

## RURAL UPDATE

US-TRAINED ENGINEERS TAKE  
BPOs TO VILLAGES

## INNOVATION CORNER

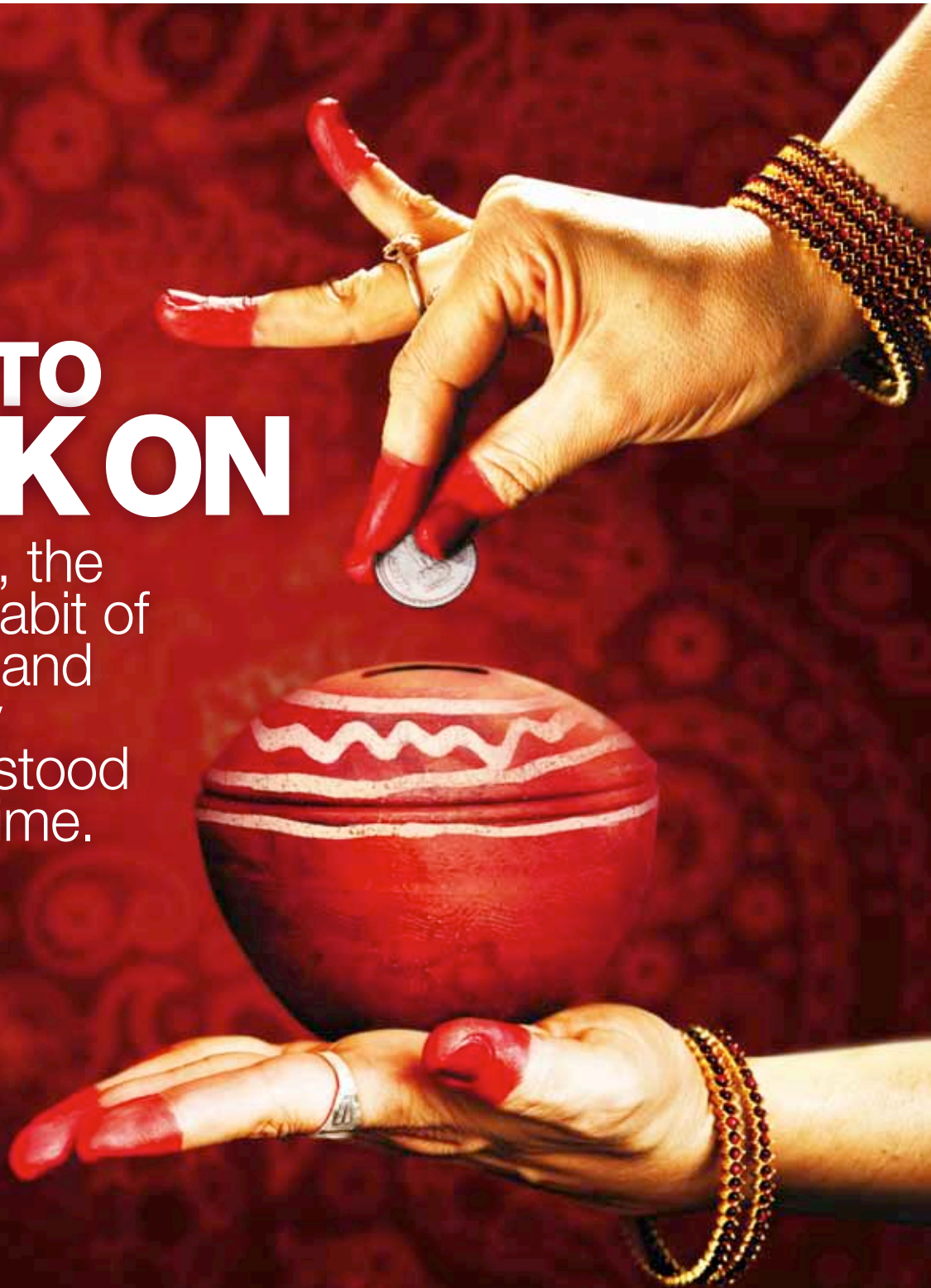
RURAL NGO MAKES BRICKS FROM  
WASTE PLASTIC BAGS

## EMERGING ENTREPRENEUR

ENGINEERS CHANGE THE WAY YOU  
WILL BOOK BUS TICKETS

# A LOT TO BANK ON

Once again, the old Indian habit of frugal living and compulsory saving has stood the test of time.



## Putting India's trade on the **global map**



DP World is a global leader in marine container terminal operations. With a portfolio stretching across the Indian coastline, DP World is continuously working to enhance India's trade with the world. We are regarded a leading innovator, with advanced IT solutions that allow terminal operations to be agile, flexible and responsive to the customers' needs. We supply our terminals with the latest equipment, and most advanced upgrades making the terminals globally competitive in terms of operations. At DP World in India, creating global opportunities and creating value for our customers is our mantra, and our team of 2400 employees spares no effort towards meeting our customers expectations.

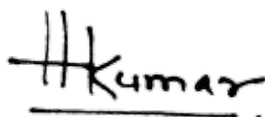
# EDITORIAL

## Earn. Save. Invest. The new economy gives choices to spend, but the old wisdom of saving still rules

If you look closely, there isn't much difference between how a family saves and the way a nation saves. For, it is all families put together that make a nation. The average Indian family puts away a fixed part of its income for children's education, retirement and contingency. In the expanded economic environment of a much larger range of goods and services to spend on, more Indians are reaching for their wallets more readily than ever before. But the conservative Indian values of frugal living, relentless saving and prudent investment still hold good. The old and the new ways of life are interacting. Youngsters are learning how to save a penny while their parents are experimenting with newer instruments of investment.

It is not just savings for which Indians are being recognised. The Indian spirit of enterprise is no less exemplary, as we will see in the the story of Essel Propack, the world leader in speciality packaging. Equally inspiring is the story of young Phanindra Sama from Bengaluru who has made buying tickets for bus travel in India a breeze. Or of Nooruddin Amin from Orissa, who has made it his life's mission to help traditional rural spinners and weavers become financially independent. They can find work where they live, just as residents of Yemmiganur, a little hamlet in Andhra Pradesh, where US-trained engineers have set up a thriving BPO. It has the distinction of being the only rural BPO that does complex medical transcriptions for US clients.

Saving or investing, Indians have shown that they can turn dreams into reality; ideas into enterprise.



Hemant Kumar

# IndiaNow

VOLUME 02 | ISSUE 02 | JUNE-JULY 2011

[www.ibef.org](http://www.ibef.org)

### EDITORIAL

Editor: Anuradha Das Mathur

Consulting Editor: Hemant Kumar

Managing Editor: Mahesh Ravi

Copy Editor: Rohini Banerjee

### DESIGN

Sr. Creative Director: Jayan K Narayanan

Art Directors: Binesh Sreedharan & Anil VK

Associate Art Director: PC Anoop

Visualisers: Prasanth TR & Anil T

Sr. Designers: Joffy Jose, Anoop Verma

NV Baiju, Chander Dange & Sristi Maurya

Designers: Suneesh K, Shigil N & Charu Dwivedi

Chief Photographer: Subhojit Paul

Photographer: Jiten Gandhi

### SALES & MARKETING

National Manager-Events & Special Projects: Mahantesh Godi

Regional Manager (South): Vinodh K

Regional Manager (North): Lalit Arun

Regional Manager (West): Sachin Mhaskilkar

### PRODUCTION & LOGISTICS

Sr. GM. Operations: Shivshankar M Hiremath

Production Executive: Vilas Mhatre

Logistics: MP Singh, Mohd. Ansari, Shashi Shekhar Singh

### INDIA BRAND EQUITY FOUNDATION

CEO: Aparna Dutt Sharma

Project Manager: Priya Sahai Shirali



India Now—Business and Economy is a bi-monthly magazine published and printed by India Brand Equity Foundation (IBEF), Gurgaon. It is published at 249- F, Sector-18, Udyog Vihar, Phase- IV, Gurgaon – 122015, Haryana and printed at Silver Point Press Pvt Ltd., A-403, TTC Ind. Area, Near Anthony Motors, Mahape, Navi Mumbai-400701, District Thane. The magazine is edited by Anuradha Das Mathur, Nine Dot Nine Mediaworx Pvt Ltd., B-118 Sector 2 Noida – 201301, Uttar Pradesh.

India Now—Business and Economy is for private circulation only. Material in this publication may not be reproduced in any form without the written permission of IBEF.

Editorial opinions expressed in the magazine are not necessarily those of IBEF and IBEF does not take responsibility for the advertising content, content obtained from third parties and views expressed by any independent author/contributor. (India Brand Equity Foundation, c/o Confederation of Indian Industry, 249-F, Sector 18, Udyog Vihar Phase IV, Gurgaon 122 015, Haryana, India; Tel: 91-124-4014060-67; Fax: 91-124-4013873/75; Email: [aparnadutt.sharma@ibef.org](mailto:aparnadutt.sharma@ibef.org)).

Opinions expressed herein are of the authors and do not necessarily reflect any opinion of Nine Dot Nine Mediaworx Pvt Ltd., B-118 Sector 2 Noida – 201301, Uttar Pradesh, India; Tel: 91-120-4010-999; Fax: 91-120-4010-911; Email: [info@9dot9.in](mailto:info@9dot9.in)

# CONTENTS

JUNE-JULY 2011



COVER DESIGN: BINESH SREEDHARAN

14

## COVER STORY

**14 | A Lot To Bank On** For generations, Indians have been saving a little, and that habit has stood them in good stead, especially during the recent global economic crisis.

## MNC WATCH



**10 | PRODUCTS FOR EVERY HOUSEHOLD: HINDUSTAN UNILEVER**  
The FMCG giant has built its empire on enduring brands and lasting value.

## ARTS & CULTURE



**42 | PRESERVING ART AND HERITAGE: INTACH**  
The trust works nationwide to restore priceless works of art and heritage structures, and preserves rare customs and practices, among others.



Please Recycle  
This Magazine  
And Remove  
Inserts Before  
Recycling

**COPYRIGHT** Published & printed by India Brand Equity Foundation (IBEF), 249- F, Sector-18, Udyog Vihar, Phase- IV, Gurgaon-122015, Haryana. India Now-Business and Economy is for private circulation only. Material in this publication may not be reproduced in any form without the written permission of IBEF.



22

**EMERGING ENTREPRENEURS**

**22 | What A Ticket To Ride!**

Software engineer misses a bus home one vacation weekend and sets up a hugely successful bus ticket booking system.

**SECTORAL UPDATE**



**26 | FOOTWEAR: STRIDING AHEAD** High value products in sync with reigning global trends keep the sector marching ahead.



**29 | TEXTILES: WEAVING SUCCESS** India fast becoming favourite playground for international apparel brands.



**32 | GLASS: SHINING BRIGHT** Rapid economic expansion fuels the growth of this strident sector.



**34 | DAIRY: SURGING AHEAD** The world's largest producer of milk is constantly modernising and organising, to stay ahead.



40

**INNOVATION CORNER**

**40 | BRICKS FROM WASTE PLASTIC**

Residents of a social uplift commune at Anandwan in Maharashtra find a unique way to recycle waste plastic bags by turning them into bricks.

**MADE IN INDIA**

**37 | PACKAGED SUCCESS**

Having garnered more than a third of the global market of speciality packaging, Essel Propack is firmly in place as the world leader.

**REGULARS**

- 01 | EDITORIAL
- 04 | NATIONAL ROUND-UP
- 20 | MICROFINANCE
- 44 | TOURISM UPDATE
- 46 | BOOKSHELF
- 48 | RURAL UPDATE

VOICE OF A VISIONARY

Science is a perception  
of the world around us

Nobel Laureate S Chandrasekhar



# National ROUND-UP



PHOTO BY PHOTOS.COM

## Cloud computing to net US\$ 3 bn by 2015 IT giants invest aggressively as the 'cloud' spreads globally

**A RECENT** report has said that cloud computing revenues in India will jump nearly six-fold in the next four years to cross US\$ 3 billion. The report, released by technology research firm IDC, says global revenues from cloud computing will also more than double to US\$ 70 billion, by 2015.

India's current revenue from this rapidly growing internet-based computing is a little more than half-a-billion dollars but it will grow at an annual rate of 56 per cent in the next four years, according to the report.

IDC says the bulk of this revenue will come from small and medium businesses. Leading Indian IT firms like Infosys, HCL, Tata Consultancy Services, Wipro and many others are investing aggressively in cloud computing.

On a visit in May, Microsoft CEO Steve Ballmer had said cloud computing would help generate 300,000 jobs in India over the next five years. Speaking at a Confederation of Indian Industry (CII) event in New Delhi, Ballmer had projected that India would be an important base for developing cloud-based IT applications.

DATA BRIEFING

**56%**  
**CAGR at which cloud computing in India will grow till 2015: IDC**



## Tractor sales rising steadily

Good monsoon and solid government schemes raise farm incomes

**INDIAN FARMERS** bought nearly half-a-million tractors in 2010 and they are depending less on loans, says a recent industry survey.

A host of measures from the government, such as increased farm lending and the national employment guarantee scheme, have placed more liquidity at farmers' disposal and tractor sales have grown faster in recent years.

According to a recent report by leading credit rating agency ICRA, tractor sales in India have grown by more than 25 per cent in the first three quarters of 2010. ICRA lists a good monsoon last year, strong rural liquidity through a higher minimum support price for crops, the National Rural Employment Guarantee Act (NREGA), and good credit facilities as leading factors for this healthy growth of the industry.

The government's support price and rising incomes through rural land appreciation have worked to place more funds at the farmers' disposal, the report said. The same reasons are expected to keep tractor sales high in 2011-12, the report added.

PHOTO BY PHOTOS.COM

## THEY SAID IT N R NARAYANA MURTHY

While laying the foundation stone on May 21 of the company's largest overseas software development centre in Shanghai, China. When ready in 2014, the hi-tech, 15-acre campus will employ 8,000 workers.

**“As a global company with a presence in over 75 countries, we will use our enhanced capacity here to deliver high quality consulting and software services to global markets as well as to our clients in China.”**

—N R Narayana Murthy  
Chairman, Infosys Board



### RESEARCH UPDATE



**The Department of Science and Technology and Research Councils UK have signed an agreement committing more than US\$ 16 million each to joint research projects that foster sustainable rural living.** Leading Indian and British institutions will soon start working on ideas ranging from rural job opportunities to fuel cell technology.



PHOTO BY PHOTOS.COM

# India is clean energy investors' favourite

## Ranked 3rd after US, China

**INDIA IS THE** world's third most attractive and the region's most favoured nation for companies planning to invest in renewable energy projects, says a recent industry survey. According to Green Power: 2011, consulting firm KPMG's annual survey of global renewable energy mergers and acquisitions, such deals crossed US\$ 11 billion in the first quarter of this year.

India ranked third after the US and China as the global favourite for such investments, while in the Asia-Pacific region, it was the top choice, said the survey.

Wind energy technologies have gained substantially from investors in recent

months. Private equity funds and asset financing companies have opened their purse strings to wind and solar energy projects, especially in the light of tax breaks, policy incentives and ecological benefits.

Between just January and March, 2011, more than half a-billion dollars have streamed into wind farms in India. In all of 2010, the sector had attracted a little less than a billion dollars in investments, according to the KPMG report.

"With wind, there has been a lot of tax-driven development which just begs to be consolidated," said the report, quoting Cyrille Arnould, head of the Renewable Energy Fund, European

Investment Bank.

With more than 12,000 mega watts (MW) of installed capacity, India is among the leading nations in wind power generation. More than two-thirds of its power from renewable energy comes from wind farms spread across the country's southern and western states.

The survey says the Indian renewable energy market has become increasingly dynamic in recent years as a result of strong natural resources, greater accommodation to international investments and a variety of government incentives.

"In India, we see increasing trends towards sustained merger activity in the renewable space, specifically wind, small hydro, and solar sub-segments, going forward," said Richard Rekhy, Head of Advisory, KPMG in India.

**With 12,000 MW of installed capacity, India is a leader in wind power generation.**

SOUND BITES



"We need innovations in all aspects of life, namely health, energy, governance, infrastructure. There is no other way to face tomorrow."

-Sam Pitroda, advisor to the Prime Minister on Public Information Infrastructure and Innovations



"Trade and capital flows

between emerging markets are growing exponentially and we want to grow there..."

-Vikram Pandit, CEO, Citigroup



"In the earlier decade

growth came largely through labour arbitrage but the next phase of growth will come from high-end technology solutions."

Shiv Nadar, Chairman, HCL Technologies

**AVIATION UPDATE**

## Private Indian airlines at full throttle New planes, new routes, huge deals

**AS THE ECONOMY** booms, domestic Indian airlines are gearing up for major expansions. The smallest of India's low-cost carriers, GoAir recently announced it had placed an order for 72 Airbus A320 aircraft for a whopping INR 32,400 crore (US\$ 7.2 billion). India's largest low-cost airline, IndiGo, is now ready to start its international operations with astonishing fare deals for Dubai, Singapore and Bangkok.

GoAir announced its 72-aircraft shopping list over and above the 20 Airbus aircraft it has already ordered. The company currently has 10 Airbus planes. Airbus will start executing its new order in five to seven years at 15 aircraft per year, said a GoAir release. Together with an order of 20 A320s placed in 2006, GoAir's total order with Airbus is now 92 aircraft worth INR

43,200 crore (US\$ 9.7 billion). "Let me tell you, these 72 planes are confirmed orders, not options," said Jehangir Wadia, son of Nusli Wadia, chairman of the Wadia Group that owns GoAir. Wadia said the airline was generating money and that the group was capable of funding the 72-plane deal through a mix of equity and debt. "We do not need outside help to fund this deal. Also, we do not have immediate plans to go public," he said.

