

IndiaNow

August-September 2011 | Volume 02 | Issue 3

B U S I N E S S A N D E C O N O M Y

RURAL UPDATE

SOFTWARE ENGINEERS TURN TO DAIRY FARMING, AND RAKE IT IN

INNOVATION CORNER

PASSIONATE QUIZZERS SET UP THRIVING KNOWLEDGE COMPANY

EMERGING ENTREPRENEUR

ENGINEER-MBA-ENTREPRENEUR'S RAGS-TO-RICHES SUCCESS STORY



THE WORLD'S INVESTING IN INDIA

Deftly blending control with liberalisation, India has remained among the most preferred nations for global investors.

INSIDE:
A 10-page

Special, Featuring
leading Canadian
businesses
in India.

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

All Things Bright. When you invest in yourself, the world invests in you.

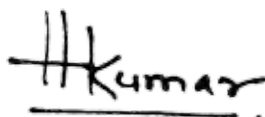
You put your savings where you know you will get your money's worth. And that is why, year after year, India has remained among the most preferred nations for foreign direct investment (FDI). Using a measured mix of fiscal control, liberal policies and investment facilitation, the government has steered the economy through some of the most turbulent latitudes of the global financial waters. As a result, the economy is thriving and investors across the globe are looking at it with renewed interest.

The mood is bright all around. In Emerging Entrepreneurs, we are delighted to meet young engineer Sarath Babu of Chennai. From humble beginnings, he has built a hugely successful company that supplies affordable food to thousands of people across the country, every day.

When the economic atmosphere is right, anyone can do practically anything. In Rural Update, read the story of four software engineers from urban Bengaluru who chucked cushy jobs to start—you heard it right—a dairy farm in rural Karnataka. And they have done phenomenally well.

From the world's sixth largest company GE to some of the most rapidly advancing firms from Canada, businesses from all over the world have made India their home. The mood is positive, the attitude right, resources are in place and a huge domestic market is buzzing with economic and development opportunity.

The world is indeed investing in India. Because India has invested in itself.



Hemant Kumar

IndiaNow

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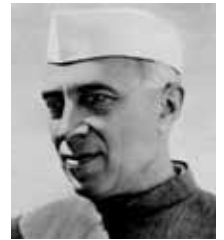
For nearly 40 years, the world famous dairy has supplied milk to millions of people in New Delhi every day of the week, without fail.

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Culture is the widening of
the mind and of the spirit

Jawaharlal Nehru



National ROUND-UP



PHOTO BY PHOTOS.COM

GDP to reach \$ 2.8 tn by 2020; South India to lead charge

BY 2020, INDIA will be among the world's top five economies with a gross domestic product (GDP) of more than INR 12,700,000 crore (US\$ 2.8 trillion), says an industry report. Conducted by consulting firm McKinsey for the Confederation of Indian Industry (CII), the report says by 2030, India will in fact be among the world's three biggest economies. By 2020, services will contribute 70 per cent to the country's GDP. Industry will contribute 20 per cent, and agriculture 10 per cent, the report said.

Called 'Retaining the Edge: Sustaining South

India's Growth Momentum', the report also said the four states of south India-- Andhra Pradesh, Karnataka, Kerala and Tamil Nadu-- will lead the charge by together contributing half-a-trillion dollars, or nearly one-sixth, to the GDP by 2016 and more than US\$ 650 billion by 2020.

The collective GDP growth of these states equals the all-India average, but their growth in skill-intensive industries such as automotive manufacturing, information technology and biotechnology has outpaced the rest of the country, the report added.

DATA BRIEFING

\$2.8

**Trillion:
Projected
GDP by
2020.**

**Source: CII-McK-
insey report**



PC and watch sectors smiling High growth path, rising sales

INDIA'S PERSONAL computer and watch markets are upbeat. More than 11 million PCs will be sold in India this year, says industry research firm IDC. Another report says the Indian watch market will more than double to INR 8,500 crore (US\$ 1.8 billion) in the next five years.

