October 2016

weschool
Welingkar Education

samvad

MANUFACTURING AND MAKE IN INDIA

Featured Article

Make in India:
A Remarkable
Initiative

WeChat

Prof Venkatesh Ramaswamy
Associated dean
WeSchool
Head- Global Ventures

ABOUT US

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.

We school 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.

MESSAGE FROM THE DIRECTOR

Dear Readers,

Prof. Dr. Uday Salunkhe
Group Director

It gives me great pride to introduce Samvad's edition 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.

As we begin a new journey with 2016, I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.

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.

Wishing everyone a very happy and prosperous new year.

Prof. Dr. Uday Salunkhe,
Group Director

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the April Issue of Samvad for the year 2016!

As we step into 2016, we promise to bring you the best that Samvad has offered till date. The response to Samvad has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month. With renewed vigor and passion, we bring to you the October Issue of Samvad which revolves around the theme of "Manufacturing and Make in India".

With WeSchool having courses pertaining to all spheres of management, it was natural for us to cater to all kinds of readers. And that has made us one of the few magazines in the country which invites articles from all spheres of management giving a complete holistic view.

We work on the platform of "***Igniting Thoughts of Tomorrow***" and we will constantly strive to provide articles which are thought provoking and at the same time adding value to your management education.

We hope you stay with us, read with us, share with us and grow with us!

Hope you have a great time reading Samvad!

Best Wishes,

Team Samvad.

"For last year's words belong to last year's language
And next year's words await another voice."

T. S. Eliot.

ACKNOWLEDGEMENT

Team Samvad would like to extend their 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 **Prof. Deepa Dixit**. Her insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for help in selecting the best marketing articles.

We would also like to appreciate **Prof. Jyoti Kulkarni** for her help in selecting the best articles on general management.

The Human resources article was 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.Shilpa Kadam** and her team for helping us with the website updates 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.

CONTENTS

WE CHAT- PROF R. VENKATESH ASSOCIATE DEAN, WESCHOOL AND HEAD, GLOBAL VENTURES.	7
GREEN LOGISTICS	9
MAKE IN INDIA – FINANCE PROVISIONS	12
EMERGING TRENDS OR INNOVATIONS IN MARKETING	14
MAKE IN INDIA: A REMARKABLE INITIATIVE	17
INVESTMENT IN DEFENCE SECTOR IS CUCIAL OR NECESSARY FOR INDIA	19
TEAM SAMVAD	22

WE CHAT

PROF. VENKATESH RAMASWAMY

ASSOCIATE DEAN-WESCHOOL AND HEAD-GLOBAL VENTURES

Team Samvad

What according to you is the implication of Make in India initiative?

Make in India initiative was started long back in 1991 by Manmohan Singh when India had only 4 weeks of foreign exchange. That's when Manmohan Singh asked the nation to make in India and sell abroad. We were about to default on interest payments and so Manmohan Singh decided to liberalise and help exporters to earn dollars for the country.

What do you think of the current scenario?

Current scenario is just make in India and sell in India. Even foreign companies are making in India and selling in India because India is a huge market. Where will you get 1.3 billion people under one roof? Why do you think Colgate came to India? They came because if they sell even one toothbrush and one toothpaste to every Indian, they don't have to sell anywhere else. Everyone is out to make money by selling in India as India is a huge market. So is it a good idea to make in India and sell in India? Absolutely. But there has to be a tag attached to it. We should not only make in India and sell in India, but make in India and also make India famous.

What do you think the government should do to support this initiative?

Government should do trade shows and not expect me to spend on it. Ultimately I am selling a product. But who has the resources to spend to promote India? Government of India. They should do trade shows and cultural shows. They should go all out. Look at how China is capturing the Sri Lankan market. They are building ports for Sri Lanka and in some cases, they don't even ask for payment. We can't do that, but we can promote India as a concept. Narayan Murthy did that with software. But what about the other products? Today when I go abroad, people think that I am a software guy. He put us on the map. We have some very good engineering products. We should now tell the world that we not only have sadhus and snake charmers, but also the best of engineering products. I will sell the products but the government should sell the country. Today when I go abroad, they look at me with scepticism, if I can really manufacture the products. This means that the brand of India is not so good abroad.

What are your thoughts on labour reforms in India?

Labour reforms have always been happening in India. But the problem is when the political parties interfere and say that we should drive out the Utter Pradeshis and Biharis. Suppose I tell you that you only have to employ Maharashtrians, then we become very provincial. Political Parties should not interfere.

But there is no rule as such. This is the people's mentality....

When a political party says do not employ these people, I feel scared. When I do not get skilled local employees, then I have to employ people from other

states. Don't break up the country into states. I have been born and brought up in Maharashtra. So can I not go and drive an auto in Uttar Pradesh? What if they start saying that they will give a permit only if I can talk and write in articulate hindi. The biggest problem is the freedom to work anywhere and everywhere within the country. There are ample of labour reforms like provident funds, medical insurance and if they don't perform, they can be fired. Trade unions are not very strong like before. Now management can handle them. The problem is freedom. I think that our freedom of speech has been curtained. Every labourer should have freedom. Reforms is like a path which we have to follow but that path is full of obstacles.

Has the initiative Make in India led to an increase in investment?