Earlier this year, IndiGo, run by InterGlobe Aviation Ltd, had placed the largest ever order of civilian planes—180 Airbus SAS A320s, valued at close to US\$ 16 billion. SpiceJet Ltd, which has already starting flying overseas, has ordered 15 Bombardier Q400 planes with an option for another 15 at a total cost of US\$900 million.

**72**  
NUMBER OF  
AIRBUS A320  
AIRCRAFT  
ORDERED BY  
GOAIR FOR US\$  
7.2 BILLION

INNOVATION UPDATE

## Indians propose ultra low-price house



**TWO LEADING** Indian strategists have teamed up to design a house that will cost US\$ 300 (INR 13,330) only. Independent Internet strategy consultant Christian Sarkar started the house project with Vijay Govindarajan, Professor of International Business at the Tuck School of Business in New Hampshire, USA, as a blog post some time ago. Now, India's Mahindra group is one of the six finalists invited to the US for a prototype workshop. The technology could reach India if the pilot project is successful.

In an interview to The Guardian newspaper recently, Sarkar said: "Why can't all our 'cool' designers

actually design something for the poor? I thought of the Tata Nano, of C.K. Prahalad, and contacted Govindarajan and asked him about the idea. He embraced the idea... We co-authored our first blog post about the US\$ 300 house in the Harvard Business Review, and that's what got this idea moving."

In an interview to The Hindustan Times, Govindarajan said, "We have invited six finalists to the US for a prototype workshop. After that we would want to build a model village in a country near the US with housing issues." Govindarajan has also served on the faculty of the Indian Institute of Management, Ahmedabad.

PHOTO BY PHOTOS.COM

TECH TRACKER

## Microchip market growing Expected to touch US\$ 10 billion in 2011

**DEFYING** global ups and downs, India's semiconductor market grew by more than 28 per cent in 2010, according to trade body India Semiconductor Association (ISA). The association represents India's

Electronic System Design and Manufacturing industry. A recent ISA survey, conducted by international consulting firm Frost and Sullivan, said the Indian semiconductor market was worth US\$ 6.6 billion

in 2010 and is expected to touch US\$10 billion this year. This healthy growth shows that the global semiconductor market's cyclical trends have minimal impact on India, the report said. Mobile devices, telecommunications, information technology and office automation contribute nearly 82 per cent of the total semiconductor market in India. Another report augurs well



for the Indian embedded systems market. Embedded systems are also computers, but unlike PCs, they perform specific tasks. They

control critical devices like air traffic control systems. India's IT-BPO industry chamber of commerce, NASSCOM, says the global market in embedded systems will touch US\$ 90 billion by 2015. By then, India could net more than US\$ 14 billion of this business, according to a NASSCOM report in association with international market intelligence firm Zinnov.

# INDIA WATCH

**\$25.9bn**  
India's exports in May 2011

Area	Population	Male	Female	Population Density	Urban Population
3,287,263 sq km	1.21 billion	623.7 million	586.5 million	368 per sq km	357.948 million

**Key performance indicators** of the Indian economy, with patterns, trends and forecasts

## India's Economic Outlook Projection

Fiscal Year	2007-08	2008-09	2009-10	2010-11
GDP Growth	9.40%	7.30%	5.40%	8.50%
CPI	6.40%	9.30%	5.50%	14.44%

Source: RBI

## Mean Probability Pattern of Real GDP Growth Forecasts

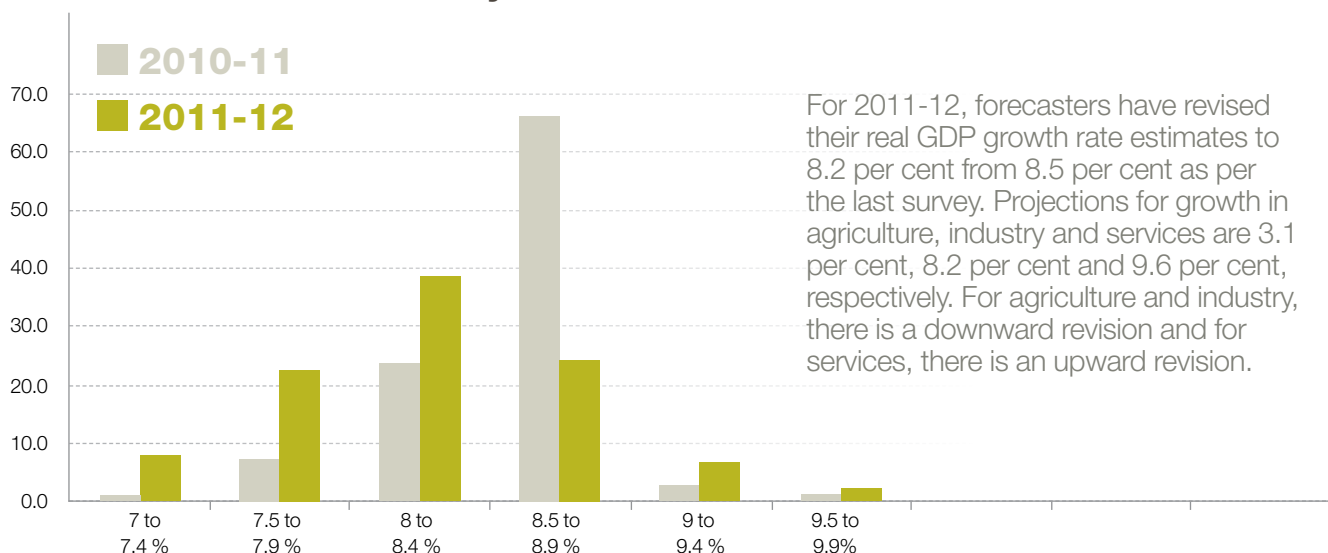


Chart 1: Year-on-Year Growth in IIP

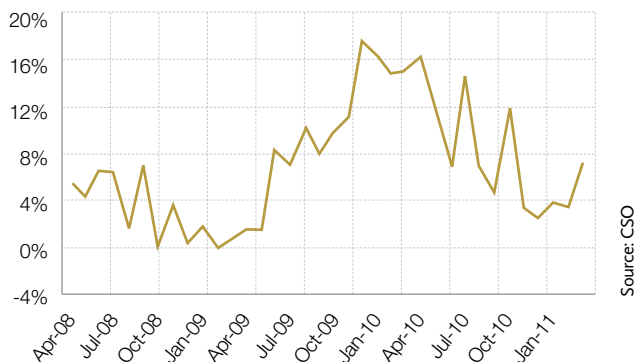
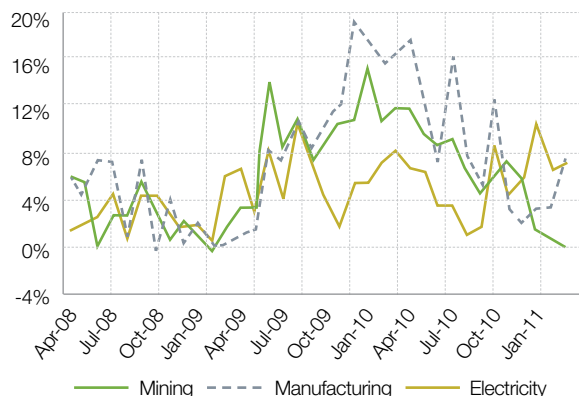
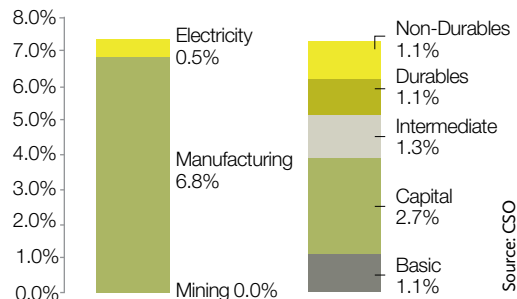


Chart 2: Year-on-Year Growth in Sectoral Indices

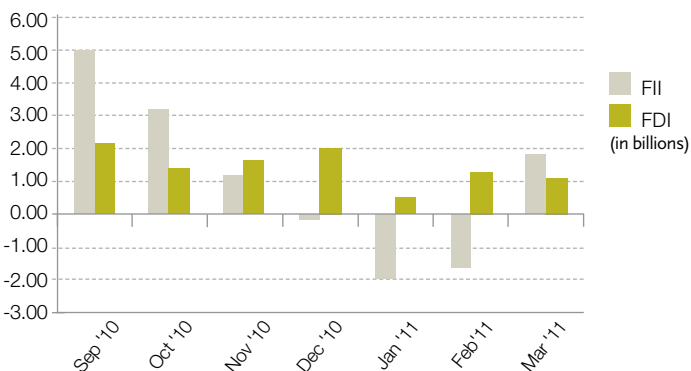


**Chart 3: Contribution to IIP Growth in March 2011**



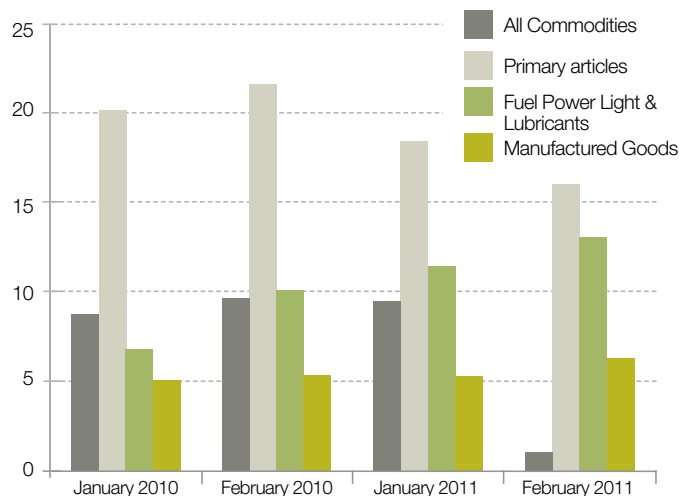
Source: CSO

**Chart 4: FDI and FII Inflows**



Source: RBI

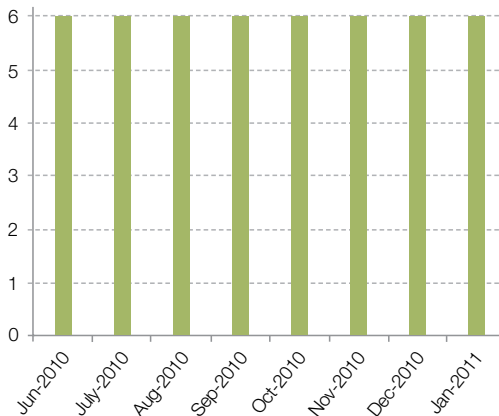
Monthly trends in Wholesale Price Index- monthly average (% change)



Source: RBI

Key Macroeconomic Indicators

**Cash Reserve Ratio**



Source: RBI

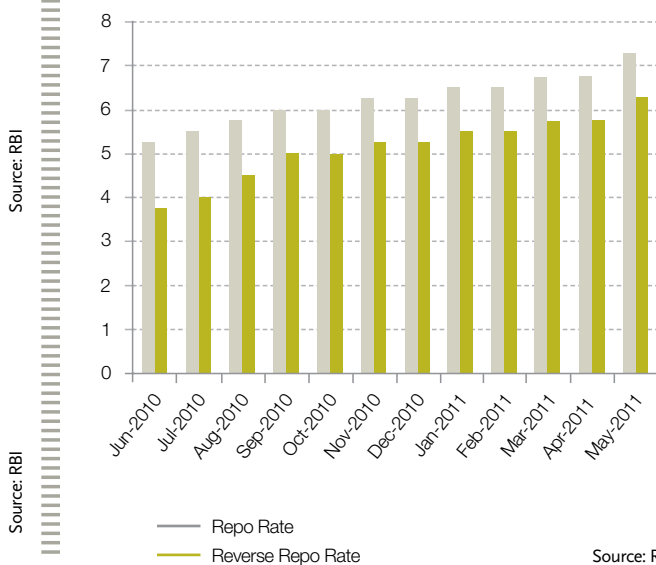
**Stock Market**

Date	Sensex	%age Change	S&P CNX Nifty	%Change
Feb '11	18425.18	-10.65	5537.3	-10.36
Mar '11	17982.28	-2.40	5382	-2.80
Apr '11	19463.11	8.23	5835	8.42
May '11	19224.05	-1.23	5766.9	-1.17
Jun '11	18527.12	-3.63	5561.05	-3.57

**Currency Exchange Rate**

Date	INR/USD	INR/GBP	INR/JPY	INR/EUR
Jan '11	45.13	69.94	55.45	60.19
Feb '11	46.19	73.46	56.26	63.01
Mar '11	45.25	73.16	55.34	62.37
Apr '11	45.11	72.54	54.41	63.91
May '11	44.10	75.65	54.28	65.28
Jun '11	45.06	74.31	55.42	64.78

**RBI Policy Rates**



Source: RBI

Source: RBI



PHOTO BY PHOTOS.COM

**COMPANY DASHBOARD**

▲ **REVENUE:**  
US\$ 4.5 billion  
(2010-11)

▲ **BRANDS:**  
More than 35, across  
20 distinct categories

▲ **NUMBER OF EMPLOYEES:**  
More than 16,000

# PRODUCTS FOR EVERY HOUSEHOLD

For more than a century, Hindustan Unilever's army of 35 leading brands of fast moving consumer goods, from soaps to cosmetics to beverages, has facilitated life in India. BY HARSH KUMAR.

**IF YOU CANNOT DO** without soap, shampoo, toothpaste, tea, coffee, cold cream or detergent, you probably cannot do without Hindustan Unilever Limited (HUL).

It is India's largest fast moving consumer goods (FMCG) company, with leadership in food, home care and personal care products. HUL has been in India for nearly 80 years and its products touch the lives of two out of every three Indians. Small wonder, then, that it earned a revenue of nearly INR 20,000 crore (US\$ 4.5 billion) in 2010-11.

From your morning cup of tea or coffee, the breakfast you eat, the crisp clean clothes you wear, to the spanking clean home you live in, and more, each has something to do with HUL. For, it has more than 35 brands spanning 20 distinct categories such as soaps, detergents, shampoos, skin care products, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, and water purifiers. Its portfolio includes leading household brands such as Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and Pureit.

Nearly 100 of HUL's factories and warehouses are spread out across India, from Goa in the west to Assam in the east, and from Uttaranchal in the north to the tip of Kerala in the south. To run and manage such a huge enterprise, the company employs more than 16,000 people. HUL is a subsidiary of Unilever whose sales worldwide were nearly US\$ 62 billion this year. Based in Rotterdam (The Netherlands), Unilever recently appointed India-born Harish Manwani as its chief operating officer (COO). Currently President, Asia Africa, Central and Eastern Europe, Manwani will assume his new office in September, a Unilever press release said in June.

Generations have grown up using the company's products. It introduced the Sunlight soap in 1888 and Lifebuoy seven years later. At the turn of the 20th century, Pears arrived on the scene, and Brooke Bond Red Label tea a year later. Introduced in 1905, Lux is still a strong player among soaps in India as is scouring powder Vim that has been around since 1913. The firm introduced Pond's cold cream at the time of Independence, Surf in 1959 and Rin in 1969, each an enduring product with a legacy of its own. For generations, washing powder has meant Surf, for most Indians. Likewise, detergent bar is Rin. The advertisements of Surf and many other HUL products have reflected the changing socio-economic structure of India.



HUL's market capital of nearly Rs 700,000 crore is more than two-and-a-half times as much as that of its closest competitor Dabur India. In 2007, the company formally changed its name to Hindustan Unilever Limited. All time favourites Brooke Bond and Surf Excel crossed Rs 1,000 crore in sales the same year followed by the Wheel detergent bar, which crossed the Rs 2,000 crore sales milestone in 2008.

Harish Manwani said in an interview to The Times of India in June 2010: "We need to be obsessed with our consumers. We must have the humility to understand that in our business, our report card is written every time the consumer goes shopping."

After surveying India's top 25 companies last year, international consulting firm Aon Hewitt ranked HUL as the top employer. The survey said HUL provides exciting growth options both within and without the existing role of the employee, ensuring that everyone grows. According to the survey, at HUL what matters is that "each employee sees the goals of the company as his own goals, and is excited and motivated to contribute to achieving them."

HUL began the process of Brand Imprint in 2005. This brought into consideration the sustainability agenda into HUL brands by using a rigor-

**"... IN OUR BUSINESS, OUR REPORT CARD IS WRITTEN EVERY TIME THE CONSUMER GOES SHOPPING."**

— **Harish Manwani**

Chief Operating Officer-designate, Unilever

ous diagnostic process that analyses the social and economic value, as well as the negative impacts of a brand. This process is being carried out across all the key categories of HUL. Social and environmental considerations are firmly married to any innovation plans for HUL's major brands.

HUL believes it can make a difference – through popular brands and behaviour change campaigns in the domains of nutrition and hygiene, and by providing consumers from all income groups, access to a better life. The company engages the customer in such a way that he is compelled to reach for its products again and again, recalling them readily. Life-long loyalty is cultivated by building trust and delivering on promises. A communication channel between the customer

and corporation is kept open at all times. The company relies upon strong and honest advertising to help the customer make informed choices. With an advertising budget as high as 14 per cent of annual sales, the company is one of the most sought after accounts by advertising companies worldwide. This year the company is planning to scale down its advertising budget by three to four per cent to surmount the challenge of rising cost without burdening the customer with increased prices.

In the Times of India interview, Manwani said he knows the importance of staying ahead in the fiercely competitive market in India. HUL continuously seeks to break boundaries and build gaps between itself and its competitors.