The growth of PC sales signals a nearly 14 per cent growth over the last year, and can be attributed to rising demand from the education sector, says IDC. Last year, less than ten million PCs had sold nationwide.

The growth in the watch industry will be driven mostly by demand from young buyers and the premium consumer. The report, "Indian Time Wear Industry 2010," published by the All India Federation of Horological Industries (AIFHI) and consultancy firm Technopak Advisors, said the size of the watch market in India is INR 4,200 crore (US\$ 920 million).

The report said the watch is increasingly transforming into a lifestyle product from being just a time-keeping device. A growing economy, strong middle class and a large number of high networth individuals would favour the growth of the market, said Arvind K Singhal, chairman of Technopak, at the launch of the report, recently.

THEY SAID IT **NANDAN NILEKANI**

In New Delhi on June 30, on having issued the Aadhaar unique identification card to the 10 millionth Indian. Linked with a photograph, fingerprints and iris scan, details of each 12-digit card are stored in a highly secure centralised database.

"It took three months to cross the one million mark and only another six months to reach the 10 million Aadhaar enrolment mark. This is yet another milestone, en-route to our goal of issuing 600 million Aadhaar numbers by 2014"

—Nandan Nilekani
Chairman, Unique Identification Authority of India (UIDAI)



RESEARCH UPDATE



India and Australia have agreed to jointly fund 18 research projects for better vaccines, more temperature tolerant crops and healthier food, the Australian High Commission said in a press release. Each country has set aside US\$ 5 million for the projects, said the release quoting Australia's innovation minister, Kim Carr.

PHOTO BY PHOTOS.COM



Solar power gets US Ex-Im Bank boost. More than US\$ 15 mn committed

THE US EXPORT-IMPORT Bank has approved two big loans to US-based thin film solar photovoltaic cell manufacturers to support exports to India's solar power plants. The two firms are Arizona-based First Solar and Colorado-based Abound Solar, says a report on www.electroIQ.com, a resource for electronics industry news and analyses, worldwide. First Solar will take a US\$ 16 million long-term loan to support exports to Azure Power Rajasthan Pvt. Ltd, while Abound Solar will receive US\$ 9.2 million to support exports to Punj Lloyd Solar Power Ltd, said the report.

First Solar will export thin-film photovoltaic modules

JLN Solar Mission will generate 20,000 MW of solar electricity by 2022.

to Azure Power for a 5 megawatt (MW) solar project in Rajasthan, which will also use equipment from California-based SMA Solar Technology and Kentucky-based General Cable Corp. Based in Jayal, Rajasthan, the plant is one of India's first utility-scale solar installations. This

project, and the Abound Solar project, were developed under the Jawaharlal Nehru National Solar Mission, which has an ambitious target of generating 20,000 MW

of solar electricity by 2022. When the Azure solar power plant is connected to the grid, it will benefit more than 50,000 people and is estimated to reduce carbon emissions of up to

5,500 tonnes per year, the report added.

Abound Solar's exports will also power a 5MW solar project, this one near the village of Bap, about 145 kilometers from Jodhpur in Rajasthan, the electroIQ.com report said.

India is the top Asian nation for Ex-Im Bank authorisations and exposure. The Bank anticipates that India will be its largest single-country market in the world in 2012, said the report. This year, India joined the bank's top export customers. This year alone, the bank has approved financing totalling approximately US\$ 75 million for four solar projects in India. It is the first international financing institution to approve solar power projects under India's National Solar Mission.

SOUND BITES



"India's growth story is intact and the fundamentals are strong. Our markets have the capacity to withstand the negative sentiments affecting the external world"

-Pranab Mukerjee
Finance Minister



"A big idea often begins with a tiny spark of inspiration..."

-Anand Mahindra, Vice Chairman and Managing Director, Mahindra Group, at the launch of Spark the Rise, a campaign to help jumpstart innovative ideas for enterprise and social change.



"I treat charity as my fourth child and will divide my wealth equally among all my children."