I wouldn't know the figures but I went recently to Bangalore and even in certain parts of Maharashtra. Due to demonization, certain businesses have shut down because they are not able to pay their workers in cash. Maybe 6 months down the line, they will open also. India is a very complicated country, unlike Germany. So when one man says Make in India, it doesn't happen. Implementation has to be there. You should go to the Thane-Belapur belt where many companies have shut down. The concept make in India is not only for big companies, but also for small companies and these companies are shutting down. The idea is good, but implementation is a problem.

Do you think MSME is contributing in manufacturing?

At large, yes. But MSME is for small and medium enterprises and they are in a bad shape. When you start a company in India, you can't start off with 1000 crore. You start off as a small company and that is why we should take care of these small companies. Not only with loans, but also help in identifying markets abroad as well as in india. There should be a support system from Chamber of commerce and Merchant Chambers.

What about start ups in India?

If you look at all the start-ups, for every start up coming up, 4 are shutting down. This is my viewpoint that it is very important to have a product. We are going towards a service economy. There should be service, but also a product. What is the difference between Pakistan and India? We have steel; we have an industry which manufacturers cars; we have an industry which manufactures boilers. The point is that according to me, a company Like Infosys should invest in R&D and develop a product. But they are afraid. What is an iPhone? It's a product. Look at what they are building.

In lieu of the Make in India Initiative, What do you think are the most exciting domains for the budding entrepreneurs?

Look at the opportunities. You can take any field. Look at entertainment and music. India Is becoming a hub for special effects even for Hollywood films. Shah Rukh Khan has set up a studio for VFX which is doing special effects for all the top Hollywood films. But there should be a balance. Agriculture is going down the drain and is at 30%. So out of the remaining 70%, service is dominating. Manufacturing should be at 40%, which is not there. Look at Welingkar. Core engineers want to leave engineering and join Citi Bank for service. You have a right to change your line, but then you wasted your 4 years and changed your sector from manufacturing to service. So anyone can take any field today.

----------o----------

OPERATIONS

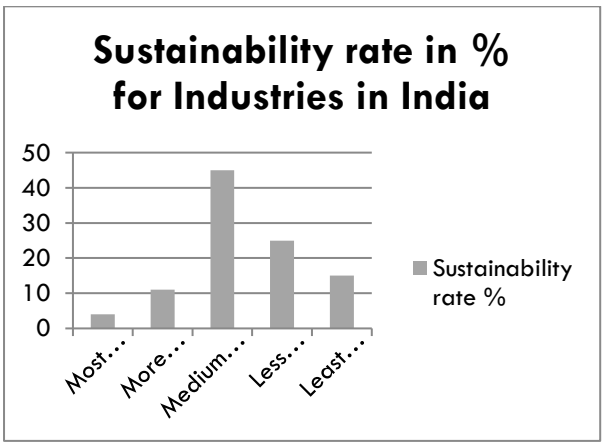
GREEN LOGISTICS

Animesh Dudwadkar, MMS (2016-18), Sydenham Institute of Management, Mumbai

Introduction:-

'**Green Logistics**' in a layman's language it is nothing but reducing environmental hazards caused by logistic activities. Extrapolating it further, it deals with carbon foot prints, environmental, social & economical impacts created by logistical activities. It deals with minimizing these impacts rationally.

Talking about the Sustainability of manufacturing Industries in India , **ISJ International scientific Journal, environmental science says following figure for Indian Scenario:-**



Significance

Looking at the commercial scenario ,not only in India but worldwide, term '**Sustainability**' is playing key role in driving organizations for carrying out green initiatives which includes Green Logistics as well. Moreover it will play key role in **creating Green Supply Chain.**

Green Supply chain= Green procurement +Green Manufacturing +Green Logistics (including Reverse Logistics)

According to **Council of Supply chain management, 75% of firm's** carbon footprints are created by logistic activities. So reduction in environmental hazard in primary benefit which is achieved from this. Apart from this other indirect benefits that organization gets is Improved Corporate image & reduction in its spending's such as fuel, electricity etc.

Focus area

Green Logistic can be broadly governed by following factors which are whole & sole of Logistics:

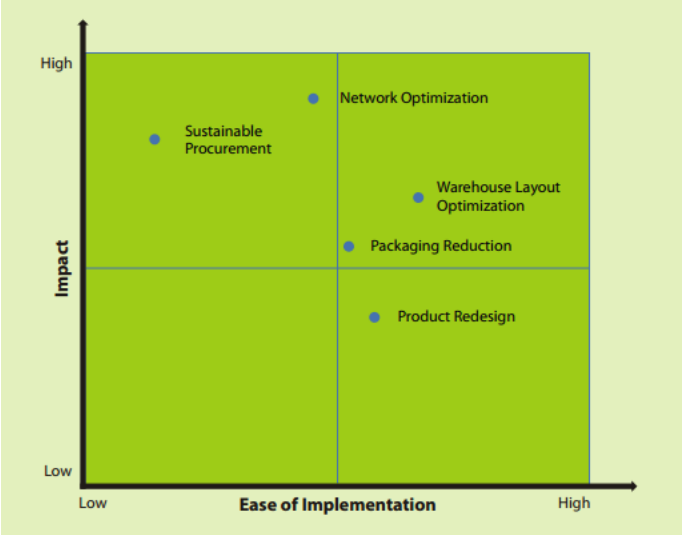
- **Transport**:-Choice of mode of transportation is still a concerned when it comes to many logistic organizations. If **EPA prediction** are to be believed, Billions of Gallons of diesel fuel is utilized for transportation activities
  Organizations can think about Replacing old engines, **Intermodal transport,** Route planning & mapping , Software's like **PTV X Route server** are available in International Markets.