HUL's offices wear a new air of urgency and a slew of new brands is ready to strike out. Its strategy is to understand the market and then go-to-market. The Mumbai headquarters of HUL wears its new brands on its sleeve with sense of pride. It houses a Bru World Cafe, Swirl ice cream parlour and a retail store, proudly displaying HUL's robust portfolio of new brands. Brand managers at multiple kiosks get live feedback from customers across India. One can actually taste, use a product and mark it as they see fit. HUL calls it experiential marketing. And people who watch the markets

**“WE DREW UP A PLAN TO INCREASE OUR COVERAGE TO TWO MILLION STORES WITHIN 24 MONTHS. THIS WAS OUR 'MORE STORES' AGENDA.”**

call it a company in a resurgent mood, willing to sit for the exam and pass with flying colours. HUL is realigning itself to the new Indian consumer. International brands are being introduced without removing the focus from the traditional, strong brands. The ever growing middle class households, which will balloon to 11 million in number by 2013 is where HUL intends to be.

The second thrust will be in the rural markets where HUL is already firmly ensconced. Looking to increase HUL's rural reach three-fold, Manwani says he knows that the emerging markets are HUL's best bet. In an oft-quoted interview to the Times of India, he says: “Emerging markets are not just important; they are mission critical for our future strategy. We are the only company where 53 or 54 per cent of our total business now comes from developing and emerging markets. It is a very large chunk of our growth.”

The company already sells through six million stores across the nation. Of these, more than one million are serviced by the company's own distributors or company salesmen. In another interview, to the Business India magazine, recently, Hemant Bakshi, Executive Director, Sales and Customer Development, said: “We drew up a

plan to increase our coverage to two million stores within 24 months. This was our 'More Stores' agenda.” Since 2010, HUL has added 718,000 stores. It wants another 300,000 by 2011-end.

For the rural market HUL did what it does best. It created a brand of an entirely different sort—Shaktiman. Only Shaktiman is not a product. Shaktiman and Shaktiammas are HUL brainwaves. These are trained and motivated men and women who will work among the rural customers of HUL. 25,000 Shaktimans, distributors on bicycles, will touch 150,000 remote villages with a population of 2,000 or less.

A company that touches the lives of two in every three Indians, is already everywhere. This new thrust into the villages will, perhaps, take it into every Indian household by the time it completes its century of being in India. ■

## A Virtual Galaxy of Brands

**VIM:** In 1885, William Hesketh Lever created Vim Soap, the first one ever created by the company. HUL's website says the company uses natural products, such as lime, vinegar and green tea in manufacturing Vim. Now, the company produces it in bar, powder and gel form. Vim is sold to more than two billion people across four continents.

**PEARS:** First made in 1789 by Andrew Pears in London, Pears is the world's first registered brand and has been in existence continuously since then. The company introduced the transparent soap in India in 1902.

**RED LABEL:** Launched 107 years ago, Red label is India's second largest tea brand, sold almost everywhere in the country.

**LAKME:** Originally a Tata product, Lakme is a 50-year old brand of cosmetics, skin care and hair styling products. HUL acquired Lakme in two stages: a joint venture in 1995 and an INR 130 crore buyout last year.





DP World Nhava Sheva at Mumbai's Jawaharlal Nehru Port, has won the prestigious Golden Peacock Award for Environment Management. Anil Singh, Senior Vice President & Managing Director DP World Subcontinent Region, received the award at a ceremony held at the Leela Kempinski in New Delhi on June 24.

## DP World Nhava Sheva Wins Important Environmental Award in India

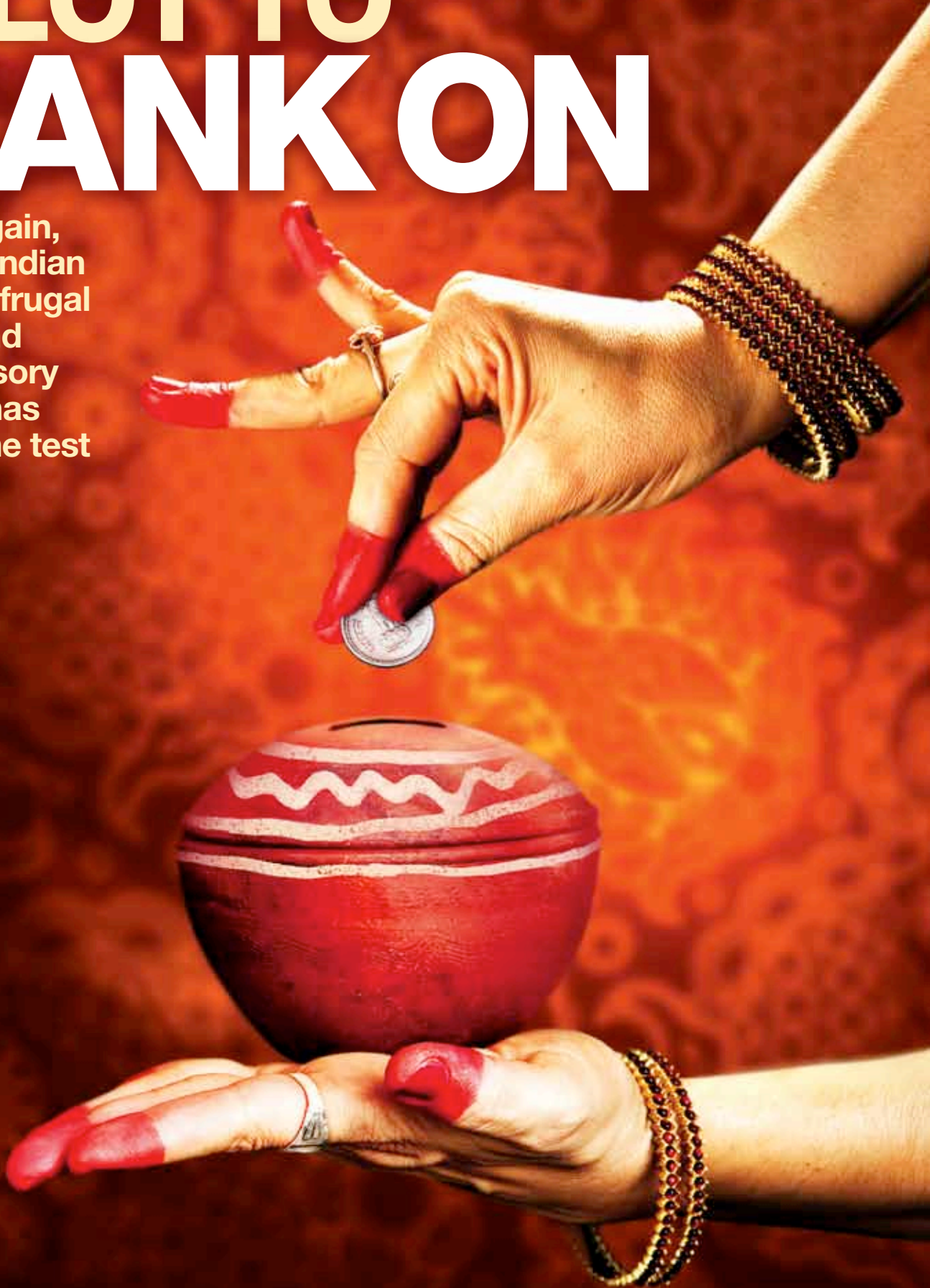
**N**SICT was recognised for its many initiatives in environment management, some of which include optimising natural resources such as rain water, introducing Compressed Natural Gas (CNG) buses for the staff of DP World Nhava Sheva, changing the equipment and administration building lights to Light Emitting Diode (LED) lamps to reduce electricity consumption, and organising an oil spill cleanup drive with employees to protect the mangroves and the marine environment around the terminal. India's Home Minister, the Honourable Shri P Chidambaram was the guest of

honour at the ceremony, held during the 13th World Congress on Environment Management (WCEM). Receiving the award, Anil Singh highlighted that DP World is a signatory of Copenhagen communiqué for climate change and said: "We are delighted that our environmental efforts in Mumbai have been recognised with this important award. We have initiated a wide range of environmental best practices across the region to make a very real difference to the environment, in line with DP World's overall commitment to preserving the environment in all communities in which we operate." ■

# A LOT TO BANK ON

Once again,  
the old Indian  
habit of frugal  
living and  
compulsory  
saving has  
stood the test  
of time.

BY SHUBHA SINGH.



# P

**REM LAL AGGARWAL** is a proud man. He has a house in a posh residential district of south Delhi, a car each for himself and his wife of 45 years, good insurance cover, a decent bank deposit, some gold in a locker and fixed deposit certificates in the names of

each of his two children, his wife and himself. He does not have a credit card, has never used one and says he won't, ever. He is 70 and satisfied. But he did not inherit any of this wealth.

"I have made every single penny of this in my own lifetime, by the sweat upon my brow," says the retired government servant, his bright eyes fixed far in the distance. "All my working life, I lived frugally, but saved 20 per cent of my salary, come what may. Much before retirement, I had my house and bought my first car, a shining white Maruti 800, long before any of my colleagues could even think of it—all from my honest, hard-earned money. I have always lived within my means, never borrowed from anyone and bought only what I could pay for, upfront. I had the vision and patience to put away a portion of my income, every month of every year of the nearly three decades that I served the government. I had the support and understanding of my family," he adds, smiling back at his wife sitting next to him on the sprawling verandah of his house. "Saving is his habit," she says, shyly.

## A Good Habit

Indeed, saving is a habit. And for generations people have put away a certain percentage of their monthly incomes as saving, an insurance against a rainy day. In fact it is this very habit of Indian families that a student of Harvard College, Massachusetts, USA, wrote a thesis about, five years ago. In his thesis on habitual savings behaviour, Prital Sailesh Kadakia said: "Habitual behavior, while studied extensively in psychological literature, has not been a focus in economics." He proposed a theory of habitual savings behaviour that combines the habit theory from psychology and the savings theory from economics to understand patterns in savings.

Traditionally, Indians have been more comfortable keeping their savings in relatively low interest savings accounts at banks or post offices, or even safer, fixed deposits. Experts call such savings unproductive as this money does not find its way into high return investments. They consider it, in a sense, locked away and largely unavailable. But there are also numerous studies that hail this aspect of the Indian life.

“ I have always lived within my means, never borrowed from anyone and bought only what I could pay for, upfront.”

—Prem Lal Aggarwal  
retired government official

An annual study on consumer attitudes to savings, conducted worldwide by Aviva Life Insurance, says Indians stand better than their global counterparts when it comes to awareness and saving habits. Nearly 60 per cent of the Indian respondents said they depended on their savings accounts. In the matter of planning as an approach to finance, Indians stand at 51 per cent, ahead of the global average of 38 per cent, said the study, released in late 2009. A nationwide survey of more than 60,000 households by the National Council of Applied Economic Research (NCAER), New Delhi and Max New York Life has revealed that people in India save for long-term goals such as emergencies, education and old age.

It is this very kind of savings that have funded most of India's development since independence. The 2009 report of the C Rangarajan High Level Committee on Savings and Investment says more than 98 per cent of investment in India is funded by domestic savings. "Economic history suggests that countries that were able to accumulate high levels of domestic investment largely financed by domestic savings, achieved faster rates of economic growth and development. The positive effect of savings on growth is more straightforward, and higher savings raise the growth rate of output by increasing capital accumulation," says the report.

## Proven Repeatedly

In an article for BBC online in 2007, Kaushik Basu, Professor of Economics at USA's Cornell University, had said: "One

economic variable that eludes popular attention but is arguably the most important indicator of an economy's long-term health is the savings rate. A nation's savings rate or investment rate - the two are usually closely aligned - is the fraction of the nation's total income that is saved or invested." Prof Basu is now the Chief Economic Advisor to Prime Minister Manmohan Singh. "In India ... what has gone unnoticed is the phenomenal rise of the savings and investment rates. These now stand at 32 per cent and 34 per cent respectively. Economic theory had long taught us that savings and growth are closely connected. But it is not easy to deliberately raise a nation's savings rate."

Directly linking the rate of savings to economic growth, Prof Basu said: "It gives reason to believe that the high growth of over 8 per cent per annum of the national income is sustainable."

"There are three sources of savings in a nation—domestic savings, corporate sector savings and savings of the public sector," explains Bibek Debroy, Professor, Centre for Policy Research, New Delhi, an economic think tank. "Since Independence, the household sector has remained the predominant source of the gross domestic savings. In fact, until recently, it contributed nearly three-fourths of the total domestic savings. Bank deposits constitute the largest proportion of household financial savings, and continue to be the most important instrument of financial savings among households."

### Small is Bountiful

The small saver has largely driven the investment engine in India, and most of his savings have come as tiny periodic deposits, say, into a post office savings account at any of India's 150,000 post offices nationwide. Of all the money

saved by Indian households, the RBI says the monthly income scheme of the post office savings accounts and the rural Kisan Vikas Patra have formed the bulk of the household savings over the decades. Post office saving accounts, National Savings Certificates, bank saving accounts and fixed deposits are low return savings and may not necessarily excite a Dalal Street investment consultant.

But savings decisions are highly individualised and are based entirely on the socio-economic, cultural and experiential backgrounds of the people. Families that have saved a portion of their income for a rainy day or for their children's education, do not have high returns as their primary goal. These are safety net savings or investments. Business families and those with exposure to money handling or finance, have invested in high velocity, high return financial instruments. Obviously, their goal is maximising income from investment—they are entrepreneurial and have a risk-taking attitude, appetite and ability.

India has had these as two main types of savers over the decades. Now, however, there is a new breed of saver-investor-insurer-entrepreneur. These are qualified, working, upwardly mobile young men and women, largely in the cities. They are informed, connected and financially more literate than the generation before them. Since their investment and return horizons are not as deep as those of their parents, their appetite for risk is robust, and so is the chance.

### Winds of Change

It is this group of earning, saving, investing Indians that is in the spotlight of the international investor attention. For right until 2050 the bulk of the Indian population will be young, able, working, earning, investing and spending. Even more than the population of China, leave alone Europe or America.

In another article called 'India's Demographic Dividend' for BBC News last year, Prof Kaushik Basu said that in 2004 India had a population of a little more than a billion. Of that, 672 million were in the age-group of 15 to 64 years- the working age population. Therefore, a little more than 400 million Indians fell into the category of 'dependents'. The difference between the working and dependent population is called a nation's dependency ratio and in India's case, there are more people in the working population than dependent. A low dependency ratio is taken as a good value, and in India's case, it is low now, and will fall even more. What it means is that in the years to come, there will be more young, working-age men and women in India, than old people.

"It is expected that in 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan," wrote Prof Basu. An indirect but vital benefit for the economy is the effect this can have on savings. Hence, a decline in the nation's dependency ratio is usually associated with a rise in the average savings rate.

## Conservative is the way to go

A recent market survey says that Indians are likely to be even more guarded this year about how they spend their money and on what.

According to a report by international consulting firm Boston Consulting Group, Indian consumers plan to cut spending and change habits to suit the 'new normal'. The study 'Winning Indian Consumers in 2011' said Indians are spending more on health insurance but might spend less in the near future on apparel, durables, personal care products, accessories and leisure. Dairy, fresh food, laundry and detergents, remain important, the report added.



“ It is expected that in 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan ”

—Prof Kaushik Basu  
Chief Economic Advisor to the Prime Minister

“India's savings rate as a percentage of its gross domestic product (GDP) has been rising since 2003. It now stands at 33 per cent, which is comparable to the Asian super-performers... My expectation is that India will get benefit from higher savings and investment rates and this will continue to fire India's high growth rate,” added Prof Basu.

Economists have emphasised that India was able to avoid most of the crippling effects of the last recession also because of the frugal lifestyle of Indians. It isn't just the savings, it is also a conscious emphasis on a low wastage, low consumption lifestyle, where less is more.

By and large Indians have been used to living within their means and not on plastic money. Just as saving is a habit, borrowing, too, is a globally understood habit. Indians have mostly resisted the hire-purchase culture of 'buy now and pay later' and that is evident in the sharp decline in the number of credit card users in the last couple of years. People have transitioned into electronic money using debit or ATM cards but more as an extension of a banking facility rather than a money borrowing window. More people in the lower and middle income groups are comfortable using their savings-linked debit cards rather than credit cards that develop a habit and cycle of borrowing.

### Wary of Plastic

The credit card business in India has come full circle in the last decade with almost every bank pushing the plastic into the customers' wallet. During the last economic downturn, that approach created its own problems. According to the Reserve Bank of India (RBI), more than six million credit cards went out of the system in 2009-10 in India. From more than 28 million in 2008, their number fell to 18 million at the end of March 2010. Banks have since turned prudent and cut down unsecured loans, much in the same way that lending agencies in the US realised their mistakes of the sub-prime crisis—that it is important to know if the borrower has the ability to repay the loan.

A frugal lifestyle and the habit of compulsory saving clash directly with the business interests of the hire-purchase and credit card industry. But the last recession has educated the consumer about the pragmatism of living within his means. So much so, that in 2009, former President APJ Abdul Kalam hailed Indians' habit of saving and frugality as the primary reason why India avoided the brunt of the last economic recession. The conservative nature of the country's banking system and checks and balances within the liberalisation process, consistent with the unique social requirements, are the other factors that should hold India in good stead going forward, Kalam had said while addressing journalists at a function in Dubai.

### Coded in the Gene

Saving is so deeply ingrained in the Indian life and culture that a lot of it is actually transferred and communicated unspoken between mother and daughter, father and son. It is not unusual for housewives to put away a little from what they get as operating expenses every month from their husbands. And at times of need it is often the woman who will come up with a wad of neatly folded bills which she had tucked away, unbeknownst to her husband or family. All this for one such rainy day. The savings are not just in cash. For long, Indian families have saved in gold and silver.

A World Gold Council report in November last year said India owned more than 18,000 tonnes of above ground gold stocks worth approximately US\$ 800 billion. In a study called 'India: Heart of Gold', the Council said India's gold represented 11 per cent of the global stock. It said Indians invest 10 per cent of their savings in gold.

