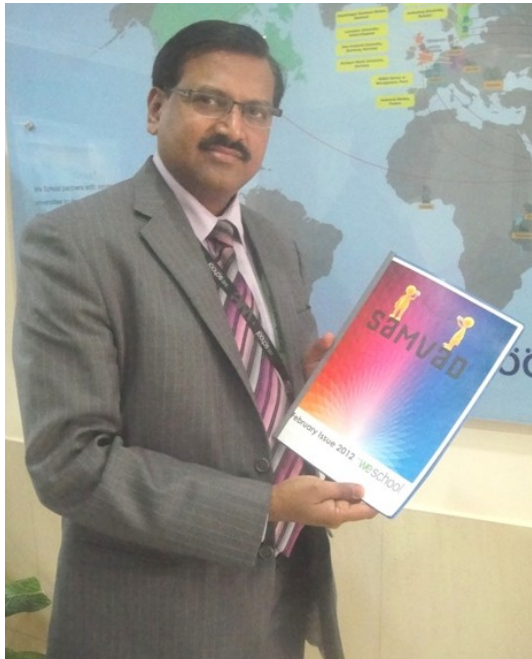
Prof. Dr. Uday Salunkhe,
Group Director

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe introducing the first issue of Samvad

OUR VISION

“To facilitate exchange of ideas that inspire innovative thought culture”

MISSION

To Dialogue

To Deliberate

To Develop

To Differentiate

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dear Readers,

Welcome to the May Issue of Samvad!

Over the last two decades India has become one of the fastest growing economies in the world driven by economic reforms and the unprecedented growth of the services sector. In contrast to the service sector boom, the manufacturing sector has been less robust and has stagnated at a mere 16 percent contribution to the GDP over the years. This has made many observers question the sustainability and sturdiness of India's development model with steady employment is becoming a growing concern for policymakers and officials.

The National Manufacturing Policy (NMP) 2011 was instated with the aim to increase the manufacturing sector's contribution to 25 per cent of the GDP by 2022. The intention behind this was to bridge the growing gulf between the services and manufacturing sectors and also as a long term strategy to balance the countries reliance on their contribution to the GDP. To provide an impetus to the successful implementation of the NMP, Prime Minister, Mr. Narendra Modi, has launched the 'Make in India' campaign which has captured the imagination of a lot people and has helped renew faith in the fading manufacturing sector of the country. India has had several successful instances of mass social/economic change initiatives such as the Green Revolution in agriculture and the White Revolution in dairy. In a similar vein the 'Make in India' initiative can transform the manufacturing sector, leveraging on the nations intrinsic strengths.

Against the backdrop of the government's emphasis on building strong manufacturing capabilities, our May issue gives an overview of the various opportunities, challenges and avenues available in this sector. This issue features an interview with Ms. Aparna Sharma who is the former country head (HR) at Lafarge India. Ms. Sharma having an eclectic mix of experience shares her insights and experiences in this interview which makes for a delightful read. The issue also has a host of articles which cover the various financial, operational and people aspects of this sector.

I hope you enjoy reading this issue just as much as we did developing it. Do remember to write back with your valuable feedback and suggestions. Stay with us for our next issue on the Hospitality Industry.

Until then...

Read Better to Know Better!!!

Best Wishes,

Anuja Kadam

Editor

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for her help in selecting the best Marketing articles. She is a part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Mallya** and we thank her for choosing the most relevant and informative articles.

We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Rimmi Joneja**. We thank her for choosing the best articles.

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.





WeChat



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An Interview with Ms. Aparna Sharma

By: Team Samvad

(Former Country Head (HR) at Lafarge India)

1. Can you please take us through your professional journey right from the start of your career?

I passed out of TISS in 1996 and got the day one job on campus which was the highest paying job that day. It was a shop floor job to begin with. As a Management Trainee, I worked as an understudy to the Plant IR manager. It was a very interesting and challenging experience as one understood the reasons for discontent among blue collared employees. It made me realize the importance of establishing a personal connect with employees at all levels.

The next year involved a lot of change management work as there was a merger and a demerger. I also got to work with Dr. T.V. Rao who was re-designing the performance appraisal system for about a thousand employees which involved very intense work. I would volunteer for as many opportunities that came my way and was approached by Monsanto, a leading Biotech company. I joined them as the HR Manager for their field staff which included the sales team.

We set up a research centre in Bangalore on the lines that they have in the US. For a 24*7 lab, we had to hire fifty highly competent scientists in less than sixty days from 13500 applicants. To find the right candidates was a humongous task. We tried to attract Indians who wanted to come back from abroad and we completed the task in record time. I then moved on to head the commercial part of the organization which



included mainly the business operations part. I then got an opportunity to go to the Philippines where I stayed for two and a half years before returning to India and taking over charge of South East Asian Region, Learning and OB role.

I was then approached by Novartis to set up & expand their Global services in India which I took up. We set up the whole thing from scratch in Mumbai and then had to relocate it to Hyderabad. I moved as I had just got married. I then joined UCB India, a Biopharma company. We acquired a Clinical Research Organization (CRO), consolidated & expanded lines of business, set up IT services centre in Bangalore etc. I then moved to the Deutsche Bank Group as Head of Mumbai and Jaipur centers. Mumbai was scaled up to 2800 people and Jaipur was built from scratch to 1500 employees. As they relocated to Pune, I moved to Lafarge, a Building Materials Company and worked with them for 33 months. As I look back, these 18 years of professional life have been very enriching, full of challenges, diverse and I feel fortunate to have had all these opportunities.

2. You've seen a plethora of sectors from Chemicals to Banks. What features stand out with regard to employee bonding amongst the blue collared and the white collared employees?

The manufacturing sector is a more conventional sector as compared to the banking or insurance sectors. The years of experience, seniority, age matter much more in the traditional sectors whereas the modern sectors are more intellectual and as long as you are competent not much else matters. However, I see a lot of genuine care, connect and personal relationships in the manufacturing sector like a big family. It requires a great deal of adaptability on the part of the HR manager to handle this switch.

3. How do people respond to changes in the organization in both these sectors?

In my experience, in the manufacturing sector it takes longer to drive change. You have to have the support of the seniors in the organization whereas in the banking sector people would adapt comparatively quicker. You find the balance between emotion and reason at an individual level to make people see your point. I try to use a personalized touch to win over differences which has helped me in the long run to create goodwill across, irrespective of the sector.

4. Your HR vision says "Centre of Organizational Excellence". What is the inspiration behind this and what is the path forward?

I think today is an era of specialization. It's important that folks in HR have done a variety of roles before taking on a leadership role.

Whether C&B or Talent Acquisition or Training role, if you've walked the path then you'll be able to guide those under you and set realistic deadlines.

The business partnership role is what everybody talks about and then there is the specialist role or the centre of excellence role that I am a strong believer of. Thus, the vision promotes the need for a HR professional to go through at least two or three niche roles before settling into a general management role. Adaptability and the willingness to gain different experiences have become extremely important in HR.