- **Packaging:**-Worldwide estimate of annual **Packaging material consumption is estimated to be 253 million tons**, its derivation includes usage of **7 million trees** which show a clear picture that hoe much this term of logistics is hampering environment .
  Reduction in weight of packaging & change in design keeping in mind the ease of breaking this material can act as a game changer.
  Dell who is running business at a rate of delivery of **1 system per second** is utilizing **Bamboo packaging** for light weights products & **Mushroom based packaging** for heavy weight products.

- **Warehousing:**-Inventory management is inseparable aspect of SCM and **Logistics**. If **Council of SCM** reports are to be believed then **80% energy** consumption is due to **electricity (Lights) in warehousing.** Introduction of Solar panel is one of the key steps to achieve Green Logistic which will not only ensure elimination of energy waste but at **cheaper operational cost.**

- **Reverse Logistics:**-This concept can be best explained by example rather than theory. Razors, an essential for most of the humans in their daily life routine. **Gillette**, a very well know brand in India uses utilized railroad tracks to manufacture its razors. This Phenomenon is reverse Logistics where material are moved from their typical final destination for proper disposal or reuse.

Biggest Paradox



Above Graph was introduced by TCS in its Green Logistic whitepaper to establish relation between parameters & their impact.

After highlighting the main factors which will impact Green Logistic motive in the business industry, one thing they share in common is **Capital Cost.** Be it introduction of Software's & new kind of vehicles in Transportation or maybe solar panels in warehousing option**. Every solution is accompanied by huge new capital investment. Situation is so ironical that at one end we are talking about making it Greener , on the other hand Logistic itself as a function isn't the Green promoter by its own nature.**

Well Known Implementer

When we say logistic few names comes in front of us immediately, which includes Bluedart, Gati ,DHL, FedEx, First flight etc. Talking about **DHL**, they have introduced **Carbon report** as well as **Online Carbon dashboard.** Carbon Report helps in mapping carbon emission on monthly/quarterly/annual basis as per requirement while dashboard helps in simulating & assessing the carbon footprint**. Mahindra Logistics,** Uses '**Reva**' **vehicles** which are

electricity powered vehicle. Such alternatives to fuel are adding value to it

Conclusion:-

Statistic shows that even India has geared up for Green logistics. Considering the Long term benefits on environment, Social atmosphere & achieving Sustainability. Tangible benefits like Profits & in tangible benefits like Company reputation governing the organization decision for getting into green initiatives like these. As the manufacturing in India is booming due to new Initiatives like Make in India, Logistic will be the need of the hour soon, however looking at the adaptation rate Green Logistic still has a long journey ahead.

References:-

[1] Rituraj Saroha Green Logistics & its Significance in Modern Day Systems http://www.ripublication.com/iraer.htm
[2]http://www.business-standard.com/article/opinion/what-is-green-logistics-and-why-is-it-important-for-india-115080600426_1.html
[3]http://www.dell.com/learn/in/en/incorp1/corp-comm/earth-transportation-logistics
[4]http://environment.scientific-journal.com/articles/2/7.pdf
[5] CPG_WhitePaper_Green_Logistics_08_2010.
[6] http://www.dhl.co.in/en/logistics/green_logistics_solutions.html#carbon_reporting

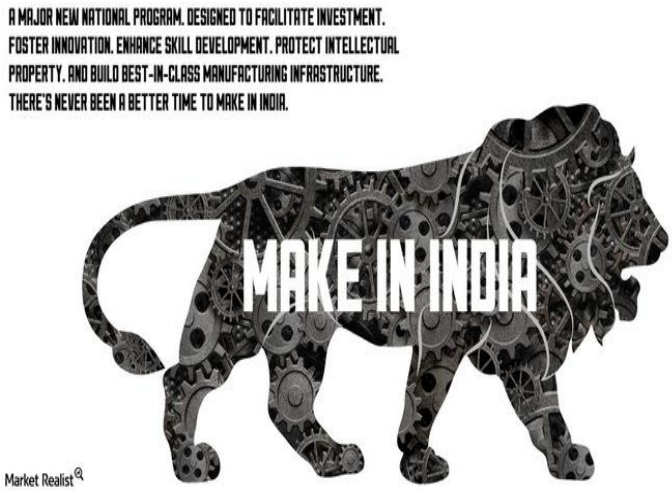
----------o----------

FINANCE

MAKE IN INDIA – FINANCE PROVISIONS

Shikha Sharma, PGDM (2016-18), WeSchool, Mumbai

Make in India is an initiative taken by the Prime Minister, Narendra Modi which launched in 2014 with two major objectives of boosting the industrial and manufacturing base of the country and to provide large scale employment opportunities to the unemployed population. India saw a huge rise in its attractiveness as a destination of Foreign Direct Investment (FDI) in 2015, with a total of $63 billion flowing into the country. For the purpose of development, a total of 25 key industries were shortlisted such as power, telecommunications, tourism, etc.