The NCAER published a book last year on the saving habits of Indians. Called 'How India Earns, Spends and Saves' the book contains the findings of an NCAER survey in conjunction with Max New York Life. Interviewing more than 60,000 households nationwide, the study says most Indians prefer keeping 65 per cent of their savings in

India's savings rate of **33%** is comparable to the Asian super-performers...

liquid assets like bank or post office deposits and cash at home, while investing 23 per cent in physical investments like real estate and gold and only 12 per cent in financial instruments.

International market research firm Nielsen released its annual consumer confidence report in May, this year. According to the report, Indians list savings as a top priority with 65 per cent Indians intending to save spare cash after meeting their essential living expenses. India ranks fourth globally for a country that puts its spare cash into savings, behind Singapore, Indonesia and Hong Kong.

“Indian consumers are seemingly reaping the benefits of having had a cautious, conservative monetary approach, focussing on personal finances and savings. And while savings remains central to their money management, they now seem eager to spend on themselves, their families and their homes, while keeping away from making volatile investments related to the stock market,” said Justin Sargent, managing director, Nielsen Consumer, India. The surprising finding of the survey is that even poor households save despite being in debt.

Households constitute  
**80%**  
of the economy's aggregate savings:  
Reserve Bank

extended to economically weaker households - the argument that everyone can save. To do this, the government took a bold initiative in 1993. It set up the Rashtriya Mahila Kosh (RMK), firmly believing and working on the basic premise that “almost all poor households need to save, have the inherent capacity to save small amounts regularly and are willing to save provided they are motivated and facilitated to do so.”

RMK believes that the poor are bankable and successful initiatives in micro finance have proven the assumption right, repeatedly.

However, the poor rural family neither had the income nor the exposure to develop the same habits of saving that ruled the urban families. The government had to think out of the box, and it did, in good measure. Instead of a didactic approach to savings, the government took the experiential route, showing the villagers that they could save and invest and flourish. Enter the Self Help Group (SHG).

The backbone of RMK's architecture of a changed economic landscape of rural India, SHGs organise women in the villages into small groups of 20, for the express purpose

“ India owns more than 18,000 tonnes of above ground gold stocks worth approximately US\$ 800 billion... Indians invest 10 per cent of their savings in gold.”

—World Gold Council report:  
'India: Heart of Gold'

India is one of the high saving economies of the world, said management researcher Suveera Gill in a 2009 paper in the South Asian Journal of Management, a publication of University of Hyderabad's School of Management Studies. According to the Reserve Bank of India, households constitute nearly 80 per cent of the economy's aggregate savings, said Gill.

“To save effectively, a family does not have to attend school or study finance. Saving is an attitude, honed and refined into an enduring habit, and fired by a lifestyle that sustains the savings effort,” says Ajay Gupta, an Indian Institute of Management, Ahmedabad, alumnus and management consultant.

### Saving as an Institution

From average middle class families, the argument had to be

of saving and investing. They promote thrift and help them get credit and earn.

In the end, the idea of saving and how it can help them, became amply clear to the rural folk. The route the government took had to be different. Microfinance began to take root in rural India, eventually spreading nationwide.

“Financial habits of the villagers are far different from those in the cities,” says Dr Indira Mishra, former executive director of the Rashtriya Mahila Kosh. “Most villagers live off the land and have a greater sense of security than those who work for a living. At the same time, their options are severely limited when they need money for a contingency like a wedding, failed crops or a natural calamity. Then, the rural poor have no little or no education. If they are taught the essentials

of book keeping, the discipline of saving, however little, and to develop a plan of how they want to spend their savings, they pick up very quickly. That was our experience at the RMK.”

Now retired from government service, the former Indian Administrative Service (IAS) officer said she had toured large parts of rural India during her tenure as executive director of RMK, and “I found that the spirit of enterprise exists everywhere. The women in the villages are eager entrepreneurs, all they need is startup money. We helped them understand that they can generate it, through savings, and that was such an inspiring success story, everywhere. For months, they would save diligently, wait eagerly for their turn, and then take the seed money and either open a kiosk, an eatery, buy a goat or a sewing machine. Whatever they did, wherever, the women never stopped saving, however little, each month, year after year.”

### Earn, Save, Remit

Another pointer to the Indian habit of saving comes from the high value of remittances that nearly 10 million Indians send back from the countries to which they have emigrated. According to the RBI Handbook of Statistics on the Indian Economy, India now has the distinction of being the largest remittance receiving country in the world. In 2009-10, Indians from the world over, sent back nearly US\$ 55 billion as remittances to India. Such is the contribution of remittances that they now account for nearly 6 per cent of India’s GDP—all from hard working families and individuals who save relentlessly.

The largely middle class India, where according to the NCAER the average annual savings amount to a little more than Rs 16,000, has saved conservatively over the last many decades. “That is changing,” says Bibek Debroy of the Centre for Policy Research. “The decision making control is still with the consumer, but the money is now being increasingly managed by institutions and financial advisors. And a lot of that money is invisible—in scrips, funds and a host of other assets that you can’t touch or feel. People are wary of what they can’t see and that keeps a lot of families from moving into institu-

tionalised savings and investments. But even that mindset is slowly changing. Because the benefits of such investment are now becoming evident. You have insurance, income schemes, greater transparency in transactions and ease of operations.”

Since a lot of today’s transactions are online and even over the mobile phone, technophobes are slow to change. But the younger generation is comfortable with computers, applications and especially the mobile phone. “They are quick to adopt and are leading this new charge,” adds Debroy.

Still, the generation of Prem Lal Aggarwal is far from passé. In fact, it is more relevant now. “Dr Kalam was right when he said a few years ago that Indians had escaped the brunt of the economic downturn largely because of frugal living and their habit of saving. Let me add to that—we will be among the world’s top nations if our new generation imbibes this culture and puts away a portion of its income, every month, into savings. I am reminded of the famous American writer Hugh Prather’s landmark book ‘Notes To Myself.’ It was a collection of meaningful tips and advice to his young son leaving for college. In it, he had said drive an ordinary car, son, but buy the best house you can afford. Golden advice that I give to every young man or woman I meet,” says Aggarwal, eyes shining bright.

His advice is also to stay away from buy-now-pay-later consumerism that eats into a family’s income and savings. Aggarwal says: “When you do that, you definitely pay later—much more than what you lose by not having what you desire. But a pragmatic man earns first, desires later, not vice versa.”

“As the economy expands and lifestyles change, more products and services will seem within reach of everyone—from goods to cars to houses to exotic vacations. What’s more, there will be scores of ways to acquire them even if you can’t afford them

right now. The new generation will have to strike that critical balance between temptation and control; having now and waiting for it; consuming voraciously and saving prudently,” says Bibek Debroy.

Prudence has ruled the spending and saving decisions of Indians so far, and it seems it will rule it in future as well. ■



**In 2009-10, Indians from the world over, sent back nearly US\$ 55 billion as remittances:**  
Reserve Bank



# Weaving Progress

Orissa's Adhikar works with Bolangir's traditional handloom weavers to spin a new cycle of progress. BY HEMANT KUMAR.

In the eastern state of Orissa, Sambalpur is famous for its saris, culture and the sprawling Hirakud dam in the Mahanadi river basin. About 100 km south west of Sambalpur, there is a small cluster of villages in the Bolangir district. In 47 degrees Celsius of searing high summer heat, cotton seeds pop and the land often goes dry in the harsh climate. In little thatched huts spread across Bolangir, hundreds

of handloom craftsmen and weavers work on a centuries-old tie-and-dye technique of embellishing saris and cotton fabrics. Called Bandha Kala, the traditional method uses specially prepared vegetable dye and takes two workers more than a week's hard labour to process one sari. Much in demand in the cities, these saris have fetched good prices for years. But competition from power looms and their industrial designs is eating into

the weavers' market with cheaper offers and organised retailing.

Nooruddin Amin of Bhubaneswar is hard at work to help the craftsmen. His non governmental organisation, Adhikar, has organised 125,000 of these weavers into self help groups (SHGs), disbursing development micro credit and helping them regain financial control of their lives. The former college lecturer told India Now that Adhikar has so far disbursed INR 250 crore (US\$ 56 million) among weavers and spinning workers of Orissa and farmers in Andhra Pradesh and Gujarat. "What's even more encouraging is that we have made nearly 100 per cent recovery of those loans that normally range from INR 5,000 to 15,000 (US\$ 112 to 340)," says a happy Amin.

Now, the World Bank has taken note of Amin's work and has named Adhikar as winner of one of its development grants for this year. The Development Marketplace is a competitive grant programme of the World Bank and the International Finance Corporation that identifies and funds high-potential, innovative social enterprises in Bihar, Rajasthan and Orissa. Each winner gets INR 22 lakh (US\$ 50,000).

Using the grant, Amin wants to help traditional spinners and weavers in the Bolangir district with affordable, locally available yarn for their looms. "Also, the district's cotton growers will not have to travel far to sell their crop, saving them time, effort and money. That will make their cotton cheaper for the local spinners, who will turn it into affordable yarn for the handloom weavers, who will then churn out cheaper fabric. The entire cycle, from growing cotton to fabric-making, will be a sustainable model of livelihood," said Amin.

He says 55 such families will benefit from the grant. Using what he calls the "micro spinning mill technology," Amin says he is slowly re-introducing the age-old intermediate stage of cotton spinning into the village.

"It's a long road," says Amin, adding: "but they say well begun is half done." ■



# **SERVO**<sup>®</sup>

Hyundai Genuine Oils.  
Approved for Hyundai.  
By Hyundai.

- Superior performance and fuel efficiency
- Outstanding engine cleanliness
- Extra wear protection
- Excellent sludge control




Hyundai range of Genuine Oils:

Engine Oil • Gear Oil • Steering Oil • Brake Fluid • Coolant







## Young software engineers team up and change the way Indians book tickets for bus travel.

BY RUCHIRA MITTAL.



PHOTO BY PHOTOS.COM

Have you ever searched desperately for a last-minute air or train ticket during holiday rush? Have you ever scoured the Internet like it was your only saviour—clicking madly on link after dud link for that one elusive seat on any flight, or train that will take you home for the holidays? Many of us have, and they understand the frustration of such times. All that when the railways have a highly structured website as does each airline, with call centres and polite staff. Plus, there are literally thousands of auxiliary websites selling air tickets.

Now imagine if you were not flying or taking a train, but had a bus in mind. Leave alone a website, most bus operators do not even have well-staffed call centres. Bengaluru-based software engineer Phanindra Sama was similarly stranded one such holiday weekend, in 2005. Late for booking his tickets anywhere else, he had no tickets to head home for the Diwali holiday. Most air tickets were sold out and what remained were exorbitantly priced. Sama's only option was bus travel.

Running from operator to agent in the hope of a bus ticket, Sama felt defeated and frustrated. The largely first-come-first-served bus travel business in India caters to a different slice of the economy. A large number of such commuters either do not have the Internet or do not use it often enough, at least not for making travel bookings. They travel often, but are used to trying their luck at bus stations, reaching hours before time and waiting for a seat on a bus.

An engineer from the prestigious Birla Institute of Technology and Science (BITS) in Pilani, Rajasthan, Sama missed the bus that weekend. But in that botched holiday, he saw an opportunity so huge that he decided to quit his job and plunge wholeheartedly into harnessing it. He wrote about his lonely Diwali to his friends, asking them if they would like to join him. They did. The young men worked on weekends, brainstorming and translating their idea into a prototype.

The idea: an organised, centralised, universally honoured bus ticketing online portal for the millions of bus travellers throughout India. That was the easy part.

They knew that the train and air ticketing segments are largely centralised and consolidated businesses in India. They also knew that it would take all their determination and fortitude to try and organise the lumbering, gargantuan, unorganised bus industry.

It wasn't just the size and spread of the industry, it was also the mindset of the average bus operator and his natural resistance to anything new, especially technology. Most such operators and their staff usually deal with commuters face to face, dealing mostly in cash. They are wary of credit cards and online payments and stay away from swipe machines and hidden payment modalities. They understand and believe in what they can touch, feel and see. The Internet operates remotely, and that isn't a comfortable position to operate from. It wasn't going to be easy to convince the thousands of bus operators to go online, and it wasn't going to happen overnight. But Sama and his friends believed in the worthiness of their project. They were not only driven, they were also extremely patient.

From their vantage point, the young entrepreneurs saw the bus industry as massive, serving millions of middle and lower-middle income commuters splendidly. Most bus operators were region-based, and their sizes varied remarkably—some had just one bus while there were many who operated hundreds of buses. Still, they were not an organised, cohesive transport sector. Nearly 2,000 such private operators run more than

20,000 buses on long distance routes nationwide. These buses are called contract carriages and their tickets have to be bought in advance—at a bus station, terminus or depot. Short distance stage carriages sell tickets on board to first-come-first-served commuters.

Sama realised that there were always tickets available for any destination, but since each operator kept his cards close to his chest, no one knew where those seats were, with whom and how to procure them. If all, or most, such seats became available on one platform and opened themselves to advance booking, not only would the commuters benefit, but also the operators themselves. But when Sama and his team began approaching the bus operators and explained their unique idea of amalgamating the seat matrix of India's bus industry, they met with stiff resistance. The businessmen were wary—they thought the tech-savvy bunch were planning to snatch their most valuable equity from them—the coveted seats on the hundreds of thousands of buses that criss-cross every Indian highway and rural road, every single day of the year.

In an interview to Wharton Business School's online magazine Knowledge @ Wharton last year, Sama said he regretted not finding a bus ticket, way back in 2005. "I kept thinking that if only I had tried harder and gone to some more agents, perhaps, I could have managed to get a ticket," he said. But he said his engineer's mind began to work and he wondered why the bus systems could not work like airlines

and railways. Back then, the Internet had no information about bus operators in India, their schedules, routes, seats and fares.

At that time, says Sama, there was no way a potential bus traveller could check his options at a glance and certainly no way he could book a return ticket online, travel, and return in time for work, after a weekend's trip. The experience turned him into an entrepreneur. Teaming up with BITS alumni and friends Charan Padmaraju and Sudhakar Pasupunuri, Sama set up a bus ticketing company with a centralised information database, online ticketing and an offline distribution network. They named their company Piani Soft Labs and branded their solution RedBus. In August 2006, with an investment of Rs 500,000, the engineers started in right earnest.

Convinced they had a master solution at hand, Sama and friends approached The Indus Entrepreneurs (TiE) in Bengaluru. Founded in 1992 in Silicon Valley by a group of successful entrepreneurs, corporate executives, and senior professionals, TiE is a global entrepreneurship development forum with roots in India. It has 13,000 members across 14 countries. It mentors entrepreneurs and helps them network. Its Bengaluru chapter started in 1999 with Nandan Nilekani as its first president. TiE assigned Sama's team to three mentors. The young engineers worked hard on collecting information. The number of buses, routes, the average price of a ticket, information on how people buy tickets, what sort of people buy bus tickets and how much commission a bus operator pays to an agent etc., were all tabulated.

Fortified with such market research and all they had learned at TiE, Sama and his friends launched their revolutionary enterprise.

They managed five seats from a bus operator who gave them a week to sell them online. The other operators were unwilling to touch their prototype. Waiting outside the offices of IT com-

**REDBUS  
EARNED INR  
60 CRORE (US\$  
1.3 MILLION) IN  
2009-10 AND  
HAS SET  
ITSELF AN  
AMBITIOUS  
TARGET OF  
US\$ 3.5  
MILLION FOR  
2011-12.**



panies, Sama and his partners handed out cards to off duty workers after office hours, telling them how they could book bus tickets online.

They made their first sale! A lady bought a ticket to Tirupati in Tamil Nadu. The men were so excited that they went right upto the bus terminus to make sure she actually used her ticket. Then, the other four tickets sold, too. They went back to the operator for more.

Since then, RedBus hasn't had to look back. Today, it is one of the most successful online bus ticket booking companies. It has enlisted nearly 700 bus operators who collectively run more than 10,000 buses in 15 states. From five tickets in the first week of its existence, the company now sells 5,000 a day and the number is growing.

For operators who have computerised systems, RedBus builds the required software interfaces and integrates their inventory of routes and seats into the RedBus server. It has a cheaper option for operators who are computer savvy but cannot afford IT upgrades. Using a RedBus-developed proprietary software called BOSS (Bus Operator Software Service), they can connect to the centralised server, giving RedBus real time access to their seat inventory. For operators with no computers at all, the good old phone line steps in.

The company sells the tickets through its website, [www.redbus.in](http://www.redbus.in). To support this exercise, it has set up seven main call centres and three satellite call centres that step in when traffic increases. RedBus has also launched its mTicket—a ticket that's sent as a message on the buyer's mobile phone. After making a booking on the website, the buyer has the option of receiving the ticket as an SMS. All the passenger has to do is present the message in the mobile phone to the ticket collector. The mTicket has the unique ID of the buyer, PNR, booking agent's details, departure date and time, bus details, seat numbers, and passenger name and address. While searching for tickets on the website, buyers can check



Indian Institute of Management, Ahmedabad, alumnus and venture capitalist Sanjay Anandram was co-chair of the TIE Entrepreneur Acceleration Programme that mentored Phanindra Sama and his team. Anandram told India Now: "RedBus has succeeded on the strength of its offerings—readily usable information, convenience and a wide range of choices for passen-

gers. It has revolutionised the bus ticketing industry in India." Also

founding partner of JumpStartUp, an early stage international venture capital fund, Anandram says: "The bus ticketing opportunity in India is worth more than two billion dollars, and growing. RedBus was well placed to take advantage of the market momentum as the Internet and ecommerce had started taking off, bus operators began trusting the system, consumers realised that the system actually solved lots of problems and operators could reach out to larger numbers of customers more efficiently."

if the destination or operator supports the mTicket service.