5. With our generation switching jobs at the drop of the hat, how difficult is it for you to retain talent?

It is a challenge to retain the current generation because of the options available to them. Also, many people are not clear about what they want exactly and often come back to the job they've quit. What helps organizations retain people is a good brand, working environment, culture of the organization, ethics and values and finally good business leadership which act as anchors. It is important for the organizations to reinforce the big picture through communication and employee engagement so that people don't lose focus.

6. What HR practices that you see being followed these days do you approve of and which ones according to you should be shown the door?

In a lot of manufacturing set ups, there are no flexi work or work from home policies. What is required is a review of brilliant existing policies just to bring them in line with the contemporary. There is a lot of work cut out for the HR folks in terms of aligning these policies

without disrupting the business. In my mind, the best way to go about this in the manufacturing sector is to be going back and asking the employees and making their voice count. They come up with very practical and constructive solutions which can be implemented without batting an eyelid. Some progressive practices like educational assistance and paternity leave could be thought of.

7. Do you see the manufacturing sector growing, in the light of Modi's "Make in India" campaign?

I see it as a very promising campaign. I see a lot of companies wanting to set up manufacturing hubs in India. While the concept and spirit is right, it needs everyone to act in unison and enhance productivity. The reason for "Made in China" to be the way it is, can be credited to the productivity level. We, on the other hand spend too much energy debating, ideating and discussing, dealing with red tape-ism rather than doing and delivering. We also need to shed some stereotypes on gender, colour, age and educational background. We need to empower the younger generation and rewire the DNA existing in the corporate world. We need more private-public partnerships to focus on "Make in India" as a joint effort.

8. Any experience at the work place that you would like to highlight related to the gender issue.

Issues are many, but the point is what is it that we are doing about it? It becomes our responsibility to create a more gender neutral work place. In my opinion, while a lot of people will put you down and tell you that you cannot do a certain job because you are a female, you have to ask yourself and be convinced before taking the decision to go ahead with it or

otherwise. You also have to be conscious of & take care of your personal safety at all times.

While sometimes we look for concessions as women, there are other times we talk of equality. For eg. the men asked me why we celebrated Women's day in isolation. So the next year, we included the men and their families, by sending out gifts to the wives or ladies at home which worked very well for both.

Also, when companies call asking for a diversity candidate, then that goes against the concept of equality. The idea should be to let your actions speak louder than words to have the right impact on people- man or woman. Every woman needs to figure out in what way she can contribute with her skill sets in the best interests of the organization.

9. What is the one piece of advice that you would like to give HR Managers who would pass out from here?

No job is big or small. Be focused and know what you want. There is no shortcut to success. Be keen to learn, be resilient and patient. Give the organization a chance to understand what you can do for the organization and what the organization can do for you. It should always be two sided.

Today, careers are not very conventional. The lateral movement is just as important as a vertical movement to make a career lattice rather than a career ladder always. Don't go by what worked in the past. Try to change the rules of the game and stick to what you believe in. Each one of us is very gifted and unique. We need to be realistic, so as to not get disheartened. The transition from "Campus to Corporate" takes a while- so go with the flow.

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Zero Defect, Zero Effect (ZED) Maturity Model

By: Madhura Joshi, MMS (2014-16), SIMSREE, Mumbai

With development comes the onus of sustainable growth and a commitment towards environment protection. Development at the cost of degradation of our environs is, practically, of little use. With Prime Minister Narendra Modi's comment on 'Make in India: Zero Defect and Zero Effect', the message was clearly put across to the country that we would not compromise on our goal of making India the manufacturing hub.

As a result to give a boost to the "Make In India" campaign and "Zero Defect and Zero Effect" ideology, a "ZED Maturity Model" was designed which was conceptualized through the joint efforts of the Quality Council Of India, MSME and the Department of Industrial Policy & Promotion. Through this initiative, industries have been guided to imbibe cleaner technologies and environment friendly techniques and ways to produce high quality products i.e. they will have zero defects and thereby will have zero effect on the environment. This will help make India a global leader in manufacturing since this will ensure that our products are of the highest quality and follow global standards.



Image Source: Wordpress

Some people believe that, as the quality level increases, the cost to maintain that quality will also increase and this would not be viable for the company's financial performance.

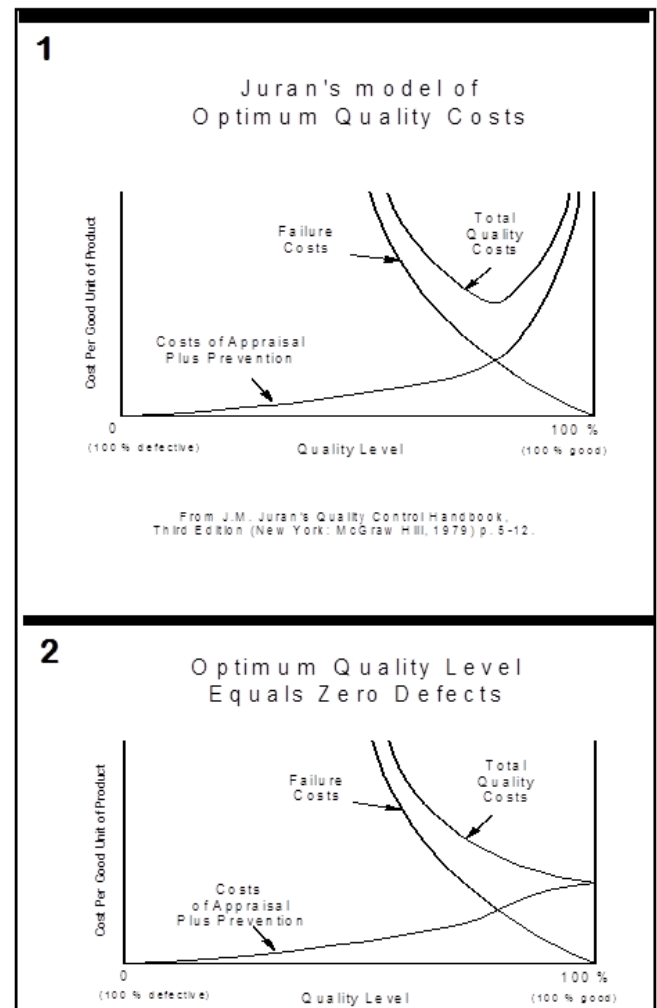


Image Source: Arthur Schneiderman

However, a program of continuous improvement does not necessarily introduce increased costs as the quality level approaches 100%. This is, thus, beneficial to the financial performance of the company as quality level can be increased without much effect on the finances of that company. As a result, zero defects can be achieved without much effect on the financial

status of the company as well as on the environment. As of now, many manufacturers have little consciousness about quality i.e. having zero defects as well as about environment. In the last few decades, there are many organizations who have adopted the philosophy of continuous improvement and improved the quality of their products as well as services, however the concern for environmental maintenance.