Source: Market Realist, Google Images

What are we exporting:

As on November 1, 2014

S.no.	India Trade	Apr-Mar 2013	Apr-Mar 2014	Growth	Share
1	Plantation	9,429.86	9,672.75	2.58%	0.51%
2	Agri & Allied Products	174,194.01	195,731.08	12.36%	10.27%
3	Marine Products	18,841.20	30,627.28	62.55%	1.61%
4	Ores & Minerals	30,597.00	34,063.47	11.33%	1.79%
5	leather & MNFRS	26,596.87	34,679.98	30.39%	1.82%
6	Gems & Jewellery	236,162.03	252,175.14	6.78%	13.24%
7	Sports Goods	1,125.33	1,437.49	27.74%	0.08%
8	Chemical & Related Products	225,865.81	266,453.03	17.97%	13.99%
9	Engineering Goods	308,948.09	373,931.68	21.03%	19.63%
10	Electronic Goods	45,970.26	46,703.78	1.60%	2.45%
11	Project Goods	780.80	291.22	-62.70%	0.02%
12	Textiles	143,444.81	184,770.64	28.81%	9.70%
13	Handicrafts	1,110.29	1,721.68	55.07%	0.09%
14	Carpets	5,374.22	6,278.31	16.82%	0.33%
15	Cotton Raw Incl. Waste	20,276.51	22,337.84	10.17%	1.17%
16	Petroleum Waste	330,790.01	383,247.88	15.86%	20.12%
17	Unclassified Exports	54,811.74	60,888.15	11.09%	3.20%
	Total	**1,634,318.84**	**1,905,011.40**	**16.56%**	**100.00%**

AJSH & Co.
Chartered Accountants

Mercurius Advisory Services

Source: AJHS & Co., Google Images

The above image shows the share of each sector as it was during the year 2014.

In lieu of the new programme, the Central Government rolled out an action plan to promote and encourage entrepreneurs to take initiative in the twenty-five core areas. A start-up environment was facilitated by creating an Investor Facilitation Cell for the provision of easy funding. A 12,000 crores fund was also set aside by the government in the form of two investment and loan programmes. For meeting the funding requirement of the MSME sector start-ups, the finance ministry has set up a unique programme called 'India Aspiration Fund'. SIDBI stated the objective of IAF to *"catalyse tens of thousands of crores of equity investment into start-ups and MSMEs (micro and small enterprises), creating employment for lakhs of persons, mostly educated youth, over the next four to five years."* A tax exemption would be given to the start-ups which are critical of growth for a period of three years.

SIDBI has also launched a loan program called 'SIDBI Make in India Loan for Small Enterprises' (SMILE) for which a budget of Rs. 10,000 crores have been assigned. It focuses on the core 25 sectors defined by the PM in his Make in India vision. SMILE also aims to provide quasi-equity and short term loans to SMEs which will be not so stringent with the loans applications and approval. The Finance Ministry along with SIDBI will help create more than 20 lakh employment opportunities, both direct and indirect.

Major institutional changes are required to make India competitive as the world market on a large scale across various domains such as agro food processing centres, multi-modal logistics, IT centres, Biotechnology, railways, urban infrastructural facilities. The Make in India transformation would be done in a combination of viable and non-viable projects undertaken mostly by the Public-Private-Partnership entities for the development, implementation and management of the projects. They need to be designed in a way such that a Financial Rate of Return of approximately 14% and above can be maintained with the help of private sector funds.

Apart from the above, the government has also designed other policies for specific industries. Area based incentives (SEZs), state based incentives, export incentives (under foreign trade policy) and relaxation on FDI caps are the highlights of the program.

FDI has gone up by 60% at USD 77.86 billion after the Make in India launch in 2014. It is helping India to develop as a global manufacturing hub and an attractive investment destination. About 26 new e-commerce companies came up after September 2014. By 2020 India may become the electronic manufacturing hub due to the ease of getting funds and an expected boost in the market to USD $400 billion by 2020.

References:

[1]www.google.com

[2]www.economictimes.com

----------o----------

MARKETING

EMERGING TRENDS OR INNOVATIONS IN MARKETING

Malvika S, Bharathidasan Institute of Management, Tiruchirappalli

Make in India was launched as part of a government initiative to make India the powerhouse for manufacturing, create opportunities and promote India internationally. Some marketing strategies adopted for Make in India Campaign:

- Make in India website
- Physical files replaced to online.
- Online license applications.
- Global Mobile app
- Social media

Herewith, I have presented some of the trends and innovations which will be the future face of Make in India campaign:

1. **Internet of things**
According to the latest BI intelligence report, IoT will be the world's massive device market and thus the future of marketing will not lie in creating ads that are viewable on smartphones, etc, but will be contextual to the types of smart devices like wearable technology devices. Automation in marketing will give an incredible intelligence layer in order to sift through Big data and draw insights. Future marketing platforms, other than creating campaigns and tracking behavioural activity of prospects, will also deliver full-circle recommendations across all key customer touch points.

2. **Visual Storytelling**
Infographics will be incorporated into content strategies, as they are easier to synthesise and recall. This will create an engaging user experience and captivate audience. Various tools to generate

infographics from text will emerge in the coming years. Also, curated motion graphic video software featuring animation, sound effects and narration will be on the rise. There is a chance that with new formats or tools, users will be able to interact with infographics to learn about a particular topic. The modern infographics will have HTML5 elements and motion graphics, thereby marking a significant change in design and visual storytelling.