The company has a network of travel agents and sells tickets through stores and post offices. In some cities, tickets are home-delivered. The comprehensive and constantly updated RedBus website lists routes, frequency of buses, schedules, pick up points, fares, seat availability and seat numbers, among many other details.

"The task of meeting, talking to and convincing the operators is herculean, and mostly frustrating. But once the businessman realises how utterly easy, profitable, transparent, error-free and progressive all this is, he will accept it eagerly. That tipping point might still be a few years off, but when a groundswell of acceptance will sweep across the industry, no one can tell," says Vikram Jindal, software engineer and mobile and online applications development entrepreneur. RedBus does half of its business over the Internet, 30 per cent through call centres and the remaining through an advanced global distribution system Seatseller that links it to the bus ticketing applications of travel companies like ViaWorld.in and MakeMyTrip.com.

The company has a workforce of 250 and 10 offices nationwide. Spreading laterally in the south of India, RedBus

has established itself in the major business centres of Bengaluru, Hyderabad, Chennai, Coimbatore and Vizag.

RedBus earned INR 60 crore (US\$ 1.3 million) in 2009-10 and has set itself an ambitious target of nearly INR 180 crore (US\$ 3.5 million) for 2011.

"People want convenience and they do not like to wait in queues. Today's customer is so restless that he hangs up when you put him on hold on the phone. Why will he wait in a queue for travelling that will anyway take him a whole lot of time. He deserves the convenience of a few clicks and the nonsense listing and booking facility of an online portal. It was an idea whose time had come and that's precisely what RedBus has done," says Jindal.

Now, booking an inter-city bus ticket is a rather simple exercise, whether you are in the backwaters of Kerala, in the paddy fields of Tamil Nadu or deep somewhere in rural Andhra Pradesh. Sama's Diwali crisis of 2005 has turned into his life's greatest opportunity. In Chinese, 'Weiji' stands for crisis—a double-edged moment with danger on one side and opportunity on the other. Sama could easily have had a weiji moment, six years ago.

Sama and his friends have changed, forever, the way Indians will book their bus tickets. ■

# SECTORAL UPDATE

## FEATURES INSIDE



**Textiles:** Rapidly modernising and expanding, and going global Pg 29



**Glass:** Growing demand in an expanding economy fuels the sector's growth Pg 32



**Dairy:** Highly streamlined and massive, the Indian dairy sector is going strong Pg 34

## FOOTWEAR



PHOTO BY PHOTOS.COM

The Indian footwear industry is leaving no stone unturned in putting its best foot forward. Already the second largest producer of footwear in the world after China with an installed capacity of 1800 million pairs, the country is looking to tap growing domestic and export avenues to scale up further.

### Global Standing

India currently produces 13 per cent of the 16 billion pairs of shoes produced globally every year. Footwear drives the domestic leather industry, which churns out 909 million pairs of leather footwear and 100 million pairs of leather shoe uppers. The country also produces 1056 million pairs of non-leather footwear.

Only 5 per cent of the shoes produced in India are exported. Still, Ali Ahmed Khan, executive director, Council for Leather Exports points out that footwear exports touched US\$ 1.5 billion in 2009-10. That translates to nearly 45 per cent of India's total leather exports. "Judging by the past performance, current trends in global trade, and the industry's inherent strengths and growth prospects, the footwear industry aims to enhance exports to US\$ 4.60 billion in 2013-14," adds Khan.

Nine-tenths of the shoes exported from India make their way to Europe and the USA. In 2009-10, UK accounted for one-fifths of the exports.

## On Firm Footing

Collections that are in sync with fashion trends in vogue the world over are helping the Indian footwear industry stride ahead in the global race for market supremacy. **BY CHARU BAHRI.**

Together, Germany, Italy, USA, France, Spain, Netherlands, Portugal, UAE and Denmark made up another 62 per cent of India's total footwear exports. "The future growth of the footwear industry in India will continue to be market-driven, and oriented towards EU and US markets," opines Khan.

### Domestic Sourcing

Footwear exports encompass every kind of leather shoes – dress shoes, casuals, moccasins, sport shoes, horrachies, sandals, ballerinas, boots, and chappals. In recent years, exports have also included shoes manufactured under license in India for globally sought after brands, such as Acme, Clarks, Ecco, Elefanten, Florsheim, Hush Puppies, Marks & Spencer, Nike, Nunn Bush, Reebok, Salamander, Stacy Adams and Next. Going forward, more footwear majors may be attracted to source from the country.

Sanjay Gupta, president, Indian Footwear Components Manufacturers Association (IFCOMA) observes, "Of late, we have observed a trend to source from India. The country is being looked at with greater degree of promise as it can deliver long term global needs."

Sourcing merchandise from the country helps global footwear companies profit from the favourable price differential between India and developed nations. Khan points out that competitive local prices stemming from adequate raw material including raw hides, skins, and quality finished leather; tanning expertise; and skilled workforce available at comparatively lower prices also encouraged US retail giant Wal-Mart to start sourcing footwear from India two years back.

### Advantage India

Besides offering favourable pricing, the footwear industry is gaining from having moved from manual manufacturing methods to automated manufacturing systems. Units boasting in-house design studios equipped with computer aided design (CAD) systems and 3D shoe design packages are churning out

designs, particularly for the mid and high priced footwear segments, in keeping with seasonal global trends. The availability of laboratory facilities for physical and chemical testing, established in association with international agencies like SATRA of UK and PFI of Germany, is also a boon. Many Indian footwear factories have acquired certification showing their commitment to adhere to global standards and meet exacting international requirements.

India has also benefited from having the majority of its leather colours accepted by MODEUROPE, an organisation that provides the industry important fashion information surrounding leather, shoes and bags, and which has helped put out a common leather colour chart.

### Government Support

In order to help the industry get ahead and expand capacity, the government has introduced incentives to attract overseas investments and increase the cost com-

petitiveness of footwear units. The sector is now de-licensed and de-reserved and may receive 100 per cent Foreign Direct Investment through the automatic route. A dedicated Footwear Park Complex coming up near Chennai under the Special Economic Zone will house 25 production units with a capacity to produce 250,000 pairs a day. A Footwear Components Park to house footwear clusters is also being setup in Chennai.

Footwear drives the domestic leather industry. India produces 909 million pairs of leather footwear and 100 million pairs of leather shoe uppers

petitiveness of footwear units. The sector is now de-licensed and de-reserved and may receive 100 per cent Foreign Direct Investment through the automatic route. A dedicated Footwear Park Complex coming up near Chennai under the Special Economic Zone will house 25 production units with a capacity to produce 250,000 pairs a day. A Footwear Components Park to house footwear clusters is also being setup in Chennai.

The Indian footwear industry was earlier driven by 2000 odd small-scale units producing sandals and chappals. Large-scale units produced

leather shoes and uppers. The advent of footwear parks promises to change the existing scenario by creating new modernised production centres apart from the existing production hubs in Ranipet, Agra, Ambur, Calicut, Delhi, Ernakulam, Faridabad, Kanpur, Karnal, Kolkata, Ludhiana, Mumbai, Pune, and Sonapat. Production in the new centres is organised, and women constitute about 90 per cent of the workforce manning these assembly lines in South India.

### Foreign Investments

Already, global players have designs on these upcoming centres. Kunz Shoe Last Development (India), a wholly owned subsidiary of Formas Kunz of Brazil, has invested about US\$ 1 million to setup shop in the Footwear Component Park. The company will produce 500 pairs of shoe lasts (moulds) per day, and ramp up production as needed. The facility will cater to

both the local demand as well as export a third of its production to Pakistan, Bangladesh, Sri Lanka, Turkey, Africa, and China. That this is Kunz's first facility outside Brazil indicates the scope the company sees in India. With footwear manufacturers depending on shoe lasts imported from China and Italy or the couple of manufacturers in the north, they have to wait for up to a fortnight to get a shoe last sample and face delays to meet orders. Kunz's presence in Chennai promises to change the way the industry works, as samples will be produced in a day. This will help

export-oriented units respond promptly to potential clients, meet tight delivery schedules and grow faster.

The Hong Kong-headquartered Apache Footwear group, a supplier of shoes to the internationally acclaimed brand Adidas, manufactures footwear in a 314-acre SEZ in Nellore District in Andhra Pradesh. Apparently, this is the first shoe factory in the country providing international sourcing option for mega brands such as Goodyear Racer, Stan Smith and Ambition. To support its global sourcing strategy, now, Apache also plans to establish a couple of satellite units in the state that will enhance its production capacity to 500,000 pairs of shoes a month. A remote stitching factory, a hot press factory and a mould shop are on the anvil as well.

Other companies that may set up India operations are Mondial, Suolificio Malaspina, and Top Fondi of Italy, Fagus of Germany, Zahonero Virgili SL of Spain, and the Chinese Xie Zhan Moulds.

## Competitive Times

Global competition has and will continue to be a great source of inspiration for the Indian footwear fraternity. "Competition is spreading awareness and motivating the footwear and allied fraternity to excel. We'd also like to accelerate exports – we are targeting exporting goods worth US\$ 8.5 billion over the next three years," observes Gupta.

With close to 95 per cent of the footwear produced in the country being lapped up by domestic demand, the industry is well aware of the home-grown potential. Changing lifestyles, increasing affluence and a population rivalling China for size are projected to grow the domestic demand for branded footwear faster than ever before. Gupta observes, "India is the second largest producer of footwear in the world. But there is still a huge niche domestic market to tap. We see a paradigm shift in the buying power of consumers nowadays. Well off individuals buy



## Room To Grow

India's share in the global leather footwear imports is around 1.95 per cent. It counts China (14 per cent), Spain (6 per cent) and Italy (21 per cent) among its major competitors.

SOURCE: ITC, GENEVA & DGCI & S, KOLKATA.

more than 4 to 5 pairs of footwear every year which is a huge step forward as compared to a few years ago."

Indeed, the burgeoning demand is translating into mega profits for domestic brands. Bata India Limited is the country's largest footwear retailer with over 1,200 Bata Shoe Stores in more than 400 cities. Last year, the company saw its profits grow by 42 per cent. The turnover grew by 20 per cent during the first quarter of this year. "Last year, we opened a record 108 stores, each with an area of more than 3000 square feet. Now separate defined sections in large format stores offer hundreds of designs, for men, ladies, children and youth. This year, we have seen the highest sales growth in the first quarter as a result of our continued expansion through 29 new stores and great response from customers to our ever improving product range. We expect to continue this growth not only in cities but by increasing our presence in Tier II and Tier III markets across the country," says Marcelo Villagran, Managing Director, Bata India Limited.

## Destination India

The huge homegrown demand for shoes is acting as additional impetus for foreign brands that have directly set up manufacturing units or collaborated with local production houses. Most brands sourcing from India have also

established a footprint in the domestic market – Clarks, Florshiem, Hush Puppies, Marks & Spencer, Nike, Reebok and Stacy Adams, to name a few, are upbeat about garnering a share of the growing domestic footwear pie.

According to Tushar Goculdas, brand director, Adidas India, "Adidas sees domestic outsourcing as being cost effective and it helps meet the local demand. Our business is also expanding at brisk pace and hence, it is important to develop local expertise and resources. This also helps us unlock opportunities and deliver value. Exclusive Adidas outlets manned by trained staff are helping engage customers by giving them the complete unique Adidas experience. Multi-branded outlets help consumers experience a limited range from our diverse portfolio of footwear, apparel, accessories and equipment. At Adidas, we focus on expanding our footprint through exclusive outlets and strong franchise model."

Clarks, a global premium footwear brand since 1825, has entered into a joint venture with India's biggest retailer, the Future Group to bring its extensive world class product line to the country. Clarks Future Footwear plans to open 20 standalone Clarks stores by the end of this year to offer a product portfolio encompassing shoes, shoe accessories and bags, for all generations and across genders. Clarks aims to meet the growing lifestyle demands of urban India. Andrew Martland, director, International Development, Clarks International says, "India is a key strategic market for our global retail plans. We have invested substantially with an aim to develop it as a sourcing hub for our global business as well."

Indian companies like Bata, which brought the global brand Hush Puppies to the country, are equally positive about the future prospects. Bata opened four new Hush Puppies stores in the first quarter of this year to push sales. Now, 12 exclusive brand outlets

and 13 shop-in shops in leading department stores such as Lifestyle and Central are helping the brand grow.

### Bestseller Designs

The influx of multinational brands bodes well for the industry's overall health. According to Gupta, "The fashion industry and international brands entering the country are changing the outlook of the footwear fraternity. Domestic brands are increasingly becoming design-focused, and offering trendy lines and introducing associated accessories to cater to the higher and middle upper class."

For instance, Bata India is continuously focusing on improving its shoe

designs. Constant research and analysis is helping the company introduce new technologies like anti-skid, comfit gel etc. for better comfort during the day. Last year, Bata introduced new designs under all its international brands – Weinbrenner for customers with an active lifestyle, Bata Comfit for men, North Star for young customers looking for casual shoes, and the Marie Claire range of trendy shoes and complementary handbags for women. The company also launched new designs in Power, for sports enthusiasts and variety of designs in attractive colours for children under Bubblegummers and Baby Bubbles.

Currently, men's footwear dominates the market, covering nearly 60 per

cent of the total domestic retail market. Casual footwear makes up nearly two-thirds of the total market. New brands will tap growing opportunities in the exclusive ladies' and kids' footwear segment and formal footwear. Gauging the trend, a few months ago, Bata introduced Naturalizer, a global footwear brand created especially for women combining current fashion with unique comfort features. Naturalizer joins Bata India's other comfort plus style segment brands Hush Puppies and Comfit.

Beyond doubt, the Indian footwear industry is on track to take the upper hand in the tussle for world domination in footwear supply. ■

## TEXTILES

# Weaving Success

India is fast becoming the favourite playground of international apparel brands seeking to increase sales and profits. BY CHARU BAHRI.

All roads lead to India for international apparel brands looking to sustain profit margins and grow sales. It's easy to understand why. Mothercare, a leading British mothers-to-be and babies clothing brand, clocked a major milestone last year. For the first time, international sales exceeded UK sales. And in the international segment, chief executive Ben Gordon calls India "one of the most exciting stories". For Benetton, the contribution of the more recently developed countries will be fundamental to maintain group revenues, in the face of the continued uncertainty of demand in western economies. Its India business, which registered growth of 8 per cent last year, is one such country. Russia (37 per cent), Mexico (26 per cent) and Korea (17 per cent) are other high growth regions.

Hence – the focus on India.



PHOTO BY PHOTOS.COM

## Destination India

India's rapid and robust economic development, rising per capita income, and its growing and aspiring population makes the country a sought after destination for multinational apparel brands. According to Sharad Mehra, senior vice president, Technopak Advisors, "Going forward, there'll be more takers for overseas brands priced across the higher side of the price range. With the rise of Indians travelling abroad, awareness and exposure to luxury products is higher than ever before. The number of elite Indians at the highest level of the income pyramid is also fast multiplying. Luxury brands are highly aspirational and with increasing disposable incomes, the aspirational levels of Indians are increasing too." Technopak predicts the Indian domestic textiles and apparel market size to grow at 11 per cent CAGR to touch US\$ 146.8 billion by 2020.

Understanding the need to focus on India to keep up the growth momentum, Mothercare plans to add 150 individual stores and shop-in-shops in India over the next five years in one of the group's largest expansion drives. Marks & Spencer opened 19 stores in India last year and has plans to open a further 10 stores over the next year. Martin Jones, chief executive, Marks & Spencer Reliance India says, "With a population of over 1.2 billion, India offers us an exciting opportunity to focus our business. Our existing stores provide us with a strong platform to accelerate our presence in the country. Marks & Spencer's new international plan, set by Chief Executive Marc Bolland will see us building our presence in our core markets by opening a cluster of supporting stores around our flagship stores."

## Expansion Mode

Not only international brands but established domestic players are equally upbeat about their prospects across Indian metros and emerging towns. Last year, Raymond, the

country's largest exclusive branded apparel and textile retail network, opened 56 new retail stores at carefully selected locations. The brand has ambitious plans in both large cities and small towns. "We're seeing changes in the retail environment, on account of growing customer demands and changing preferences, habits and buying behavior, not just in metros but even small cities and towns. Based on market potential value, there are over 700 potential towns across Class IV and V towns in India. For The Raymond Shop, we have identified 289 towns which we plan to tap for our store network during the course of this year. Our first mover advantage in Class IV and V towns has helped us start over 100 stores in such towns with potential for deeper penetration in these markets," says Rakesh Pandey, president – Retail & Business Development, Raymond Limited.

Textile company Arvind saw its overall revenues grow by 25 per cent last year. Its textile revenue grew

by one-fifth led by robust growth in denim and shirting/khaki fabrics. But its brands and retaining businesses outperformed textiles by a mile. Business grew by 47 per cent, one and a half times the previous year's 33 per cent. This year, the company expects to maintain its margins as well as 20 per cent growth in revenue.

Domestic companies are also seeking to grow revenues by bringing more overseas brands to the country. The country's largest department store operator, Shoppers Stop Ltd has entered into an exclusive retailing arrangement with the German Mustang Jeans GmbH whereby it will establish 35 Mustang shop-in-shops in its stores over the next three years. With demand for premium apparel set to grow, the store hopes to generate business worth US\$ 3.3 million through Mustang during this time.

## Strategy Review

The long-term opportunity the country presents is encouraging major global apparel brands to carefully consider their India strategy. For Mothercare, this has meant operating both through a joint venture with New Delhi-based real estate firm DLF Ltd as well as through a franchisee arrangement with Shoppers Stop Ltd. Of the brands' 54 stores in India, 25 are run by the joint venture and 29 are located in Shoppers Stop outlets. That Mothercare has entered into such JVs only in three (India, China and Australia) of the 54 countries it is present in speaks volumes about the importance it attaches to India.