In the past few decades, many organizations have improved the quality of their product and services to remain competitive but concern about environment is still very low. Improvement in quality can have a major and immediate impact on the top and bottom lines of the company however being compliant with environmental norms and regulations is considered as an added expenditure even now.

Keeping this in mind, the Government of India has also undertaken a project called as “Japan plus Team” which will be responsible for doing an SME assessment in India. Therefore, a ZED rating, based on certain parameters which are 61 at present, will be given that will stress upon the importance of quality as well as environment. Along with this, Indian Government will also be giving financial assistance so that the SME’s become competitive not only in the Indian market but also at the international level. The Government will help them in upgrading their technologies and enhancing skills of the youth. With all these strategies lined up, it’s a positive sign that ZED movement will gain momentum in the near future.

There are certain steps that can help improve the ZED rating:

1. Keep an eye on government schemes as regards to ZED and take their advantage if those are appropriate to your business.

2. Align the quality desired by your customer with your system and processes.
3. Do technological up gradation wherever feasible.
4. Do the environment impact study of your processes and products to take mitigating measures.
5. Engage your employees in ZED process.

How defects affect quality of products -

Zero defects is not a process, it is a way of thinking or a philosophy that needs to be accepted and achieving zero defects affects the financial health of the company in a certain way as well as how the top and the bottom lines appear. However, reducing the cost of failure and thereby increasing the revenues via customer satisfaction is the key here. Everyone should do the “right things for the first time” is what can be broadly described as the definition of “defect free” product.

Technically, zero defects is not about being 100% perfect. It is entirely connected to changing your viewpoint and lookout. One should:

- Identify high COQ issues.
- Continuously try to identify and look out for the places where flaws can be introduced.
- Work proactively to address the flaws in your systems and processes, which allow defects to occur.

Zero defects are a standard norm. Every process, action, idea, system is under scrutiny where anything related to zero defects is being analyzed. All the systems and processes are involved in manufacturing any product and therefore, a defect can be introduced at any of

those stages. Certain costs which are involved in increasing the quality are as mentioned below –

- Money
- Time
- Reputation

All of these are affected greatly while increasing the quality of products.

Philip Crosby in his book titled “Quality is Free” gave the notion of “Zero Defects”. When there are zero defects, no costs are associated with issue of quality of that product and hence the quality becomes free.

Zero Defects and Environment –

This philosophy should be adopted by every manufacturer in this country and in a way it'll have zero effect on our environment. Best practices from around the world should be adopted. Leaner methodologies (Six Sigma or more than Six Sigma) should be adopted to ensure the process of ongoing and continuous improvement.

This would impact environment in a positive way:

1. Zero defects – will lead to zero wastage.
2. No immediate recycling/ reprocessing is needed to manufacture the existing products.
3. Any harmful or hazardous products will not be required to be disposed off due to some minor defects, if they are produced right the first time itself.

The impact may seem to be trivial as it is mentioned now. But once, cumulatively the effect of these defects on the environment is

analyzed and studied; it will prove out to be an important and major shift from the way our environment is as of now.

Achieving zero defects is therefore very essential and it will not only affect our environment in a positive way but also will boost the confidence of manufacturers in India and truly give an impetus and result in the success of this revolutionary “Make In India” movement as is envisaged by our Prime Minister.

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MUDRA Bank - Funding the Unfunded

By: Saurabh Dongare & Anshita Lalwani, PGDM (2014-16), NMIMS, Bangalore

India is a country where nearly 70% people live in villages. These villages along with sub urban areas are home to 5.77 crore of small business units which provides employment to 12 crore Indians. The number is huge, and still increasing. Considering the importance of the Small And Medium scale Enterprises (SMEs) in the country, government of India (GoI) has announced to set up Micro Units Development Refinance Agency (MUDRA).

Why MUDRA?

There is an old saying that goes like this: “Give a man a fish you feed him for a day, teach him how to fish and he will never go hungry”.

Making SMEs self-sufficient to sustain in long term is the main agenda of Mudra Bank. Before that let have a look at why government felt the necessity to establish MUDRA. Here are some reasons

1. Unorganized Sector

Unlike corporate sector, SMEs in India form highly unorganized structure in terms of financing, labour management and lack the vision to achieve growth. There are number of concerns related to this sector such as lack of centralized regulatory authority, non-transparent pricing, low financial literacy etc. It is not unusual to hear that many small business units shut down within a year because of insufficient funds, multiple lending and over-indebtedness.

There is considerable demand-supply credit gap in this sector. As shown in the below graph, the demand –supply gap is nearly Rs 15 Billion in FY2014-15 . Though this gap is decreasing over

the years , economy needs higher financial inclusion to tackle this issue.

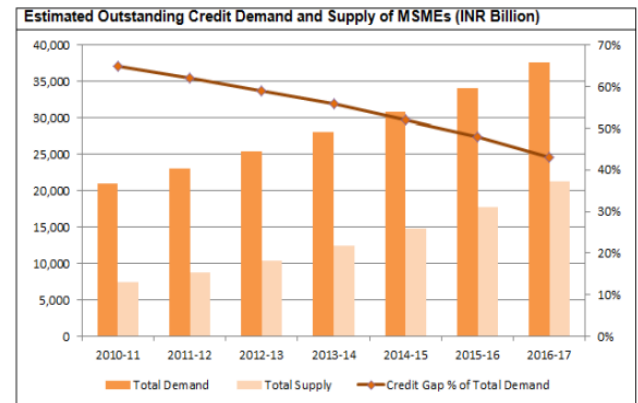


Fig 1.1.-Demand –Supply Financing Gap

Image Source: Report of the Private Sector Investment for MSME Sub Group under Working Group for the 12th Five year plan (2012-17)

2. Inefficient Banking structure

The current modes of financing to SMEs is shown in the below figure.

SI. No	Type of MFI	Number	Legal Registration
Not – for Profit MFIs			
1	NGOs	400-500	Society Registration Act Indian Trust Act,1882
2	Non Profit Companies	20	Section-25 of Indian Companies Act,1956
Mutual Benefit MFIs			
3	Mutual Benefit MFIs-Mutually Aided Cooperative Societies (MACS)	200-250	Mutually Aided Cooperative Societies, Act enacted by State Governments
For Profit MFIs			
4	Non-Banking Financial Companies (NBFCs)	45	Indian Companies Act,1956 Reserve Bank of India Act,1934

Fig 1.1.-NABARD issues

Image Source: Author

The microfinance sector is constituted by NGO, non-profit companies, mutually aided co-operative societies (MACS) and Non-Banking Financial Services (NBFCs) together called as MFIs.

MFI constitutes about 42 percent of the microfinance structure in terms of credit given. NBFCs play major role and dominates the MFI channel.

MFI lends through the concept of Joint Liability Group (JLG) which is a group of 5 to 10 members who can avail bank loan without providing any external security. It seems that MFIs carry great potential to fulfill the micro-financial needs of SMEs.