3. **Content creation**
Various online and offline advanced content creation tools will emerge with brainstorming, topic generating, headline generating, content creation, proofreading and plagiarism checking features. The tools will take a few pieces of various content that is trending real-time, written on similar topics, based on intent. Then, using the existing content, the tools will guide the marketers in the process of designing the campaign. After the creation process, the tools will allow the content to be shared across numerous social networking sites.

4. **Micro-targeting and Finer Hyper Segmentation**

Search engines and social networking sites will provide a storehouse of information and wealth of data to Digital Marketers who will look to more closely target customers of their niche. Emerging software will automatically identity influencers, predict people's future behaviours, identify potential customers for a company's product and people who are more likely to buy the product. The features of these software will range from developing a custom segmentation model to fit the marketing challenges for a product and also identify marketing targets across multiple dimensions.

5. **24/7 Webcasting channels by popular Brands**
   Brands will start live-streaming their channels to keep their followers entertained, by offering an uninterrupted viewing experience. Through webcasting, brands will showcase and promote their products/services and also announce their product launches. The user also will be able to interact with the organisers and presenters who are conducting the live-streams. Brands will also have access to a wide range of real-time analytic tools that provide statistics to track user participation and performance.

6. **Proximity Marketing**
   It involves marketing to specific customers who are nearby - a geographic radius of roughly 100 meters. Geo fences will be set-up and marketers will be able to deliver a wide range of value-added services over a Wi-Fi Network. This will help in generating higher ROI for advertisers. Also, LTE Advanced, a new form of LTE will offer device-to-device proximity (LTE Direct). Mobile apps will be able to broadcast their own services and also monitor mobile application services on other devices. GPS will be in high-precision and will help locate a customer's presence in proximity of a merchant. Then, a customised message will be sent to the consumer's phone.

7. **Intelligent virtual assistants**
   For example, for a birthday party or an anniversary that is coming up, the virtual assistants like Siri, Cortana, etc will recommend best nearby hangouts etc. Advertising will become predictive as more data will be fed to these systems. These virtual assistants will monitor every user interaction. They will suggest investment opportunities, integrate with CRMs to deliver the right solutions easily and will also help in making a proposal. They will serve as a point of convergence of user-profiling data and by amassing an in-depth knowledge of user's keywords or search terms, become pivotal to marketers who will want to target people through behaviours/interests.

8. **Virtual spaces**
   Virtual shopping areas or Virtual stores, may be accessible from wearable devices like Google Glass or VR platform headsets. Marketers will be able to simulate a virtual-shopping store that will showcase their products in three-dimension and at the same time get customers make their purchase decisions to buy the product. This illusive technology will promise to change the way companies innovate constantly and will serve as a breakthrough in marketing, ultimately creating a big impact in sales. It will also provide the unique advantage to companies who will evaluate concepts and test new ideas in virtual stores under different competitive prices and promotions.

9. **Adblock and Bot-fraud**
   Ad blocking is increasingly a challenge, and the practice grew by 48 per cent this year with 198 million active ad block users globally, according to a report from Pagefair. In fact, it is estimated that the click-through rate across all ad formats and placements is only 0.06 per cent. Bot-fraud is also causing pretty substantial issues for advertisers who are projected to lose $6.3bn globally to bots in 2015. Bot-fraud detection company White Ops and the Association of National Advertisers recently analysed over 3 million websites and found that bot visitors were rampant across the websites of major publishers
   and brands, inflating the monetized audiences of those sites by 5 to 50 per cent.

References:

- *http://www.digitalvidya.com/blog/successful-launch-of-make-in-india-campaign-on-social-media/*
- *http://makeindiadigital.com/*
- *http://www.gartner.com/newsroom/id/3170017*
- *https://solutions.forrester.com/Global/FileLib/AoC_Campaign/Forrester-2016-AOC-Predictions.pdf*
- *http://go.movableink.com/Device-Report-Q1-2015.html*
- *http://digiday.com/wp-content/uploads/2015/05/pulsepoint-SOTI-2.pdf*
- *http://www.businessinsider.in/Ad-blocking-has-grown-41-in-the-past-year-and-its-costing-publishers-tens-of-billions-of-dollars/articleshow/48422664.cms*
- *http://www.thedrum.com/news/2016/01/19/10-trends-b2b-marketing-old-out-new*
- *https://www.linkedin.com/pulse/10-future-emerging-technology-trends-digital-srinidhi-ranganathan*

----------o----------

HUMAN RESOURCES

MAKE IN INDIA: A REMARKABLE INITIATIVE

Darshika Desai, PGDM-RM (2016-18), WeSchool, Mumbai

25th September, 2014, marked a momentous day of the year for India. Prime Minister Narendra Modi announced something that had the potential of bringing up India to what every Indian dreams for. "Make in India", became the flagship program of India since then, and will continue to boost Indian economy with the integration of this idea from all the industries and states. With the vision of making India a manufacturing hub globally, Narendra Modi seems to have become the Columbus of a "New India".