Success strategies for international brands also include moving to local sourcing to gain a host of advantages. Going local helps beat rising import duties, for one. Three years ago, import duties were between 10 and 15 percent. Now, they hover between 35 and 40 percent. That makes manufacturing in India more profitable than sourcing from low cost production centres in neighbouring China.

### FACT FILE

#### Foreign Direct Investments

The textiles industry has attracted FDI worth US\$ 934.04 million between April 2000 and January 2011.

SOURCE: DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION



#### Share of the Indian textile industry:

- ◆ In industrial production: 14 per cent
- ◆ In GDP: 4 per cent
- ◆ In export earnings: 17 per cent
- ◆ Direct employment: 35 million people

SOURCE: ANNUAL REPORT 2009-10 OF THE MINISTRY OF TEXTILES.

## Going Local

Domestic sourcing also ensures that new designs catering to local tastes hit Indian markets faster and helps price premium brands lower. Most European brands resorting to importing merchandise have ended up selling at prices that are about one-fifth higher than in the UK, which would not see them go far in the price sensitive Indian market where attractive price points are essential for incoming brands to establish loyal clientele. Other international brands have already established the merit in going local to reduce prices. Levi's, for instance, revised its prices downwards after it began sourcing 90 to 95 per cent of its products locally. United Colors of Benetton was able to do likewise after wholly shifting to Indian sources.

Newer entrant Marks & Spencer has been quick to learn this success mantra – “We currently source over 50 per cent of our range from India and South Asia. In menswear, local sourcing has now reached 70 per cent. We aim to locally source over 60 per cent of our products by 2013. Local sourcing helps realign price, provides the flexibility to tailor products for the Indian consumer, and supports our India growth plans,” explains Jones.

## Bumper Exports

Understandably, domestic sourcing bodes well for exports. Textile player TT Ltd. clocked its highest ever annual profits last year, thanks to exports increasing by about 40 per cent and sales of domestic branded knitwear rising by 50 per cent. Managing director Sanjay K Jain attributes this resounding success to the global demand for textiles bouncing back after the financial meltdown and the company's focus on value added products carrying higher margins. This year, the company is expecting growth rates of more than 50 per cent for its branded products in the domestic market. So, it would like to maintain a balance between the domestic and export markets.

**“India offers us an exciting opportunity to focus our business. Our existing stores provide us with a strong platform to accelerate our presence in the country.”**

Martin Jones, chief executive, Marks & Spencer Reliance India

Going forward, exports are poised to rise as the global supply from US and EU gradually declines in favour of low cost Asian countries. Within Asia, buyers looking at de-risking sourcing from China, which boasts of a whopping 31 per cent (US\$ 157 billion) share, will increasingly setup shop in India, the only textile manufacturing country in the world having a cotton surplus and presence across the entire textile value chain. This is expected to enhance India's share from 4.5 to 8 per cent. In value terms, this means exports could more than treble, from US\$ 23 billion in 2009 to US\$ 80 billion in 2020.

## Opportunities Galore

As international brands look to entrench themselves more deeply in the local market, Indian manufacturers are leaving no stone unturned to make the most of the expanding opportunities. The Mumbai-based textile manufacturer Mandhana Group counts brands like Tommy Hilfiger, FCUK, and Giorgio Armani as its clients. Last year, it also added the Inditex Group (which has brands like Zara and Bershka), Mango and other brands to its kitty, and saw a 40 per cent year-on-year increase in sales to global apparel giants that have established a retail footprint in the country. This year, the company is targeting at least 50 per cent growth in domestic sales to international players.

Control over the entire value chain – fibre to clothing – is helping companies like Mandhana drive their apparel business. According to Manish Mandhana, joint managing director, Mandhana Industries Limited, “Being a textile producer definitely gives an edge to one's apparel business by giving you a perspective vision of the business as a whole. Having the entire value chain under one roof empowers the business to serve its customers with efficiency and an

enhanced value. We can provide our customers high quality products at very competitive rates since control over the textile aspect strengthens our control on the timely selection, quality, quantity and supply of the required fabric for garment production.”

Opportunities for Indian textile manufacturers are expected to grow. For now,

Mustang has entered into a partnership with Shoppers Stop to retail its premium jeans. Going forward, it may also tie up with an Indian subsidiary to procure merchandise locally. Mustang would provide the technical and design capabilities while the partner would bring its denim jeans manufacturing facility to the twosome.

## Enhancing Textile Production

Rising demand is seeing fabric producers make significant investments to augment capacity to cater to the expanding market. NSL Textiles has spent US\$ 64.23 million on a new textile processing facility

**95%**  
Share of local sourcing in products of leading brand Levi's

in Andhra Pradesh. TT Ltd is executing a US\$ 33.58 million expansion project which involves setting up a garment unit in Tirupur, yarn project in Rajula, Gujarat, PP yarn project in Gajroula, UP and modernising operations. Textile major Alok Industries proposes to invest US\$ 193.46 million over the next two years to enhance capacity across its product lines.

Some companies are focusing on bringing out innovative products to expand their business. Arvind Ltd has tied up with Birla Cellulose to exclusively produce excel denim fabric. The company is targeting sales of excel denim worth US\$ 50 million in the next two years. The move is in line with market expectations for the growth of the domestic demand for denim. According to the Textile Association of India, the country's denim manufactur-

ing capacity will rise by 100 million metres this year to touch 750 million metres per annum. Seventy per cent of this expansion will be for the domestic market.

### Technical Textiles

Bright prospects also lie ahead for the versatile technical textile sector, which finds use across industries from agriculture to the automobile and medical equipment sectors. The global technical industry is pegged at US\$ 127 billion and its Indian subset at US\$ 11 billion. The Scheme for Growth and Development of Technical Textiles aims to promote this sector to leverage growing global and domestic opportunities. The government is set to launch a US\$ 44.21 million mission for the promotion of technical textiles. Four new research centres for the industry, focused on products like

mosquito and fishing nets, shoe laces and medical gloves are on the anvil.

Significant investments in technical textile units are in the pipeline. The Finnish Ahlstrom Fiber composites plan to invest close to US\$ 9 million in a second plant in the country. TenCate Geosynthetics Austria GmbH is investing US\$ 22 million in a technical textile plant. Domestic companies are active in the sector too. GIT Textiles Manufacturing Limited is establishing a technical textiles unit at a cost of US\$ 22 million. Alok Industries proposes to spend US\$ 134 million to expand its existing capacity and processing for technical textiles.

Be it in any division of the burgeoning sector, there are countless players certain of weaving plans of success to take the Indian textile industry to the next level on the global stage. ■

## GLASS INDUSTRY

# Shining Brilliantly!

India's glass industry has come a long way and looks set to shine even more brightly BY HARSH KUMAR.

**G**lass has come up as one of the most rapidly progressing industries in India. This is predictable, as it is no longer a mere material used only in windows, drinking glasses and mirrors. With a production rate of 7,000 tonnes per day, the industry at present is one of the fastest growing segments in India, at an estimated 10-12 per cent every year over the past five years. The Indian glass industry is dependent on other sectors of the industry for its growth. The fact that Indian industry as a whole is thriving, explains the boom in the glass industry.

With the Indian economy on the upswing, user-industries such as infrastructure, construction, automobiles, food processing, beverages, pharmaceuticals and cosmetics, among others, are thriving. The glass industry is diversifying. Used in interior decoration, furniture, murals and other



PHOTO BY PHOTOS.COM

such value additions add to the glass industry's increasing numbers.

### Promising Picture

Float glass which is used in construction projects is set to see a rise of 5.5 per cent in its demand through 2012. Real estate is the biggest consumer of float glass for windows, doors, partitions and other such items in construction. Developing countries in Asia, specially India and China, where the building construction environment is vibrant, use the maximum float glass produced.

The automobile sector is also a huge consumer of float glass. The container glass industry that delivers packaging solutions to the different soft drinks, food and beverage and cosmetic companies, is another major segment of the glass industry.

According to the All India Glass Manufacturers Association, the domestic glass industry, worth nearly INR 18,000 crore (US\$ 4 billion), is anticipating a surge in domestic demand. As a result, the bigger players in the industry have charted investment plans worth INR 7,000 crore (US\$ 1.5 billion) for capacity expansion and new technologies over the next 2-3 years, Mukul Somany, president of the All-India Glass Manufacturers' Federation, told newsmen at a press conference in Hyderabad recently. In the last three years, the industry has invested about half this amount on capacity building.

### On Solid Ground

The Indian glass industry currently produces about 7,000 tonnes per day (TPD) of container (or hollow) glass and 4,500 TPD of float glass (used in buildings and the automotive sector), besides a range of speciality glass, including that used for solar panels. The float glass market is growing at 16 per cent year-on-year, while container glass contributes 55-60 per cent to the overall glass market. Other kinds of glass (lighting, bangles, beads) add 1,500 TPD.

## “India's glass industry is at a take-off stage with the entry of organised players, technology infusion, export orientation and global aspirations.”

Shreekant Somany,  
chairman, CeraGlass India 2010

“We expect a 10 to 12 per cent growth in demand for various categories of glass products in the next two to three years, which is why the industry is investing significantly in capacity addition and, more importantly, technology infusion,” said Somany.

### Ambitious Plans

He said his company Hindustan National Glass & Industry has drawn up an INR 2,350 crore (US\$ 528 million) expansion plan of adding 1,300 tonnes per day of production capacity by the end of 2012. “A significant portion of this investment will be in technology injection, which is currently an industry focus,” Somany said. Float glass manufacturers have plans for an investment of over INR 3,000 crore, led by Saint Gobain Glass India, with an INR 1,000 crore (US\$ 224 million) expansion plan for the next two years. To bring down costs, the industry is quickening its pace to switch over to natural gas from furnace oil, he added.

At CeraGlass India, a seminar-cum-exhibition organised by the Confederation of Indian Industry (CII), in Jaipur last year, Shreekant Somany, chairman

of the event, said India's glass industry is at a take-off stage with the entry of organised players, technology infusion, export orientation and global aspirations. He said the industry is growing at 12 to 15 per cent annually.

Somany said trends in India's industry indicated good times for the glass sector, as it depends hugely on internal demand. The consumption growth, he said, will come from the following areas of the industry: 9 per cent from construction, almost 20 per cent from the automobile sector, 10 to 12 per cent from the consumer goods industry, and a significant 12 to 15 per cent from the pharmaceuticals sector. The automobile sector, on a rapid growth trajectory, is obviously the largest single consumer of glass in India, at one-fifth of the total consumption. Its sustained growth augurs well for manufacturers of glass in India.

Addressing a press conference in November last year, Rajendra Bhanawat, managing director of the Rajasthan Industrial Development and Investment Corporation (RIICO), said the corporation would set up a 250-hectare ceramic and glass hub at Gilot in the industrial area of Neemrana in Rajasthan, with piped natural gas. He said RIICO had earmarked the land and the hub would be offered to private investors for setting up establishments on ceramic and glass. Bhanawat said Rajasthan alone meets 75 per cent of the country's demand of bone china. A key and a mature player in this segment is Hindustan National Glass & Industry Ltd giving an output of more than 15 million Kg each day.

The market is driven by increasing disposable income and willingness to spend on better living standards among consumers as well as glass being the preferred medium of packaging.

Now Indians are buying more of everything – from cars to houses to packaged food – spurring a double-digit growth in demand.

The Indian glass industry is surging ahead on rising domestic demand. ■

DAIRY

# Got Milk!

The Indian dairy industry is among the most widely networked and advanced in the world. **BY HARSH KUMAR.**



PHOTO BY PHOTOS.COM

proposition for the Indian farmer who makes as much as 60 to 70 per cent of the consumer price of milk, and that too, on a daily basis. Comparatively a non-dairy farmer makes only 20 to 30 per cent on the price of fruits and vegetables. Milk production also serves as insurance in case of crop failure.

## Impressive Figures

For nearly a quarter of a century, from 1971 to 1996, the dairy sector underwent spectacular growth under the ambitious and tightly executed Operation Flood programme of the government. It was an integrated cooperative dairy development programme based on the experience of the cooperative organisation of milk producing farmers in Gujarat's Anand district. Amul had emerged from the experience as an icon of that success and the government was keen to replicate it elsewhere with similar results. The strategy worked. Milk production grew from 21 million tonnes in 1970 to nearly 69 million tonnes in 1996 - more than three fold. By 1996, milk cooperatives attained a dominating share of the Indian dairy market.

In 2007, Dairy India, the highly regarded databank-management guide-directory of the industry, marked the size of India's dairy industry at INR 227,340 crore (US\$ 51 billion), valued at consumer prices. The largest share is of

India is the world's largest producer of milk. The liquid has also emerged as the largest farm produce in India, pushing back even wheat and rice. In 2010, India produced almost 100 million tonnes (MT) of milk. By comparison the estimated production of rice is 92 MT and of wheat, 84 MT. In terms of market cost, too, milk is more expensive than foodgrain. Dairy farming is a win win

liquid milk at INR 82,835 crore ( US\$ 18 billion), followed by milk powder, table butter and cheese, among others. Nearly 77 per cent of the production is sold as liquid milk, while the rest is converted into products. The organised industry handles only 18 per cent of the production and private milkmen 36 per cent, while nearly 45 per cent of the production is retained in the villages.

This is set to change drastically in 2011. According to Dairy India, the value of the industry will double to INR 521,000 crore (US\$ 117 billion). Of this, nearly INR 160,000 crore (US\$ 35 billion) will come from liquid milk. But in 2011, the organised industry's share of total milk handling will go up to 30 per cent (36 MT), from the current 18 per cent. This year rural incomes are set to be higher and will boost the share of milk retained in rural areas to nearly half of all the milk produced.

The industry shows great potential for investment and promises high returns to the investors.

To maintain focus on the dairy industry a premier institution known as the National Dairy Development Board (NDDB) was established in 1978. Its main aim is to accelerate the pace of dairy development in the country and attract new investments. The NDDB has recently put in place Perspective 2010, a plan to enable the cooperatives to meet the new challenges of globalisation and trade liberalisation. Like other major dairying countries of the world, Indian cooperatives are expected to play a predominant role in the dairy industry in future as well.

Cattle breeders in India are looking for ways to improve their milk yield and are breeding hybrid cows and buffaloes. Investment in dairy breeding is a promising venture. There is also great scope for investment in emerging dairy cultures, including dairy biologics, enzymes, probiotics, and other colouring materials for food processing. Producing biopreservative ingredients based on dairy fermentation, such as pediococin, aciophilin, bulgarican, and Nisin in dairy powder, also promises great investment opportunities.

## The Organisation

In India, the unorganised sector of milkmen and vendors collects the milk from local producers and sells it in both urban and non-urban areas. In the process, the sector handles around 65-70 per cent of the national milk produc-

## The dairy cooperative movement has garnered a large base of milk producers with 13 million member families nationwide.

tion. In the organised dairy industry, the cooperative milk processors have a 60 per cent market share. The cooperative dairies process 90 per cent of the collected milk as liquid milk. Privately owned dairies process and sell only 20 per cent of the milk they collect.

More than 176 cooperative dairy unions look after the production and collection of milk. Working on established patterns, these farmers are processing and marketing milk and milk products profitably. This gigantic organising effort has created more than 190 dairy processing plants spread all over India. The larger investment in these comes from farmer institutions. These cooperatives collect approximately 23 million Kilograms of milk per day.

The dairy cooperative movement has also encouraged and educated the Indian farmers to keep more animals. As a result, India has the largest cow and buffalo population of 500 million. This is the largest in the world. The dairy cooperative movement has garnered a large base of milk producers. Its 13 million member families are spread across the length and breadth of the country.

An impressive number of more than 125,000 villages of 180 districts in 22 states are covered by dairy cooperatives. The dairy cooperatives have successfully maintained a democratic structure at least at the grass roots level. The management committee is at the village level, with elected members from among the villagers itself.

A typical cooperative society is a three-tier structure. The first tier has the Village Dairy Cooperative Society (VDCS) with members from the district dairy societies and it collects the surplus milk from the producers. On the second tier, the District Cooperative of Milk Producers procures the milk from the VDCS. The final tier is the State Cooperative Milk federation which establishes distribution networks for marketing the milk and its products.

The success of dairy cooperatives has helped in the uplift of the rural women, who do most of the rural dairying, while the men till the soil.

## Pioneering Work

Dr V. Kurien is credited with having spearheaded the Indian dairy industry

boom. He formed the famous brand Amul, a dairy cooperative managed by the Gujarat Cooperative Milk Marketing Federation (GCMMF). The federation is jointly owned by nearly 3 million milk producers in Gujarat. Amul has helped make India the largest dairy producer in the world. It is also the world's biggest vegetarian cheese brand. Amul has the distinction of being

the largest food brand in India and the world's largest pouched milk brand, with an annual turnover of US\$ 1.7 billion (2009-10). GCMMF collects an average of 9 million litres of milk per day and is a primary player in the organised sector of the dairy industry in India.

Another important player is the Vijay Dairy. In 1974, Jagjivandas Patel began

176  
Number  
of milk  
producing  
and collecting  
cooperative  
dairy unions

selling milk out of a pot in a small town. With time and farsightedness his little enterprise has turned into a booming dairy produce venture called the Vijay Dairy whose Vijay brand of products is available across India.

The Karnataka Milk Federation (KMF) is south India's largest cooperative dairy federation. It is owned and managed by the government of Karnataka. A key player in the cooperative segment of the industry, the federation markets its products under the brand name Nandini. KMF has 2 million producers in more than 10,500 rural cooperative societies.

The Verka Milk Plant in Ludhiana was set up in 1974 by the Punjab Dairy Development Corporation. It produces 8 MT of milk annually, contributing 10 per cent to the total produce in India.