But there is more to it which is discussed below. Also banks keep themselves away from Microfinance sector due to problems like High transaction cost, absence of collateral (As poor can't afford security for their loans) and higher rate of default.

3. Problems with MFIs

The biggest concern with MFI is its inability to raise enough funds. Though NBFCs meets its fund needs through private equity investment, they are restricted from accessing cheapest source of fund i.e. public deposits. On other hand, NGOs and non-profit companies have to primarily rely on donations and government grants. Due to inadequate source of finance, MFIs have to rely on bank loans causing high debt to equity ratio.

There is vicious cycle which goes like this. MFIs issues bank loans against their equity. If MFIs are required to increase their portfolio size, they need more bank loan. To avail loan they need more equity. Hence the only way to increase the portfolio size is to issue fresh equity. This puts considerable limitation on the growth of MFIs.

Let's look at the demand side. MFIs get involved in the non-transparent pricing. In absence of knowledge of the actual price borrower often end up borrowing more funds than capacity which leads to over-indebtedness. Also cluster formation (accessing only well-established market) defeats very goal of MFI leaving the untapped market untouched.

Single Solution to All the Problems–

The MUDRA Bank

Having discussed the major problems with Indian microfinance sector, here is the solution to those problems offered by MUDRA Bank :



Image Source:

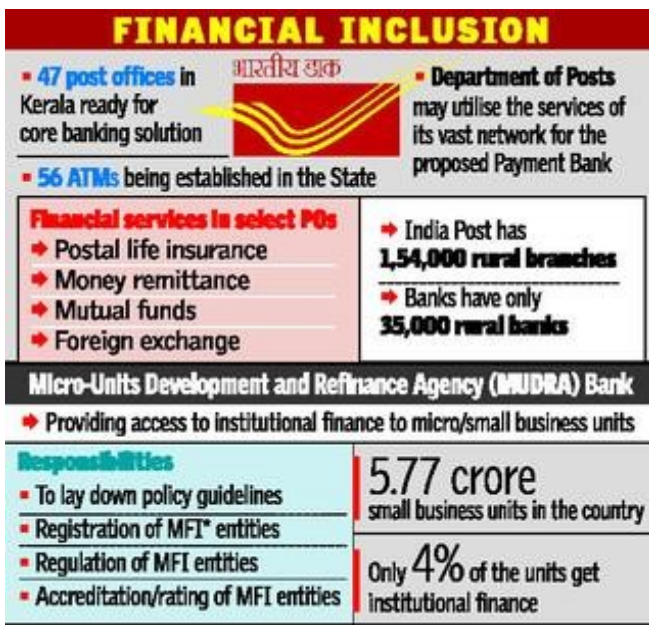
<http://www.thehindu.com/business/Industry/micro-bank-macro-push/article6963548.ece>

1. Making it more organized

MUDRA banks will be intended to play dual roles viz. refinance facility and regulating MFIs. The role envisaged to MUDRA includes registration & rating of MFIs, laying down policy for Micro-finance business, establish best financial practices to tackle over-indebtedness and ensure the proper loan recovery methods.

2. More effective Banking System

MUDRA is going to partner with State and regional-level coordinators to increase the penetration of small business enterprises. MUDRA will also help in hedging the risk. Risk is a major reason for higher rates charged to people. Hence this will drastically reduce the cost of financing. This will enable small banks, NBFCs, other MFIs to lend at much lower rate.



*Micro-finance institutions

Image Source: <http://www.thehindu.com/news/cities/Kochi/postal-network-mudra-to-widen-banking-base/article6961380.ece>

4. Fund the unfunded

MUDRA will help in providing the financial assistance to the “unfunded” entrepreneurs. The bank will start as NBFC with the corpus of Rs. 20,000 crore. Later on it will act as a fully equipped financial institution aiming at refinance credit management and regulator of MFIs. This will help to spread the roots to reach more unfunded entrepreneurs.

Conclusion

It's evident that to increase the GDP growth rate and more importantly for betterment of livelihood of the rural people, SMEs have to thrive towards sustainable growth. MUDRA is the step in that direction. If MUDRA can focus on nourishing the underprivileged, it can be another success story after Grameen Bank Of Bangladesh.

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3. From credit-only approach to credit plus solution

Unlike corporate sector, small business enterprises lack talent & Skill development. This is one of the areas our government emphasizing upon. If provided with proper direction, many small businesses can take a big leap and can achieve sustainable growth over the years.

In the similar attempt, MUDRA bank has come up with credit plus solution approach. Under this approach MUDRA will work on mobilizing the resources in order to provide assistance to poor especially women.

GST – Single Nation Market

By: Priti Sureka, PGDM (2014-16), IMT Ghaziabad

The Government has suggested that indirect taxes which are levied on goods and services by the Centre and State Government will be replaced by GST i.e., Goods and Services Tax. So basically, GST is an indirect tax for which the tax base would be comprehensive including all goods and services providing minimum exemptions.



Image Source: <http://indirecttaxprofessionals.com/types-of-indirect-tax-in-india/>

The indirect tax system in India is currently mired in multi-layered taxes levied by the Centre and state governments at different stages of the supply chain such as excise duty, octroi, central sales tax (CST), value added tax (VAT) etc. In GST, all these will be subsumed under a single regime making India a single nation market.

Some years ago, implementation of GST was a question for everybody. Finally, the government announced to roll out GST from April 1, 2016. However, GST rates are not specified yet. Under current laws, only the Centre Government can impose tax on services but GST will empower States to collect service taxes.

How will GST function?

Different States impose different tax rates on same products based on varying rates of VAT, octroi etc. Under GST, all these indirect taxes will be subsumed under a single tax thereby making India a single market and it will also offer a single shot solution. The GST structure will follow the destination principle of international taxation. Accordingly, imports would be subject to GST, while exports would be zero-rated. In the case of inter-State transactions within India, the State tax would apply in the State of destination as opposed to that of origin.

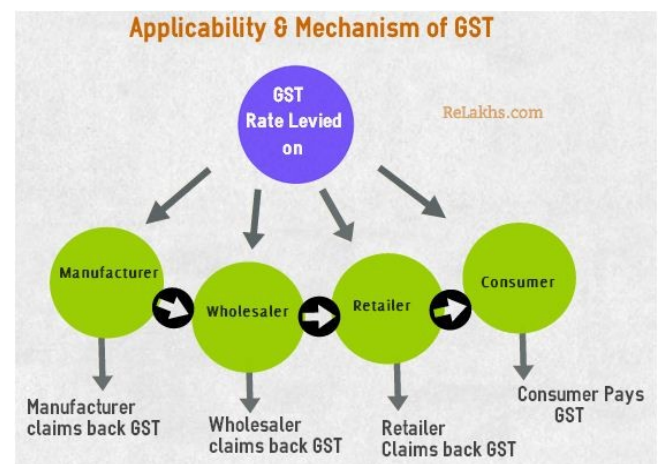


Image Source: <http://www.relakhs.com/gst-goods-services-tax-in-india/>

GST is a value added tax which will be levied at all points in the supply chain with credit allowed for any tax paid on inputs acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner with exemptions restricted to a minimum level as mentioned earlier.