He said in his speech that the "Make in India" is a lion's step, after launching the logo which shows an outline of a lion within which cog wheels of different sizes symbolize the cycle of progress wherein small and big will work hand in hand to contribute to great strides of progress and growth, and the lion is roaring out to the world to "Come, (and) make in India." With this hope of making India a strong investment destination, this lion will prowl throughout the globe and make the wheels churning forever.

India has been less into manufacturing and thus there has been more imports and more amount of Indian currency moving out of the country, resulting into increase in the Current Account Deficit (CAD). In order to reverse the scenario and encourage more of exports from India, the very first and inevitable step is to manufacture in India, or as now we call it "make in India". Narendra Modi, in order to propagate the idea and encourage foreign investments in India, moved to countries like China, South Korea, France, Germany, Canada to name a few. He pitched about the "Make in India" initiative, promising them a stable and transparent tax regime, which stands to be a major concern for investors.

In his 6-day tour to China, Magolia and South Korea, Modiji pitched around the India's potential of manufacturing sector and welcomed infrastructure projects. He signed deal worth 22 billion dollars with China and 21 deals that covered a wide range of sectors including industrial parks, sports, financing and beyond. Modiji glorified what he calls the "5-F formula – Farm to Fiber to Fabric to Fashion to Foreign" stressing that India and China can bring something special to the world. He spoke about the Indo-China relationship and its profound impact on the 2 countries. He also had a 9-day tour to the world's key western nations, Germany, France and Canada. He interacted with many French industry leaders, his focal points being the defence, energy and infrastructure. In Germany, he met Angela Merkel, Chancellor of Germany in the inauguration of the Hannover Messe, the world's biggest industrial fair. Modiji chose to pitch in the fair wisely wherein he could address the world's greatest industrial conglomerates and business tycoons. In Canada too, he visited cities like Ottawa and Vancouver pitching for investment for his Make in India dream.

For the purpose of pulling in investors, government felt the need of moulding the Manufacturing sector to fit in their minds. So the

crucial elements to focus upon in building an attractive manufacturing sector were –

- Good infrastructure – Since ages, India has created history through its marvelous infrastructure. Thus, India is in a position to provide infrastructure with global standards and enable an environment to operate in technology intensive units.
- Skilled labour – India has the most committed and talented skilled workforce. Number of enrollments in mechanical and electrical engineering is increasing which are the prominent skill sets for manufacturing sectors. Government is also establishing Skill Development Centres across the country for polishing the required skill.
- Ease of doing business – If you visit the make in india website, you will find a number of initiatives taken by the Government for encouraging "ease of doing business" in India. This includes, reduced paper work, easy approvals, spontaneity in processes, getting credit, and easy payment of taxes.

Indian Space Research Organisation (ISRO) set a world record on February 15, 2017, with the launch of 104 satellites in a single mission. Of these 104, 3 were Indian Satellites while others were from many developed nations like USA, UAE, Israel, Switzerland, and the like.

Manufacturing Startups today are driving innovation and widening the frontiers of the industry by opening new avenues for growth in the country. Indian entrepreneurs are going beyond app-based businesses and creating innovative products using Robotics and Artificial Intelligence, Big Data and Analytics. With more than 4,750 startups, India has the third-largest startup ecosystem in the world. Giving impetus to these budding entrepreneurs in the country is significant for achieving the mission of "Make in India".

Due to its immense growth potential, the Biotechnology and the Pharmaceuticals sectors are regarded as the two most significant sectors from the Make in India perspective. The sector is presently growing at a compound annual growth rate (CAGR) of 20% and is expected to reach USD 100 billion by 2025. Though both these industries have their presence across India, the highest concentration of biotechnology and pharmaceutical companies is in Karnataka. The presence of state-of- the-art laboratories for R & D, skilled manpower, the government's investor-friendly policies and a favourable ecosystem for startups makes Karnataka the national leader in both these industries.

So far, the dream of "Make in India" is supported largely by states and industries of India as we discussed above. No big corporate now fails to add the taste of "Make in India" in its initiatives, considering it a major factor for a long term survival. Well, how will this idea become a catalyst to make an individual's life better in India? Oh, it is simple, yet marks a long journey. More manufacturing units means more job opportunities, more purchasing power, smarter cities, state-of-art infrastructure, and with all this, a better lifestyle for every Indian.

References:

[1]www.google.com

[2]www.economictimes.com

----------o----------

GENERAL MANAGEMENT

INVESTMENT IN DEFENCE SECTOR IS CRUCIAL OR NECESSARY FOR INDIA

Swapnesh Sawant, MMS (2016-18), Sydenham Institute of Management, Mumbai

The Indian defence sector is one of the fastest-growing global defence markets. Defence expenditure is expected to record a CAGR of 13.08%. While presenting the Union Budget 2017-18 on February 01, 2017, the Finance Minister (FM), Arun Jaitley, allocated Rs. 3,59,854 crore (US$ 53.5 billion) to the Ministry of Defence (MoD) representing a 5.6% increase over the revised estimates of the present year. This is primarily due to the country's ageing military hardware and technology which is in need of replacing, and demands for defence against domestic insurgencies and hostility from neighbouring countries.

The strong growth in the industry is attracting foreign original equipment manufacturers (OEMs) and leading companies from the domestic private sector to enter the market.

Further, terrorism is leading to considerable increase in the defence budget and a shorter sales cycle. Hence it offers an attractive market for defence manufacturers. India is dependent on imports to procure defence equipment with advanced technology. Since most of the equipment which India is seeking use advanced technology, there will be a significant prospect for foreign OEMs to enter the Indian defence market.