One of the more popular names in this sector is Mother Dairy. Set up in New Delhi in 1974 under the Operation Flood Programme, it is owned by NDDDB. Showing rapid success by maintaining good quality and by strict price control, within a few years of its launch, Mother Dairy assumed the status of a megabrand. It has a wide range of products like cheese, butter, ghee, buttermilk (lassi), flavoured milk and ice creams. As a result, Mother Dairy has a huge market share in Delhi. It produces 2.3 million liters of milk and sells its products through a wide and highly visible network of 14,000 retail outlets.

The Indian Farmers Fertiliser Cooperative (IFFCO) is the largest cooperative of farmers in the world. It is soon to set up a joint venture

with New Zealand's Fonterra for the production of milk for premium customers. Its investments will see it establishing a mega dairy farming joint venture with Fonterra.

The bulk of the expansion in the world milk production is taking place in Asia, and India figures prominently in it. The scope for foreign investment in India is vast. India offers to foreign investors a well balanced package of fiscal incentives for export and industrial investments.

One important reason behind India's booming economy is its strident dairy sector. Today all the leading Indian dairy brands have their outlets in all the major countries of the world, not just within India.

### A Lot Done

Feeding more than a billion people is no easy task, and providing them with milk and its various products on time, everyday is extremely challenging, to say the least. For most Indians, their morning cup of tea or coffee is sacrosanct, an unbreakable habit that begins very early in life and continues till the very end. And it requires milk in copious amounts. Milk laden trucks criss-cross cities and towns all night and until the wee hours of the morning, so that everyone can start their day on the right note.

The milk supply network of the country is not only extremely well established, but also among the most unique in the world. A product of extremely

high perishability, milk must remain constantly in the cold chain to be of any use to the consumer. For that to happen, an entire range of industries and services have to come together — from high-volume-high-speed pasteurisation units to packaging and handling services to refrigerated trucks to thousands of cold storage-cum-retail outlets. And all this every day of the week, all year round.

Innovation has been the hallmark of this industry from the very start. Bringing so many disparate and economically and culturally diverse groups of producers and suppliers together into one large national enterprise was no less innovative a task. Then to standardise production, distribution, packaging, pricing and so many other

aspects of the business of making milk and its products available nationwide was an equally innovative exercise.

Dairy farming is an extremely important contributor to the GDP and employment. At five per cent of the GDP and providing employment to 70 million households, it is decidedly a hugely important sector.

To the world, India represents one of the most lucrative dairy markets. Research and consultancy firm IMARC Group recently released a report on the industry that said sales of dairy products in India will nearly double from US\$ 60 billion this year to a little more than INR 5 trillion (US\$ 115 billion) by 2016. IMARC's report is entitled "Indian Dairy Market Report & Forecasts 2011-2016."

India produces more than 13 per cent of all the milk produced in the world, says a paper of the National Bank for Rural Development. The country consumes all the milk it produces, completely supporting its dairy industry. The hard work of the last three decades has paid off. The dairy industry has kept pace with the country's increasing population and expanding economy. ■

13%  
India's  
share of the  
global milk  
production. It  
is the highest  
in the world.

**Milk laden trucks criss-cross cities and towns all night and until the wee hours of the morning, so that everyone can start their day on the right note.**



# PACKAGED SUCCESS

In the cut-throat world of speciality packaging, media baron Subhash Chandra's Essel Propack is the world's number one company. BY RUCHIRA MITTAL.

Every morning, when you reach for the toothpaste, shaving cream, shampoo or moisturiser, you are most likely using a product that was packaged using an Essel Propack laminated plastic tube. Promoted by India's media baron Subhash Chandra, the company has quietly swept its wings across the globe. The man behind the highly successful and globally diversified Zee Entertainment Enterprises Ltd., forayed into the packaging and media businesses at almost the same time and made remarkable successes out of both of them.

Essel Propack Limited (EPL) is the world's largest producer of laminated tubes for packaging toothpastes, cosmetics, pharmaceuticals, foods and household and

industrial products. The company has almost one-third share of the global business, 60 per cent of the Indian market and almost half of the Chinese market of such tubes. Its products include laminated tubes that are used for packaging in various sectors comprising oral care, food, cosmetics, pharmacy, and industrial applications; caps and speciality

closures for products, such as hair care and personal care product bottles; and plastic tubes. EPL is the preferred global supply partner to FMCG giants like Unilever, Colgate Palmolive and Procter & Gamble.

EPL's first plant was set up in 1984 at Vasind, about 60 km east of Mumbai. Having identified plastic tubes as a new growth market, EPL started expanding in 2004. Starting with an acquisition in the UK it has since built three hi-tech plants in the US, Poland and India. The company's customers are primarily in FMCG, pharmaceuticals and food and snacks.

EPL has 750 employees in India and more than 2,000 globally. After acquiring the world's fourth largest

laminated tube company, Propack Group of Switzerland, in 2000, EPL became the world's largest laminated tube company. Now, it has plants in China, Russia, USA, Germany, Mexico, Singapore, Poland, the Philippines, Columbia, Venezuela, Indonesia and Mexico. The Egypt unit is consolidated as a hub for servicing in a big way the Middle-East & Africa demand.

The growth story of Essel Propack is one of organised, planned and calculated growth. It began manufacturing laminated tubes to cater to the packaging needs of toothpaste manufacturers. Initially, the efforts were focussed on converting all the aluminium tube users into laminated tubes. Once the conversion

efforts began to succeed, with each oral care company converting from aluminium to laminated tubes, the company began to focus on other industries such as cosmetics, toiletries and industrial products.

EPL now has three revenue streams across the globe based on 23 plants spanning 12 countries across five continents. The three revenue streams are: laminated and extruded plastic tubes, medical devices and speciality packaging materials. Beside the oral care segment, EPL is now aggressively targeting the cosmetics segment.

Although the recent global recession hit all industries hard, EPL hunkered down and strategised continuously to survive the onslaught. Chairman Subhash Chandra told India Now: "The good news is that the focus is now on Asia and on countries like India and China led by strong domestic consumption and industrial growth. Together, these two nations will drive global growth along with other emerging economies. We are aggressively expanding our packaging solutions to the value added pharmaceutical and cosmetics applications where technology and product innovation are key differentiators."

On the 27 years of unhindered growth of the company, Chandra said: "We are proud of our perseverant past converting the market of aluminium tubes in India into laminated tubes and spreading our wings to straddle the globe as one of India's earliest MNCs. This legacy will continue to fuel our dream of dominating the global packaging scene in the years to come."

Speaking on the competitive landscape, Ashok Goel, vice chairman and managing director said: "In this current dynamic environment the rate of change has changed. So the challenge for us is to stay ahead in the learning curve and remain agile."

EPL has acquired the brand new technology of high speed tubing line, and has driven growth aggressively in Asia, with a new facility in south China. To expand into cosmetics, the

## The Tube has Come a Long Way

John Rand, an American, invented the tube in 1841. By 1858, a French company had started producing tin tubes for painting ink. In 1886, manufacturers began experimenting with the idea of filling toothpaste into tubes. It was in 1887, that an Austrian company launched the world's first toothpaste, Kalodont, in a tube. Nearly ten years later, Colgate began filling its toothpastes into tubes, on a large scale. Aluminium tubes made their appearance just before the start of the First World War, in 1913. Immediately after the war, and until right before the Great Depression of 1929, aluminium tubes began replacing tin tubes worldwide. By the end of the Second World War, aluminium had completely replaced tin in tubes.

The early plastic, or Polyfoil, tubes came in 1965. Now made of laminated polymers, the soft squeezable tube is best suited to packaging thick liquids such as toothpaste, creams and highly perishable goods. The tube is hermetically sealed and almost sterile from being exposed to high temperatures during the production process.

The tube's inner lining has special coatings to prevent its material from reacting with the contents. On the outside, the barrier properties of the polymer keep the contents safe from the atmosphere.

The impenetrable outer layer keeps out air, moisture and sunlight, keeping the contents fresh and stable. The tamper-proof films and labels of the tubes also attract manufacturers.



company has gone in for hi-tech plastic barrier laminated tubes and the attractive new product line of high lustre laminated tubes.

Today, the global packaging industry is estimated to be worth US\$ 580 billion, growing at around five per cent annually. Polymers are increasingly replacing all other packaging options such as glass, jute, paper, metals and wood. Currently, packaging accounts for about one-fourth of the total international demand for polymers.

There are three kinds of materials that are used for making tubes—aluminium, laminate and plastic.

Globally, companies manufacture nearly 36 billion tubes annually. Aluminium tubes account for more than 14 billion while laminated tubes are just half as many—about 7 billion.

Today, in most of the world markets, toothpastes come packed in laminated tubes. With technological advancement, more and more toiletries, haircare, pharmaceuticals, food and industrial products are converting to laminated tubes.

The packaging market in India is an estimated INR 11,000 crore (US\$ 2.5 billion) business. Of this, the speciality packaging segment stands at Rs. 2,500 crore (US\$ 562 million), and it is growing at more than 15 per cent every year. Over the years Essel Propack has developed a huge knowledge base in manufacturing and processing polymers, markets and logistics and sourcing. Naturally, therefore, it has begun

**“In this current dynamic environment, the rate of change has changed. So the challenge for us is to stay ahead in the learning curve and remain agile.”**

—Ashok Goel, vice chairman & managing director, Essel Propack

## Profile of a Pioneer



**Subhash Chandra**  
Chairman, Essel Group

Promoter of the US\$ 2.5 billion Essel Group of Companies, Subhash Chandra, 61, entered the entertainment world in 1992 by launching India's first satellite Hindi channel Zee TV and later, the first privately owned news channel, Zee News. The Zee Network today has almost half-a-billion viewers worldwide.

Chandra's bouquet of businesses also has a newspaper chain, cable systems, direct-to-home television, satellite communications, theme parks, online gaming, education, flexible packaging, infrastructure development and family entertainment centres.

Apart from television channels, the affable media baron has a hugely successful English language newspaper, DNA, in Mumbai. A joint venture with successful Hindi newspaper group Dainik Bhaskar, DNA was launched in 2005.

diversifying. The US\$ 6 billion Indian pharmaceutical industry and the rapidly growing food and snacks businesses are now its major thrust areas. Of late, the company has diversified into manufacturing specialised, high-potential medical devices like cardio-vascular catheters, angioplasty balloons and urinary catheters. The US\$ 172 billion global medical device business is an attractive pull for the company.

Essel Propack has worked hard to be where it is right now—at the top of the global totem pole. Looking ahead, vice chairman Goel said: “The global

packaging opportunity continues to be exciting. In the developed markets our innovation group is working towards offering eco-friendly tubes which are recyclable and use post consumer regrind materials. We see an opportunity to extend laminated tubes to newer product categories like hair colorant which are fast growing. Printing and high end decoration are other features where we can compete with adhesive labels. We have perfected the technology to substitute bottles upto 500 ml capacity with tubes. In the emerging markets, we see a huge opportunity in the pharmaceuticals and cosmetic product categories for which our extruded plastic tubes and plastic barrier laminated tubes are well placed. The opportunity to convert sachets into tubes is another big potential area in these markets.”

Growing organically as well as through acquisitions and mergers, and diversifying constantly, Essel Propack has remained the market leader in the global speciality packaging business. And for years to come, that's where it will remain—right on top. ■



# BUILDING ON PLASTIC

Residents of Anandwan in Nagpur find innovative ways to recycle plastic into mattresses and bricks.

BY RUCHIRA MITTAL.

Few would argue that plastic is useful. It is everywhere in our lives. Yet, it needs careful and determined disposal. Otherwise, it portends ecological disaster. Global environmental body Greenpeace International says 100 million tonnes of plastic is produced each year. The non-biodegradable substance has found its way into our homes, forests, rivers, and oceans. Just as mighty corporations and their hi-tech laboratories research newer technologies to make plastic better and more suitable, governments and scientists are also worrying about how to put away plastic, recy-

cle it and insulate the environment from its harmful effects. Sometimes, however, solutions to the greatest challenges come from the least likely of places. Anandwan near Nagpur in Maharashtra could be one such place.

It has found a way to mix waste plastic with mud and turn it into bricks. Anandwan's driven volunteers also weave discarded plastic bags and strips into quilts for the needy.

A commune set up by renowned social activist Baba Amte, Anandwan looks after socially underprivileged people and equips them with skills to find employment and sustenance.

in convincing the villagers to set aside used, waste plastic in any form for its teams of roving volunteers. Once sensitised, the villagers did the needful. Now, plastic waste collection has been organised into a structured community effort in which households, farms and shops willingly participate. Having educated the people about the need for recycling plastic, Anandwan sends its volunteers on scrounging trips to those villages. A lot of the waste plastic is set aside for the volunteers and a lot else has to be scavenged painstakingly.

Nearly 3,500 people live in the self-managed communes of Anandwan, spread over an area of 465 acres. The volunteers engage in production oriented activities which help them lead an economically productive life.

It took a while for Baba Amte and his team to convince the village folk. Slowly the villagers understood the benefits of not littering the villages with plastic bags. Most villages in those areas now have a disposal site. The residents of Anandwan set out early in the day to collect the plastic refuse. They go either on foot or on bicycles and bring back

kilograms of waste plastic bags and sheets.

At the commune, the plastic is diligently sorted. It is then washed and sanitised. After that, it is shredded to cotton like consistency to form what is known as 'Plastic Cotton' to fill into mattresses and pillows. The shredded plastic is also mixed in cement, sand and mud to prepare stabilised mud bricks. This method imparts adequate compressive strength to bricks without firing, thus eliminating the use of fuel.

Even for their own building requirements, residents of Anandwan found the idea of such bricks useful. They have been producing their own bricks since 1986. The high-durability

bricks are composed of 60 parts of mud, 35 parts of sand and 5 parts of cement and shredded plastic waste. They are also heat, rain, snow, weather and rat proof. The process of making the Anandwan bricks is cost effective, too. They do not need heat during manufacture, unlike the usual baked clay bricks. The process saves fuel and is less polluting to the environment.

Local materials like sand, mud and plastic coupled with local skill, ingenuity and a sincere desire to serve the community and the environment have led to this incredible achievement of the Anadwanis, as the residents of the commune are called.

These plastic reinforced bricks are used in the construction of Nubian vaults. Egyptian in origin, a Nubian vault is a kind of curved surface forming a vaulted, or domed, structure. The mud-brick structure was revived by an Egyptian architect in the 1940s. Ecologists hail the technique of making such vaults as environmentally friendly and sustainable since it uses pure earth, not even timber, nor does it need any support or shuttering. Rural homes built like this withstand heavy rainfall and

even strong seismic shocks as they distribute the destructive energy instead of letting it fracture concrete or masonry.

Anandwan also uses the bricks to build its biogas plants.

Anandwan has two hospitals that generate medical waste. The commune recycles it artistically. Saline bottles become Christmas trees, with little ornaments hanging from

them, as do used sachets with high-gloss, 4-colour printing.

"Elsewhere in the world these sachets only add to the rubbish in landfills. But at Anandwan we use them as raw materials for art!" proclaims Anandwan's website, [www.anandwan.in](http://www.anandwan.in), proudly.

With a lot of common sense, even more hard work and patient parleys with the people involved, Anandwan has turned a problem into a solution! ■

**5%**  
Proportion  
of cement  
and plastic  
waste in the  
Anandwan  
bricks

Looking for a safe, yet profitable way to deal with the menace of mounting stockpiles of hundreds of thousands of discarded plastic bags, sachets and packaging sheets, the commune devised an innovative environmental strategy. It could use the thermal properties of the plastic and use it as filling material in quilts for the poor and needy. It could also mix it with mud and pack the plastic away as bricks. But the bricks are not just for the sake of being there - they are highly durable and weather proof.

The idea was innovative but implementing it wasn't easy. People had to be educated in the hazardous nature of plastic waste but more importantly about the tremendous and lasting benefits of making useful things out of it.

Through sustained outreach efforts, Anandwan was successful

# ARTS & CULTURE



◀ **Pristine Again:** Rajasthan's Jaisalmer fort— Restored.  
(Below) Sainik School, Kapurthala, Punjab, 110-year old palace of Maharaja Jagatjit Singh— Restored.

## Sentinels of Heritage

Quietly, but determinedly, INTACH conserves India's art, culture and heritage. **BY RUCHIRA MITTAL.**

In an ordinary looking building adjoining the historic Lodhi Garden of New Delhi, there is a large ordinary room lined with large desks, reams of rolled paper and canvas. But that's where its ordinariness ends. For, inside that cavernous room priceless paintings, framed or unframed, of Raja Ravi Verma, M F Husain, Amrita Sher-Gil, Anjoli Ela Menon, Souza, Raza, and perhaps every legendary painter of the last one hundred years, rest against walls or lie strapped to table tops. No, this is not an exhibition hall or art gallery, and these aren't paintings that will be displayed, not in their present state. Each is either scratched, chipped, weathered, ripped or moisture ridden. Each of these paintings is waiting to be restored to its former glory. This is the paper restoration laboratory of the Indian National Trust



for Art Culture and Heritage (INTACH).

But framed paintings aren't the only objects INTACH restores. It works to restore and preserve palaces, fortresses, havelis, theatres, temples, archways, ponds, stories, songs, poems, recipes, beliefs, folklore... the list is endless. It is India's largest non-profit membership organisation that conserves India's natural, cultural, living, tangible and intangible heritage. "Our motto is fighting to preserve what is rightfully ours," Major General L K Gupta, chairman of the trust, told India Now. INTACH fosters a sense of ownership and responsibility towards conserving

## ▶ Restoring Glory

From life-sized paintings to town-sized forts, INTACH restores them all. “The restoration of Rajasthan’s

850-year old Jaisalmer Fort complex, with its famous Queen’s Palace, is a powerful case in point,” says Maj Gen L K Gupta,

INTACH’s chairman. “From a dilapidated ruin that it was in 1996, it is now nearly as resplendent and pristine as it originally was. We have not

just restored its buildings and structures, but also launched turn-around social and craft development projects for the locals,” adds Gupta.



all things with an archaeological, architectural, historical and aesthetic significance.