In keeping with the federal structure of India, it is proposed that GST be levied concurrently by the Centre (CGST) and the States (SGST). It is expected that the base and other essential design features would be common between CGST and SGST, across SGSTs for the individual States. Both CGST and SGST would be levied on the basis of the destination principle. Inter-State supplies within India would attract an Integrated GST (aggregate of CGST and the SGST of the Destination State).

However, Alcohol and tobacco will remain outside the realm of GST. On the other hand, Jammu and Kashmir is unlikely to implement the GST regime for various reasons. It will compromise its special position and will take away the state's authority of legislating on taxes.

Taxes to be subsumed:

GST would replace the followings indirect taxes currently in force-



Image Source : Author

Benefits of GST :

GST will be proved as a more efficient tax system, neutral in its application and attractive in its distribution. The advantages of GST are:

- Wider tax base, necessary for lowering the tax rates and eliminating classification disputes

- Consumers have to pay similar tax across different states
- Visibility in terms of revenue will increase
- Elimination of multiplicity of taxes and their cascading effects
- Rationalization of tax structure and simplification of compliance procedures
- Harmonization of Centre and State tax administrations which in turn can reduce duplication and compliance costs

GST will have a far reaching impact on virtually all aspects of businesses operating in the country, for instance, pricing of products and services, supply chain optimization, IT, accounting and tax compliance systems.

Impact of GST:

GST would be one of the most significant fiscal reforms of independent India. GST is expected to result in major rationalization and simplification of the consumption tax structure at both Centre and State levels. Depending on the final GST base and rate, there will be a significant redistribution of tax across different goods and services. Goods currently subject to both Centre and State taxes should experience a net reduction in tax, with positive impact on consumer demand.

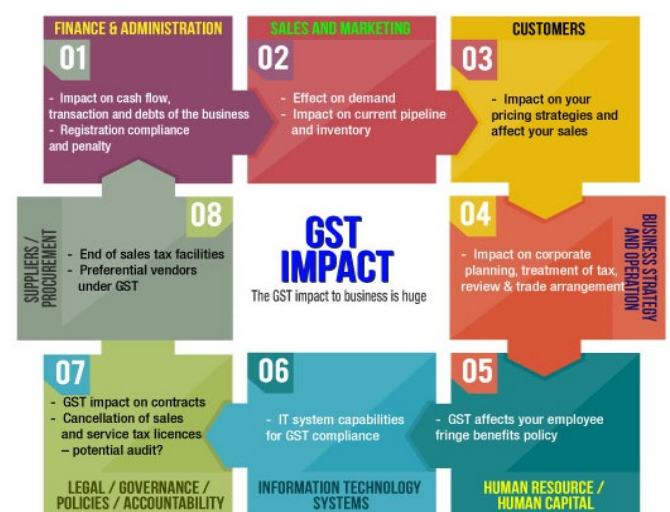


Image Source: <http://mygst.info/>

Besides simplifying the current system and lowering the costs of doing business, GST will completely redesign the fundamental of supply chains. It will affect how the companies operate their businesses, presenting significant opportunities for long-term revenue and margin improvement as there will be more transparency in doing business and it will enhance customers' perceived value in long run. For example, under the current tax structure, supply chains are invariably designed to minimize the burden of the Central Sales Tax, with distribution centers located in individual States where the consumers are located. The elimination of the central sales tax will provide an opportunity to optimize supply chains, enabling companies to re-evaluate and redesign existing procurement patterns, distribution and warehousing arrangements.

Expectedly, implementation of GST will also result in a reduction of inventory costs as dealers will be able to claim a credit for the tax paid on their inventories leading to improved cash flows, thereby reducing inventory costs.

While, GST implementation requires change in tax administration level and also taxpayer level, it also significantly depends on IT capability. Efforts will be required by the IT department to change existing IT systems for GST.

With just one year in hand, the government is working very fast for successful implementation of GST. The government committed to introducing GST, companies need all the lead time that they can get to make and test system changes, so that they are not left behind to catch up. Depending on the size of the company or the sector in which it works, the changes may take even more time.

In order to prepare for the implementation of GST, the companies need to act now: from tracking GST policy development and fully understanding its implications to scenario planning and preparing a transition roadmap.

GST is seen as the single most important tax reform initiative in India since independence and is expected to provide a significant boost to investment and growth of the economy. It will have a significant impact on all aspects of businesses operating in the country.

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Union and Labour Issues

By: Prashant Choudhary and Purbasa Patnaik, MBA-HR (2014-16), XIM-B, Bhubaneswar

Unions have been the safeguarding bodies for all kinds of labour issues throughout the world. Introduced with a mission to strike a balance of power between Employer and Employee at a time when Employers used to be the ultimate masters, things have changed since then. Human Resources have been evolving since the Industrial Revolution.

This topic becomes very important at such a time when India is dreaming of manufacturing boom under Narendra Modi. Manufacturing is a sector where labour is generally governed by the labour laws and India is regularly ranked lowest in terms of the index called “Ease of Doing Business”. So now we need to ask a few fundamental questions -

- Are Indian Labour laws outdated and need reform?
- By making the life of employers easier, are we creating more jobs or giving freedom to destroy jobs?
- To whose benefit will freedom to hire and fire more people and deployment of Contract labour at ease change the market dynamics?
- Can these reforms kill the very soul and purpose of Industrial Relations i.e. Social Security, Collective Bargaining and Industrial Harmony?
- Can these reforms impact the relevance of trade Unions?

These are the questions that are prevalent in the minds of prominent Trade union members as well as Leaders. Due to this reason, only major Central trade unions are opposing these reforms and have come up with their ten-point agenda.

It addresses issues like PSU disinvestment, FDI in railways, labour law reforms and universal social security.



CONTENTIOUS PROPOSALS	TRADE UNIONS	GOVERNMENT
1 Easier retrenchment: Companies with up to 300 workers can lay off employees without government permission, instead of 100 at present	➤ Around 75% industrial units have up to 300 employees. So, employers in majority of units can fire workers without government nod	➤ It may become practically impossible to form a union. Employer will not allow 100 workers to go to labour department
2 Tougher to form trade union: 10% of workers or 100 employees needed to register as trade union. At present, seven members can form a union, irrespective of size of establishment		➤ Will enable companies to deal with business cycles. Proposed hike in severance package will help employees in re-skill for new job
		➤ Not against unions, but will lead to genuine representation. Presences of outsiders creates indiscipline, politicizes issues

Fig: Proposals from the draft Industrial Relations Code Bill, 2015

Image Source: <http://timesofindia.indiatimes.com/India/Govt-aims-to-get-unions-on-board-for-labour-reforms/articleshow/47195570.cms>

The question however is – “What is the right course?” If we go a bit deeper into Industrial Relation laws and Supreme Court judgments, we can clearly see the balance between Capitalism and Communism. All laws derive their roots from Chapter III and IV of Constitution with Article numbers 16, 19, 23, 24, 39, 41, 42, 43, 43A and 54 respectively.