Sector Size

India has the strength of defence equipment with regards to 'State of the Art', 'Matured' and 'Obsolescent' equipment is 15, 35 and 50 percent respectively. This implies that the Government will have to take serious efforts towards up-grading its defence resources either by developing or procuring defence equipment and systems. Further, maintenance, up-gradation and modernization of the existing equipment will also provide enormous opportunities to the industry. India is one of the largest global military spenders too.

Defence spending in India has grown at a steady rate in the past years, and with this India has become one of the largest arms importer in the world. In spite of this huge market, the current policies and structure of the industry has constrained the domestic defence production as only 30 percent of the demand is met internally. The participation of private sector is even lower at about 10 percent that too mostly from Tier II or III suppliers. The following table and chart shows the defence expenditures of the largest military spenders in the world:

Country	Budget in 2010 (Billions USD)	Budget in 2016 (Billions USD)
US	722	688
China	78	137
UK	51	57
France	56	62
Japan	53	62
Germany	42	43
Saudi Arabia	42	58
Russia	50	89
India	33	68
Italy	27	26

Money Involved

Of the total allocation of the central government expenditure on defence, ₹1, 82,534.42 crore is for revenue expenditure and ₹ 91.579.7 crore capital expenditure. Of the capital allocation, meant for new purchases, the services get ₹86,488 crore, a 10% hike from this year's allocation of ₹78,586.68 crore.

The capital allocation for the defence services this year was ₹78,587 crore of which ₹71,700 crore had been spent by the ministry leaving ₹6,886 crore unspent.

Defence Sector Policies in India

The key objectives of the defence offset policy is to leverage capital acquisitions to develop the domestic defence industry. Under DPP 2016, the offset level has been raised to Rs, 2000 Crore from Rs. 300 Crore.

Make in India: As per latest offset policy, the foreign vendor will be mandated to spend its 30 per cent investment share in a particular "Make in India" plan – to set up a defined manufacturing facility in India like Setting up production line for air crafts.

Transfer of Technology (ToT): A committee of armed forces and defence ministry would set up to decide technology requirement. In this case, DRDO would be the custodian of the technology but the private sector will be preferred as production agency which would be fully involved from the beginning.

NAME OF THE ENTITIES	NATURE OF TRANSACTION
Pipavav Defence and Offshore Engineering Co. Ltd and JSC ship repairing centre	1. Pipavav Defence and Russia based JSC Ship Repairing Centre entered a 51:49 JV for medium refits and life certification of 877 EKM submarines in India. 2. JSC will provide complete technical assistance and support, including for enhancement of infrastructure at the Pipavav Defence facilities and training of engineers to the JV.
Astra Microwave Products Ltd and Rafael Advanced Defense Systems Ltd	Astra Microwave formed a 51:49 JV with Israel-based Rafael Defense to focus on building tactical radio communication systems, electronic warfare systems and signal intelligence systems in India
DRDO and Bharat Dynamics Ltd	Defence Resarch and Development Organisation (DRDO) and Bharat Dynamics have signed an MoU for joint development of third generation Man-Portable Anti-Tank Guided Missiles (MPATGM) for the Indian Army
HAL and Bharat Electronics Ltd	Hindustan Aeronautics Ltd (HAL) and Bharat Electronics signed an agreement to share their competencies in manufacturing advanced airborne communication systems (avionics) for the armed forces

Challenges Faced

Restricted FDI, bureaucracy and lack of transparency are the key challenges for the industry. Despite expanding opportunities in the Indian defence industry, the government's comparatively strict regulatory regime creates challenges for foreign investors who are eager to enter the country. The critical area of concern is the offsets in defence, which have been placed at 30%, and in some cases, for example in the development of Medium Multi-Role Combat Aircraft (MMRCA), offsets increase to 50%.

Managing their offset obligations will continue to be the biggest challenge for foreign companies.

However, the recent changes in offset policy indicate that the regulatory regime may ease, making the Indian defence market more competitive.

Scope of Investments:

India's current requirements on defence are largely fulfilled by imports. Defence sector's invitation to private sector participation will help foreign OEMs to enter into strategic partnerships with Indian firms and leverage the domestic markets and capture global business.

Ample opportunities to avail defence offset obligations to the tune of around 250 Billion in the coming decade.

The government policy of promoting indigenization, self-reliance, achieving economies of scale and technology upgradation and developing capabilities for exports in the defence sector.

Extensive modernization plans with increased focus on homeland security and growing attractiveness as a defence sourcing hub.

Conclusion

Increase of 5.6% in the official defence budget is grossly inadequate in view of the vast voids existing in military capability and incremental effect on modernisation and operational preparedness. There is a need to augment resources substantially, particularly under stores and capital procurement – which have come under severe pressure in the last several years.

While the demand for higher allocations is genuine, it must also be fully geared up to utilise the available resources in a time-bound manner. Asking for additional resources in spite of under-utilization of the present capacity, particularly those under the capital head, doesn't make sense. The defence establishment must look inward and find long term solution to procurement impediments. Also, the MoD needs to look at the defence budget and control manpower costs in order to allow other items of expenditure to grow gradually.