Gupta says the trust relies entirely on volunteers for all its restoration work. Heritage conscious people come together and form local chapters, even paying for membership. They then identify structures, works of art or anything else that would either need preservation or restoration. “Our Shantiniketan chapter restored a beautiful, centuries-old terracotta temple at village Itonda, less than 20 km from the famed Shanti Niketan in West Bengal. It was in ruins when they began. Now, it looks majestic once again,” says Gupta.

So, whether it is about developing elaborate conservation plans for the grand Mubarak Mandi Palace of the erstwhile Raja of Jammu and Kashmir, or a threatened Buddhist temple in faraway Mangyu, in Ladakh, INTACH is everywhere. It is working on conservation and restoration projects in nearly every state of India, says Gupta. These projects involve forts in Goa, a whole marketplace in Gwalior, a hospital and even the 300-year old Railways office building at Kashmere Gate in Delhi.

INTACH’s paper restoration laboratory in New Delhi has restored Raja Ravi Verma’s “Melody” and “Portrait of a Maharaja.” Amrita Sher-Gil’s “Hill Women” and the renowned “View from Studio” were among a dozen of her badly damaged works



**Restored:** (Left) INTACH has also restored a nearly 1,000-year old Buddhist monastery at Mangyu, deep in the Himalayan hills of Ladakh. The terracotta temple at Itonda near Shantiniketan, before restoration nearly a decade ago (above), and after (right).



the trust restored more than ten years ago.

On the wall above the desk of Amita Soni, a young INTACH paper restorer in Delhi, I saw a collage of M F Husain’s photos. She said it featured one of her most challenging assignments—a badly damaged painting Hussain had made years ago, with students of a school in Sanawar, Himachal Pradesh. It was on plywood and the veneer was peeling and chipping. Her team toiled for months and restored the priceless painting— its homage to one of India’s greatest artists.

When I left the office building, the sun was setting. But I knew INTACH would never let the sun set on India’s glorious heritage. ■

# TOURISM UPDATE



▲ **High Finance:** The towering Bombay Stock Exchange building in downtown Mumbai symbolises its business and financial might.

◀ **Heritage Central:** The Chhatrapati Shivaji train terminus is more than 120 years old and a UNESCO heritage site.

▼ **Towering Dreams:** Revellers during the Ganesh festival watch transfixed as a devotee climbs to the top of a human pyramid to reach a pot full of goodies.

## Magical Mumbai!

This cultural melting pot blends history that's ancient and dreams that are tomorrow's. **BY RUCHIRA MITTAL.**

**M**umbai is not just India's most populous city, it is also the most popular.

Thirteen million, and counting, its residents are highly focussed, industrious, tough, hardworking, resilient and fun-loving. Numerous books, songs and movies have eulogised and romanticised this sea-side financial hub, easily the New York of India. And like its transcontinental counterpart, the city hosts some of the mightiest industrial giants of India, indeed the entire world. From the Tatas, Godrej, Reliance, Cadbury, Essar, Jet Airways, Larsen & Toubro to Zee Telefilms, Mumbai is headquarters to the virtual who's who



of Indian industry and commerce. It is also where the influential Bombay Stock Exchange is located, as also the nation's financial regulator the Reserve Bank of India.

Renamed from Bombay, the city pulsates with a rare and potent vibrancy. Some say this life force comes from Mumbai being ideally located according to the ancient Indian science of town planning and architecture, Vastu Shastra—on the western coastline, with the Arabian Sea curling around it. Others insist its energy comes from its people. For anybody who has a dream

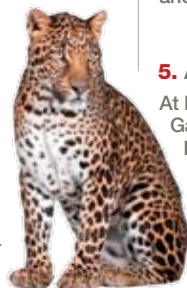
to fulfill and is willing to work for it, Mumbai aids every step of the way. No wonder then, it is the melting pot of diverse cultures from across India and home to many foreigners. Its character affects all, and soon, everyone who lives in Mumbai, becomes a Mumbaikar. The land of the mighty Marathas, Mumbai is hospitable and welcoming to a fault.

For the history buff, exploring the magic and mystery of the ancient caves in and around Mumbai is mandatory. Let your imagination soar recreating history around the Elephanta Caves. Discovered by 17th century Portuguese explorers, the caves are actually temples of Lord Shiva. They are best visited during the Elephanta festival. It takes 30 minutes by boat from the Gateway of India in south Mumbai, to reach this UNESCO World Heritage site. Ferries leave at regular intervals. But before you board a boat, pause at the historic Gateway of India, and admire the majestic and world famous Taj Hotel. You can spend a few meditative hours among hundreds of circling pigeons and the Arabian Sea smashing against the large landing platform, right behind you. An 85-foot high basalt arch, the Gateway was built by the British in 1911, to welcome King George V and Queen Mary of England. It used to be the mariner's first sight upon landing in what was then called Bombay. The last of the British ships leaving an independent India also sailed out of this place.

Less than five kilometres away, near the commercial city-centre of Fort, you must visit the Chhatrapati Shivaji Train Terminus, earlier known as the Victoria Terminus. The magnificent building blends Indian elements with British architecture to form a style unique to Mumbai. Its stunning stone dome, turrets and pointed arches are close to traditional Indian palace architecture. Lit up and dazzling at night, the terminus is a monument worth visiting.

The imposing 29-storey Phiroze Jeejeebhoy Towers, not far from the train terminus, houses the Bombay Stock Exchange, symbolising the city's, indeed the nation's, thriving economy.

Not far away, the stunning Marine Drive, also called the queen's necklace for its evenly spaced street lights, glitters like diamonds. In Mumbai, do sample Pav Bhaji, a spicy, high-octane vegetable-and-bread speciality of Mumbai. It's a wholesome meal, spiked with pickled



## FIVE KEY HIGHLIGHTS

### 1. MODERN MONUMENT



The 5.6 km long Bandra Worli Sea Link connects downtown to Bandra and the western suburbs.

### 2. ICONIC GATEWAY



Astride the waterfront facing the world famous Taj Mahal Hotel, the Gateway of India symbolises the city's friendliness.

### 3. AWE-INSPIRING ART



Set in a 2.5 km long island, the basalt caves of Elephanta house fine stone sculptures and ancient rock art.

### 4. SUNSET BEACH



The wind-swept Juhu beach in suburban Mumbai attracts locals and tourists alike.

### 5. ANIMAL INSTINCT

At Mumbai's Sanjay Gandhi National Park watch spotted leopards. Go birdwatching in one of the world's most visited parks.



**Amazing Rock Art:** A network of sculpted caves dating back to the 5th century, 10 km from the Gateway of India, the famed Elephanta Caves are a major tourist attraction.

onions and chutney for a man on the move. The Chowpatty beach, at the far end of Marine Drive, is known for its creamy handmade ice cream in scores of flavours. The beach also has the best of the other local favourite, Bhelpuri, a mouth-wateringly tangy snack made from puffed rice. The Parsi Brun Maska (bun and butter) and the Marathi Vada Pav are no less delectable and can be found at street-corner shops and kiosks.

The city comes alive during festivals and the Ganesh Festival is the city's own, in a sense. It bridges the gap between religions and is celebrated as one big carnival by all. For the art lover, the Jehangir Art Gallery and Prithvi Theatre are a must. Situated right behind the Prince of Wales museum in the Fort area, it is so prestigious, that painters and sculptors have to wait years to exhibit their works here. There are easy and affordable bus and train rides to each of these places.

Mumbai boasts of contemporary architectural marvels like the Bandra Worli Sealink, Nehru Science Centre and the IMAX Dome Theatre. The 5.6 km long Sealink is India's longest bridge and the first in the country to be built over the open sea. Kiran Kurundkar, managing director of the Maharashtra Tourism Development Corporation, says: "At Maharashtra Tourism, we want to tell the world the stories of Mumbai that ring out from her every street. The story of a colonial dominion breaking free, and in 60 years becoming a global economic power."

The spirit of Mumbai is indomitable. It rises above each challenge, bouncing back to life and even stronger. Come what may, the city bedecks itself for the night. The vibrancy of Mumbai is an enduring symbol of the resilience and pride of the Mumbaikar and his beloved city. ■

“It is hard to see  
your own society  
from the outside.”

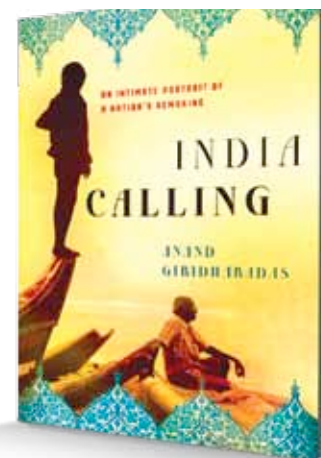


Anand Giridharadas

## BOOKSHELF

# Rediscovering India!

US-born Anand Giridharadas takes up his first job in India and pens a book about a land full of hope, colour, opportunity, people! **BY HARSH KUMAR.**



**ANAND** Giridharadas was not born in India. Nor did he study here. Like hundreds of thousands of second generation Indians, he was born and raised in the US. But his genes are Indian; roots Indian.

So, when he finished college, he took up a job in Mumbai. That was an unusual thing to do. But 29-year old Giridharadas is no ordinary man. Soon, he was doing more writing than consulting, the job for which he had flown 17,000 miles across the Atlantic. By mid-2004, he had started reporting from India for The Times and the International Herald Tribune, jobs he did until 2009. His visit to India changed him in many ways, mostly in his attitude to India and things Indian.

That was when the seeds of his first book were sown. Aptly, it is about India.

“INDIA CALLING: An Intimate Portrait of a Nation’s Remaking” is his first book, a work of narrative nonfiction about his return to the India that his parents left. It was published in the US

by Times Books, an imprint of Henry Holt and Company, in January, 2011. In India, it is published by Harper Collins.

Now, Anand Giridharadas is a writer based in Cambridge, Massachusetts, USA. He is an online columnist for The Times of London and writes the “Currents” column for The New York Times. Born in Cleveland, Ohio, Anand studied the history of political thought at the University of Michigan, Ann Arbor, and at St. Edmund Hall, Oxford.

In INDIA CALLING, Giridharadas brings to life the people and the dilemmas of India today, through the prism of his émigré family history and his childhood memories of India. He introduces us to entrepreneurs, radicals, industrialists, and religious seekers, but, most of all, to Indian families. He shows how parents and children, husbands and wives, cousins and siblings are reinventing relationships, bending the meaning of Indianness, and enduring the pangs of the old birthing the new. Through

### ABOUT THE AUTHOR

**Anand Giridharadas** is a writer based in Cambridge, Massachusetts, USA. He writes the ‘Currents’ column for The New York Times and its global edition, the International Herald Tribune, on ideas, culture and technology. Born in Cleveland, Ohio, to parents from Mumbai, he has lectured at Harvard and Stanford University, among other prominent institutions. He was recently named a Henry Crown fellow of the Colorado-based non-profit Aspen Institute.

their stories, and his own, he paints an intimate portrait of a country becoming modern while striving to remain itself.

It is a book that the New York Times Book Review called “... elegant, self-aware and unafraid of contradictions and complexity.” The Financial Times of London said the book was a “... finely observed portrait of the modern nation.” Giridharadas has received praise from a host of prominent writers and thought leaders. Nobel Laureate Amartya Sen says: “Anand Giridharadas has... produced an engrossing and acutely observed appreciation of a country that is at once old and new...”

Giridharadas was recently in India to promote his book. In an interview to India Now, he said his book has universal appeal, not just for Indians or those who have either lived here or work with Indians. “INDIA CALLING was certainly not written for one country or another. It was written from the point of view of someone who was estranged from

India in childhood, and who then had occasion to see it afresh – both because the country had changed and because of my own growing up. What that perspective offers, I hope, is a multiplicity of ways into the book.”

Giridharadas said: “The idea for the book was pretty much born around the time that I started working for the publications, but the real impetus came in 2007.” From sometime in 2007 to 2009, he said he moved between Goa and Mumbai, researching, thinking, writing a book that the whole world would read. “For the American or Western reader, the idea is to whisk them from the world in which I grew up, which was perhaps not unlike their world, and then show them the India I found through my own eyes. For the Indian, though, there is a different but important way in. It is hard to see your own society from the outside. It is easy to see it with depth, but hard to step outside the assumptions and paradigms in which you stand. I’ve always enjoyed insider-outsider books about various places and circumstances for that reason, and that is what I hope my book offers the Indian reader: a way of seeing the very familiar anew through an unfamiliar lens,” he said.

Early in the book, Giridharadas writes about his apprehensions, misgivings, notions and ideas about India. But that was before he had set foot on the land. He had arrived with a picture in his mind. He left in 2009 with a radically different one—evolved, deeper, better in every sense. “It keeps evolving; it always will,” says the author. “At the beginning of my time in India, in 2003, I didn’t detect the enormous change under way, because for me the default assumption was

## “India Calling was certainly not written for one country or another. It was written from the point of view of someone who was estranged from India in childhood, and who then had occasion to see it afresh...”

always India as the frustrating and difficult country. It took time to realise that that was my own prejudice, and that, for all the truth in that vision, there was another, more urgent truth before me: the emergence of a new spirit in the country of hopeful defiance of fate, of rejection of the limitations of caste, class and tradition. That vision excited me and animated my travels. But the longer I remained – and I stayed for six years in the end – the more that narrative, too, became complicated. I began to see that what had befallen India was above all a revolution in private life, in the interior of consciousness, such that various impossibilities had, at the level of the self, become possibilities,” he adds.

Prominent people, thinkers, authors and internationally renowned publications have hailed the book. However, Giridharadas speaks about INDIA CALLING with a sense of distance: “I’d rather here speak not as an author saying why his book is good to read. I will say only that I’ve been very gratified to receive lovely feedback from Indian readers living in India, who have said that the book showed them their own territory in a new light. I hope

### BOOK EXCERPTS



**We didn’t**—not then and still not today—call our parents by their first names or curse in their presence... We got paid for losing teeth but not for doing chores.



**And so I grew** up with only a faint idea that another country was also somehow mine. My notion of it was never based on India’s history or traditions... it was a first-generation idea of a place in our shared past, nostalgically shared but blessedly past.

it gives Indians a fresh way of seeing India, and a new India that is sprouting in the villages and small towns that I travelled among, a new India whose richest manifestations are taking place in family life, which I focus on by telling the story of Indian families. We hear so much talk about macro change these days, but I really have found that this transformation in India is taking place at the level of the individual – people seeing themselves and their families and their possibility sets in new ways and then acting on those new visions.”

When asked which portions of the book he considered worth reading with more attention, he said: “Obviously I imagine that you’re reading the whole thing if you’re writing a review, but the second and sixth chapters perhaps give the best sense of the whole.”

Is there another book in the works? “I’m planning to write another work of narrative nonfiction, but I cannot say as yet on what. It will, in any event, have the same methodology as INDIA CALLING, if a different subject matter. It will, in other words, tell deep stories of a handful of individuals in order to get at some larger shift in the affairs of the world,” adds the young author. ■

# RURAL UPDATE



## Catalysing Change

US-trained engineers set up thriving BPO in rural Andhra Pradesh. BY HEMANT KUMAR

**T**wo years ago, scientist, visionary and former President of India, Dr A P J Abdul Kalam said to a group of young businessmen: “There are 600,000 villages in India. True progress will arrive only when young leaders like you bring global opportunities to each of those villages and catalyse change.” As coordinator of the Young Business Leaders Forum, Ravi Machani was listening to Dr Kalam and decided he had to do something immediately about it. After an engineering degree and an MBA from Bradley University, near Chicago in USA, Machani had returned to join his family’s booming business of automobile parts in Bengaluru. But the leader’s words urged him to go beyond what he calls ‘cheque book charity.’ Soon, in 2009, a rural BPO called IndiVillage

was born in a hamlet called Yemmiganur in the southern state of Andhra Pradesh.

Why Yemmiganur? “Because my family hails from there and I have an ease of communication with the locals that was necessary to make a beginning,” Machani told India Now. “Our goal is to bring sustainable development to India by providing world-class off-shore services. Since the international client has stringent quality requirements, we rigorously train our village youth for months in English grammar, composition, accent, cultural slants and intricate process details.” No wonder, IndiVillage is currently the only rural BPO performing the highly demanding, technical, tedious and detail-oriented medical transcription services in India.

“The village has a large number of graduates who were either working in Hyderabad or Bengaluru. Setting up IndiVillage has



**Ravi Machani**

Ravi is a Mechanical Engineer from Bengaluru University and has an MBA from Bradley University, USA. After working at Caterpillar and Delphi Corporation in the US, he returned to join his family business and set up IndiVillage.

not only given the local young men and women excellent job opportunities, it has encouraged many to return,” says Machani.

One of IndiVillage’s prime clients is the INR 5,300 crore (US\$ 1.2 billion) American speech software pioneer Nuance. Another big client is technology firm FocusMT, global leader in speech recognition software, especially for use in medical transcription. Vermont-based American firm MyWebGrocer is also one of IndiVillage’s clients.

Machani says his firm is currently grossing INR 500,000 (US\$ 11,240) per month but these are early days.

Machani says: “Now is a great time to touch rural India. Yemmiganur is just one in 600,000 villages. But if you don’t start, how will you ever reach that number, and how will Dr Kalam’s words of inspiration turn into real opportunities?” ■



# INDIA RESOURCE CENTRE

# www.ibef.org

A single window to the latest and in-depth information on Indian business, industry and economy. The website also offers daily business news updates and email alert services.



For updated news-analysis on Indian business and economy  
Log on to [www.ibef.org](http://www.ibef.org)





# DISCOVER TALENT GROWTH MARKETS OPPORTUNITY



For updated news-analysis on Indian business and economy  
Log on to [www.ibef.org](http://www.ibef.org)