First of all, let us try to understand the whole phenomenon of Unionism and where our Trade Unions stand today. We need to consider the strength of Indian Trade Unions and their bargaining powers. The Trade union Density percentage in India is only 8%, which is way below other most nations in Asia. This shows the lack of power and unity.

The registered trade union members in UK in 2011 were 6.1 million whereas a single umbrella body of trade unions in Germany called German Confederation of Trade Unions (also known as DGB) has a membership of more than 6 million. In India, there are 16154 registered trade unions with an average membership of 1919 members. As per the *Labour Bureau of India*, the total membership of Trade Unions is thus 30 million. Talking about the financial strength of these unions, the income of 4785 trade unions which submitted returns is INR 67 crore and their expenditure is INR 62.8 crore. These numbers give a clear idea about the bargaining strength of these trade unions.

The unions are distributed and lack the desired financials to make any significant impact. Adding on to that, we can see that the total number of strikes in the country increased from 22 in 2013 to 32 in 2014 and at the same time, the lockouts decreased from 11 in 2013 to 8 in 2014 with majority happening in the State Sphere. The Man-days lost (which gives an indication of loss to the industry production) reduced from INR 1.95 lakh in 2013 to INR 1.55 lakh in 2014 in the Indian scenario. So it is safe to say that we can see a greater harmony in the industrial relations in recent times. But we should also understand that the Trade Union Act, 1926 has seen hardly any change since its inception. India is the largest democracy now and society has moved a long way since then. The very eligibility condition of allowing any 7 members to form a trade union has led to a flood of unions. Then we give the right of recognizing only the majority trade union to the Employer. This creates a self-contradiction as well as a conflicting scenario.

Talking about the penalty under these 3 IR laws, we can easily see the gap. A penalty of INR 1000 is not significant enough to create a fear of loss in the mind of the defaulting person. Minimum wages of workers are still very low from a realistic perspective, considering the cost of

living. As a result, reforms are needed. We see trade unions under two broad categories based on whether they are working in a Public Utility Service or a Non Public Utility Service. It will determine whether they are governed by Section 22 or 23 under the Industrial Disputes Act, 1947. Strike or Lockout in public utility service can have a much larger implication as it affects the general public, may it be the recent RTC strike of Andhra and Telangana Region or the Coal India strike. In such cases, ESMA can be invoked by the government to curb the strike for the larger good of society. So the whole point is that trade unions have a large impact but lesser scope of strikes when it comes to Public utility services.

Let us also talk about the recent government measures in the IR area. The Rajasthan government was the first one to amend the Industrial Disputes Act, the Contract Labour Regulation and Abolition Act and the Factories Act. Gujarat has also tabled a Bill which provides power to government to ban the strikes in Public Utility services for a period of 3 years. It also talks about a three times increase in minimum wages of construction laborers and revising the penalty for violation of labour laws. Now the Central Government has come up with a Bill which will be a single act for governing Industrial Relations. It will be an amalgamation of the Trade Unions Act, 1926, the Industrial Disputes Act, 1949 and the Employment (Standing Orders) Act with the motive of reducing bureaucratic hurdles and making India an easier place to work. It will reduce the license raj and corruption in the government offices too.

So we conclude by saying that labour law reforms should not be restricted to Chapter 5-B of the Industrial Disputes Act i.e. the power to hire and fire people but should cover all the basic issues like cutting red tapism, ensure better wages and a robust bargaining mechanism whilst striking a balance of power between the employee and the employer.

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Content Marketing

By: Chandra Bhushan Upadhyay & Ankit Kumar Baranwal, PGDM (2014-16), T. A. Pai Management Institute, Manipal

No “Marketing enthusiast”, can escape hearing the term called “content marketing”. It is everywhere we look, or listen. But so what? What does this content marketing actually mean for a business? Why this term has been buzzing in media? What is so different about it? Is it some new concept or it is same as “old wine in a new bottle”? These are few questions which may force you to scratch your head at this moment, however by the time you end up reading this article you can expect yourselves to be in a much relieved state. So let’s start this exciting journey.

A few facts about “Content Marketing”

Before defining and getting into detailed discussion of this interesting concept called “content marketing” let us have a look at some statistics which may surprise you but at the same time it will also justify the relevance of this topic.

- 61% of consumers are of the view that they feel better about a company that delivers custom content, and they are also more likely to buy from that company. (Source: Custom Content Council)
- Content is one of the top 3 reasons why people follow brands on social media. (Source: Content)
- 90% of consumers find custom content useful and 78% believe that organizations providing custom content are interested in building good relationships with them. (TMG Custom Media)
- 87% of the buyers were of the view that online content has a major or moderate impact on

vendor preference and selection; but 43% say “blatantly self-promotional” content is a major turn off. (Source: B2B Marketing Insider)

Content Marketing

Having understood the importance of Content Marketing, let us now understand the concept of content marketing. Any communication that an organization creates to drive the desire can be called as content marketing. To drive the ‘desire’, customers have to be told about the values which the product adds to them and this is what the content marketing does.

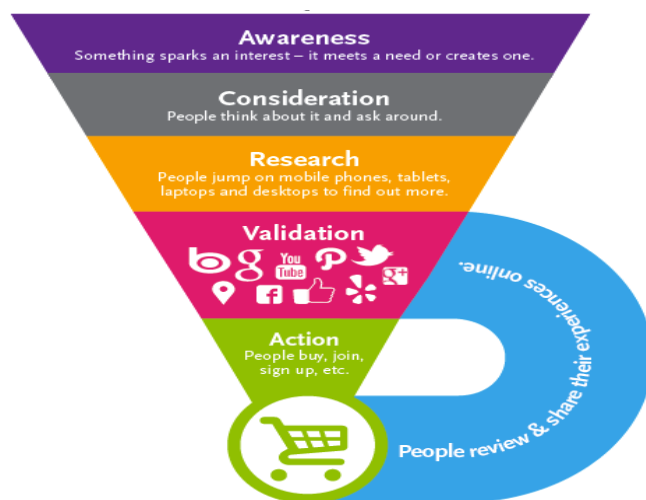


Image Source: <http://www.balcomagency.com/carol/blog/shopping-has-changed-has-your-marketing>

Content Marketing creates content and then uses it to attract and convert prospects into customers, and customers into repeat buyers. The type of content a company project is closely related to what they sell. In other words, it is about educating people so that they know, like, and trust us enough to do business with us. Although people generally associate this term

with the internet, the truth is that this tool or strategy of marketing can be used through both offline and online resources. There are various forms of content marketing. But some of the most important and frequently used are info graphics (vertical and long graphics containing graphs, tables and statistics and other information about the product.), web pages, podcast, videos, books, magazines, blogs and e-books.