India has focused on policy mechanisms for catalysing growth of domestic defence industry so far. It is now imperative that structural reforms and R&D are given greater attention as the means to the end of achieving indigenization of defence manufacturing. If India has to become an exporter of defence products, regulated investments will be crucial in determining success in the future.

References:

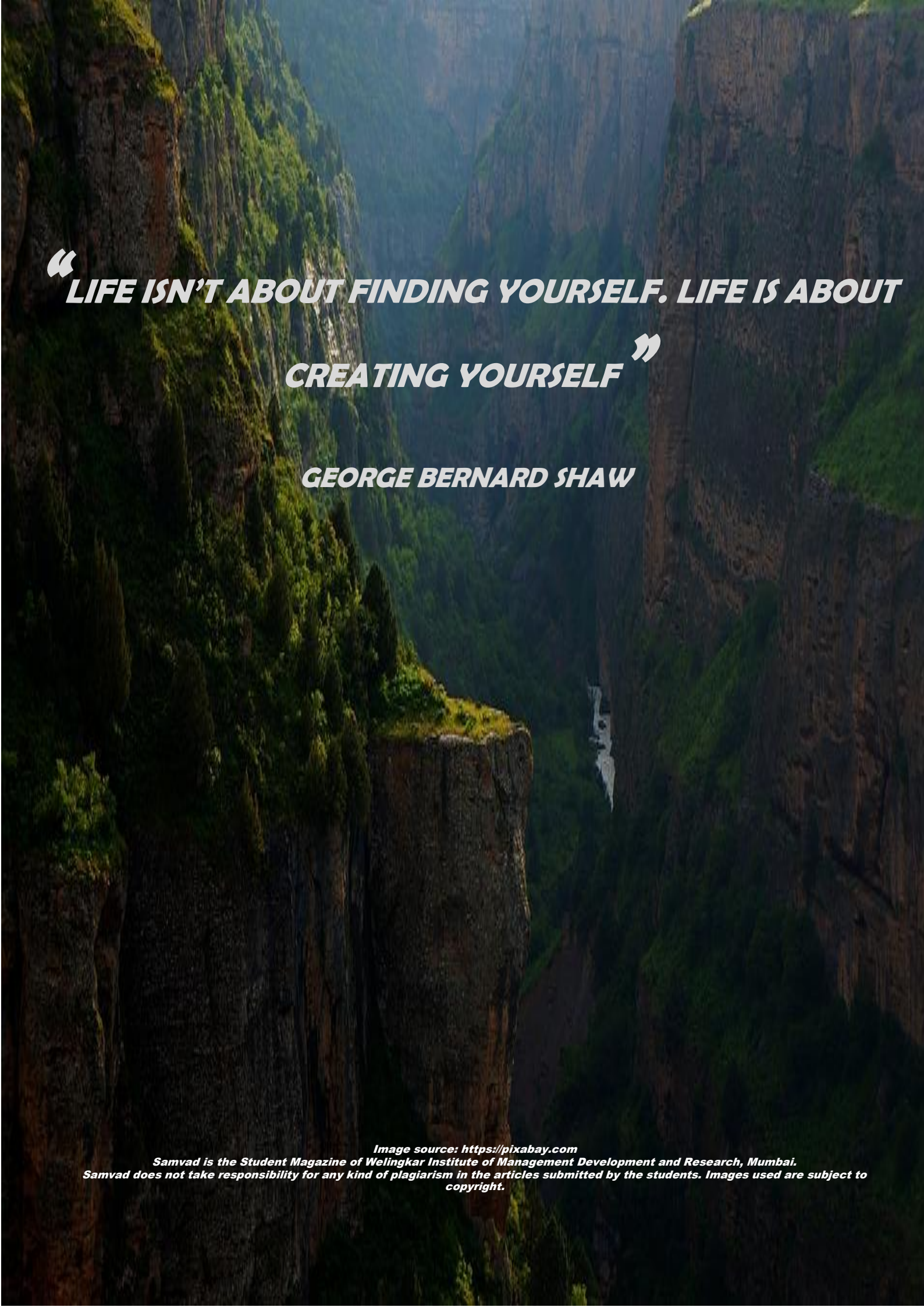
1)http://www.idsa.in/

2) *http://www.indiandefencereview.com/*

----------o----------

TEAM SAMVAD

EDI TOR	MOHIT JAIN
CO-EDITOR	HINAL RATHOD
ADMIN TEAM:	KRUTIKA CHOUDHARI
HEAD- FINANCE	JAIKISHAN KANKANI
HEAD-MARKETING	SHRUTIKA KHARAT
HEAD-HUMAN RESOURCES	STUTI SHRIVASTAVA
HEAD-OPERATIONS	APURVA CHITNIS
HEAD-GENERAL MANAGEMENT	MANSOOR VOHRA
WECHAT	PRATEEK CHANDRASHEKHAR
COVER DESIGN	ANJALI AGRAWAL
	ANIMESH AGRAWAL



"LIFE ISN'T ABOUT FINDING YOURSELF. LIFE IS ABOUT CREATING YOURSELF"

GEORGE BERNARD SHAW

Image source: https://pixabay.com
Samvad is the Student Magazine of Welingkar Institute of Management Development and Research, Mumbai.
Samvad does not take responsibility for any kind of plagiarism in the articles submitted by the students. Images used are subject to copyright.