We are living in a digital era, and that is why the use of content marketing can be maximized to grow the business. Hence, it is important that organizations realize it soon and start using it more often than the traditional marketing. But before recommending the Content marketing over traditional marketing we should first understand the difference between two.

Difference between ‘Content marketing’ and ‘Traditional marketing’?

In simple words, traditional marketing is just a claim. Let’s take an example of ourselves only. We are the consumer of present era. Suppose if one of us has to buy a product, then firstly he will scan through various brands and compare it. Meanwhile in this process, suppose he found one brand whose tagline is “The Most Trusted Name”. So will that be sufficient for him to choose that particular brand? Definitely not! He will definitely look for demonstration of the same.

Here lies the difference between the two forms of marketing. Traditional marketing is all about big talks whereas content marketing is not only about talk but it also includes demonstration through various means of videos, blogs, info graphics, buyer guides, articles, webinars, etc. Let us now look at some of the known brands who already are using content marketing very effectively. Subway has a tag of “Eat Fresh” which they claim by supporting it with content that supports the brand’s healthy image. Colgate and Lowe’s are some of the other companies that stress more on the content part of their marketing activities.

Relying on Traditional Marketing can be a threat

Today, a consumer is more empowered that ever before. They have all the information that they need. Hence, just relying on the traditional marketing just cannot be alone. It needs to be supported by something more and that something more can be ‘content’.

There was a time when customer’s awareness level about the products was very low because people were not having access to one of human’s greatest discovery called “Internet”. Even the no of options to choose from was very less. But it is not the case anymore.

Today the internet has become an integral part of our life which has made the consumers aware of the different options available in the market. Now a days, a consumer just don’t trust on claims. Instead they verify the information and then compare it on different parameters through various online content. In this kind of situations content marketing can be a differentiating factor for organizations. Hence, companies who are still reluctant to use content marketing, may suffer in the long run.



Image Source: <http://cdn.business2community.com/wp-content/uploads/2014/01/old-vs-new.jpg>

Realizing the importance of content marketing in this internet era the organizations have already started it using on a large scale which is evident from the figure given below.

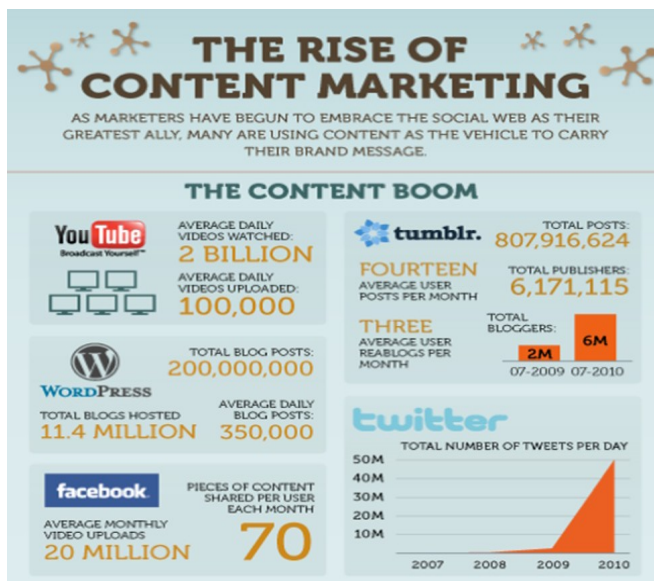


Image Source: <http://cdn.business2community.com/wp-content/uploads/2014/01/old-vs-new.jpg>

with the penetration of internet among people and the presence of social platform.

Is Content Marketing Still Worth It?

Well, this depends across company to company and industry to industry as every company and the industry in which they operate is unique. There are some specific industries which might not be a perfect match for content marketing, but for most of the industries the data justifies the benefits of content marketing. A company should look at content marketing as a long term financial investment which may not give immediate results but in the long run can earn them a greater brand loyalty and huge profit in future.

The traditional market is about the quick sell and increasing the sales figure whereas content marketing is meant to build the long term relationship with the consumers. Customer's loyalty is very important in this competitive market, hence, if a company seriously want to survive in the long run they need to retain their customers and for that they will have to build the relationship with the customers and that is only possible if consumers are aware about the unique value which you are providing through your products.

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Is Content marketing a new concept?

Although many think that "Content Marketing" is new big thing in the world of marketing, which however is not true. Companies like Ford Motor Company and John Deere have been using this since many years. There are many more companies that have been stressing on the companies that have been stressing on the content. However, the only thing which has changed, is the visibility of content marketing

Role of internet of things

By: Akriti Kalra and Jatin Nigam, FT MBA (2015-16), NMIMS, Mumbai

What is IoT?

'Internet of Things' (IoT) is a concept that defines the merging or an interconnection of the digital and physical worlds. It refers to a scenario in which people and objects possess the capability of sharing information over a network. Internet of Things offers advanced connectivity that goes beyond the traditional M2M communications and this connectivity will help extend the interactions on the network. The interactions on IoT can take place between a person and a person, a person and various devices, and between various devices.

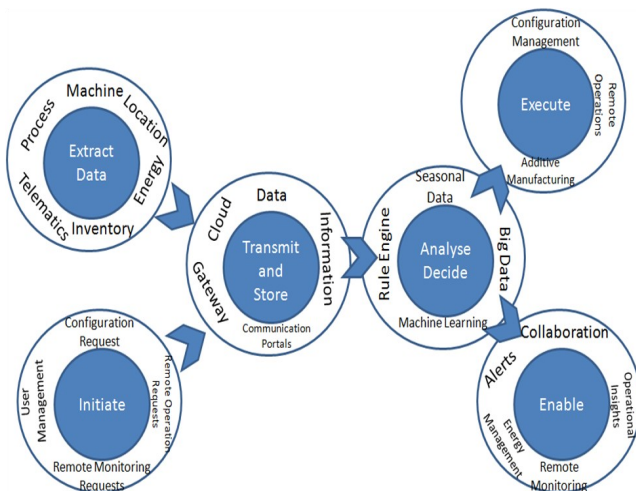


Image Source: Author

IoT Technologies:

A 2011 Report by Cisco predicted that there will be 50 billion connected devices by 2020 or approximately 6.5 devices per person. Recent reports by IDC and Gartner have suggested that there has been a significant rise in the number of devices constituting the Internet of Things.

This will have profound impact on supply chain management in the future.

Key impacts IoT will have in the future are:

1. Pervasive Visibility

It pertains to the manner in which goods or shipments are tracked at every phase of the journey from the point of manufacture to the point of delivery. By using a combination of sensors like RFID, communication channels such as internet or 3G/4G and connected devices, companies can track and monitor shipments in real time. IoT gives real time transit status of goods including diagnostics, location, temperature etc. Thus IoT provides “information everywhere” as well as “visibility everywhere”. Moreover, as more and more parts of equipment, infrastructure and vehicles get connected to the internet, notorious “black spots” or visibility gaps in the supply chain will get plugged.

2. Proactive Replenishment

Whether it is e-commerce or traditional brick and mortar stores, managing inventory and becoming capable of efficiently replenish stocks, has always remained a daunting challenge. IoT provides the capability of restocking a product on a “machine-to-machine” basis and thus eliminating the need for any human interaction. For instance, a vending machine will come to know when it is low on a particular chocolate bar and will immediately trigger an alert to order them instead of waiting for a service personnel to manually order them. The result is

improved sales forecasting, faster replenishment and less human intervention ultimately leading to rise in revenues. Industries with time critical inventories such as pharmacies and hospitals can efficiently maintain supplies by supplementing human inventory control by real time tracking.

3. Predictive Maintenance

This application is much closer to the true machine-to-machine interaction. Predictive Maintenance uses sensors and connected devices to monitor machines and respond to issues. This self-diagnosis ability detects a potential issue even before there is a failure, orders a replacement part and even schedules maintenance and thus saves costly downtime. In this way, predictive maintenance not only keeps factories running longer but can also prove to be instrumental in improving efficiency throughout the entire supply chain. For example, if equipment manufacturers receive service data from factories on a regular basis, they can identify patterns, can better trend issues and thus focus on eliminating the same in future products. Rising demand for parts or equipments can be better forecasted and safety stock levels can be adequately maintained.

4. Energy Management

There are a number of ways by which IoT and automation of environmental controls such as HVAC and electricity can create cost savings for manufacturers. Connected energy solutions will provide peak demand charge avoidance and enable economy model operations. IoT-enabled HVAC systems reduce energy-based expenditure for manufacturers. These systems also provide weather data analysis for implementing planned energy usage. Moreover, networked energy solutions help in implementing economy model operations and reduce costs during peak

demand. GE suggests that five percent efficiency improvement for a power plant generating 15MW provides \$16-17k on an average per month.

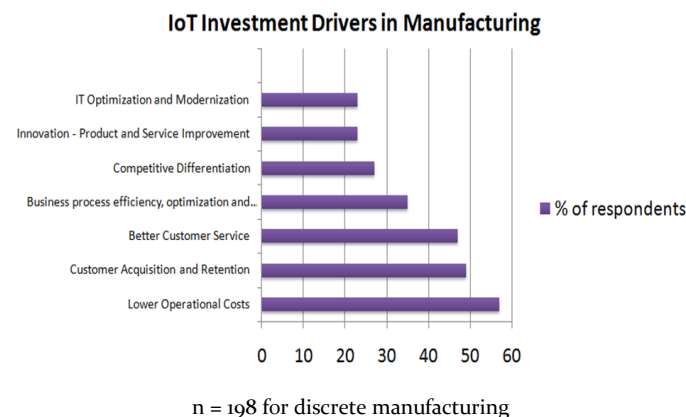


Image Source: IDC's Global Technology and Industry Research Organization IT Survey, 2014

We can build smarter manufacturing with IoT. Factories which have tried to connect with the Internet are more efficient and productive. Moreover, with the customer base preferring technology, it has become imperative for the producers to follow the trend.

Global competition and pressures to survive in the market are challenging companies to drive out their inefficiencies and look for new business opportunities. Bosch, a German manufacturer of industrial and consumer products, refers to the coming wave of manufacturing with IoT-enabled systems as Industry 4.0. This portrays the merger of information and manufacturing technologies. The fundamental principle of Industry 4.0 is the essence of Internet of Things and smart manufacturing. By inter-connecting machines, a manufacturer can create intelligent networks along the entire value chain that communicate and control each other autonomously with significantly reduced intervention by operators

IoT devices are one of the major drivers, but Industry 4.0 involves intelligent bridging among SCM, CRM and ERP systems, social media and

other information resources. Smart materials will influence how they are used.

IoT will deliver value by connecting:

1. People: Connecting people to the right information at the right time will help in saving precious time. New software will enable all to have the necessary information at much less costs
2. Process: By streamlining procedures and processes, manufacturers will allow faster information flow, quicker decisions and higher market responsiveness by connecting devices into both business and operational software processes. Machine to machine (M2M) communications will enable new levels of automation
3. Data: Big data processing and analytics are the new trends. Using them we can convert data into context that can be used to help people and machines make more relevant and valuable decisions.

With IoT in the picture, the world around us is changing. The Society, economy and technology merging together, are bringing about a new Industrial revolution. It is high time that manufacturing companies too, start using Internet of Things to automate their processes. If they do not start now, they face the risk of being left behind.

Some benefits could be:

1. End to end visibility of the production process.
2. Keep production at the center and link it to other business processes.
3. Keep up with the customer requirements by building responsive manufacture

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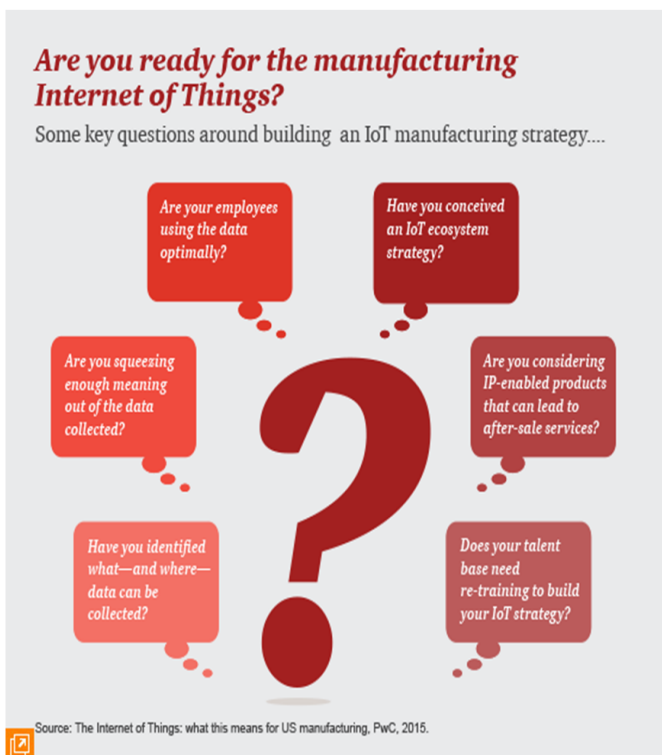


Image Source : The internet of things : what this means for the US Manufacturing, PwC , 2015.

We invite articles for the June 2015 Issue of Samvad.

The Theme for the next month: June 2015 - “**Hospitality Industry**”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com**. **Deadline for submission of articles : 27th June, 2015**
- Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <YourName>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Like our Fb pg: [Samvad.WeSchool.Student.Magazine](#).

Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

<http://samvadwe.blogspot.in/>

Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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