Investor Rakesh Jhunjhunwala, recently, after pledging 25 per cent, nearly a billion dollars, of his wealth to charity. He told newsmen he planned to set up a corpus of INR 4,400 crore for the purpose. Father of three children, Jhunjhunwala is the fourth billionaire to pledge his wealth to charity after Azim Premji, Shiv Nadar and G M Rao.

**AVIATION
UPDATE**

India's first privately built plane takes off. Maiden test flight successful

INDIA'S FIRST indigenously built civil aircraft, C-NM5, made its successful maiden test flight recently. Developed jointly by public sector National Aerospace Laboratories (NAL) and Mahindra Aerospace, the plane flew its first sortie on September 1, said a Mahindra Aerospace press release. The 45-minute flight tested the plane's basic handling, the release said. The all-metal, 5-seater C-NM5 could carry the price tag of a super luxury car—approximately INR 1.8 crore (US\$ 400,000). "This project is part of our goal to provide transportation and connectivity solutions to communities," said the release, quoting Anand Mahindra, vice-chairman and managing director, Mahindra Group. Developed in three years at a reasonable cost of INR 68 crore (US\$ 15 million), the aircraft can

\$15
MILLION
COST OF
DESIGNING &
DEVELOPING NM5

prove a boon to air taxi and feeder service operators in the smaller cities of India. Mahindra Aerospace expects to sell at least 100 planes every year, once the commercial production begins. Mahindra Aerospace, which recently acquired two Australian firms, is also also looking to manufacture eight and ten seater aircraft- dubbed GA 8 and GA 10-at its Bengaluru facility expected to be operational by 2012, said another recent company press release.

For INR 175 crore (US\$ 38 million), Mahindra recently acquired majority stakes in two Australian companies, Aerostaff Australia and Gippsland Aeronautics.

Aerostaff Australia's close tolerance components for large aircraft will help catapult M&M into the burgeoning defence and commercial aviation markets.

E-COMMERCE UPDATE

Online business in India set to zoom



THE INDIAN e-commerce market will grow by nearly 50 per cent to touch INR 46,000 crore (US\$ 10 billion) this year, says an industry report. This growth is mainly driven by the online travel industry, which contributes more than three-fourths to the online commerce industry in India, says a report released recently by the Internet and Mobile Association of India (IAMAI). India's online commerce industry grew from INR 20,000 crore in 2009, to almost INR 32,000 crore (US\$ 7 billion) in 2010. More than 75 per cent of India's total e-commerce comes from its online travel

market, which includes booking rail and air tickets, hotel accommodations and tour packages. That segment alone is expected to touch INR 40,000 crore (nearly US\$ 9 billion) by year-end, said the report. The financial services market has also shown significant progress, the report said. Online insurance payments and transactions through trading accounts grew from INR 1,540 crore in 2009, to INR 2,000 crore (US\$ 438 million) last year. It will grow at a clip of 34 per cent, touching INR 2,650 crore (US\$ 580 million) by year-end. Digital downloads and e-retailing are also growing rapidly, the report added.

ECONOMY TRACKER

Exports in July jump 81 per cent. Engineering goods industry surging

IN JUST the month of July, India exported goods and services worth nearly INR 137,000 crore (US\$ 30 billion), said a government spokesman recently. Between April 2010 and July this year, the exports

were valued at a little more than INR 493,000 crore (US\$ 108 billion), Rahul Khullar, commerce secretary, told reporters. The July figures signal a more than 81 per cent increase in exports over



the same period last year, and that is a record in itself, said Khullar. He said the surge in growth was attributed to the phenomenal performance of engineering goods, bullion and petroleum products. In July, exports of engineering goods reached INR 40,000 crore (US\$ 8.7 billion), while gems and jewellery exports earned INR 16,000 crore (US\$ 3.5 billion).

INDIA WATCH

\$30 bn
India's exports in July 2011

Area	Population	Male	Female	Population Density	Urban Population
3,287,263 sq km	1.19 billion	617.03 million	572.13 million	383 per sq km	356.751 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

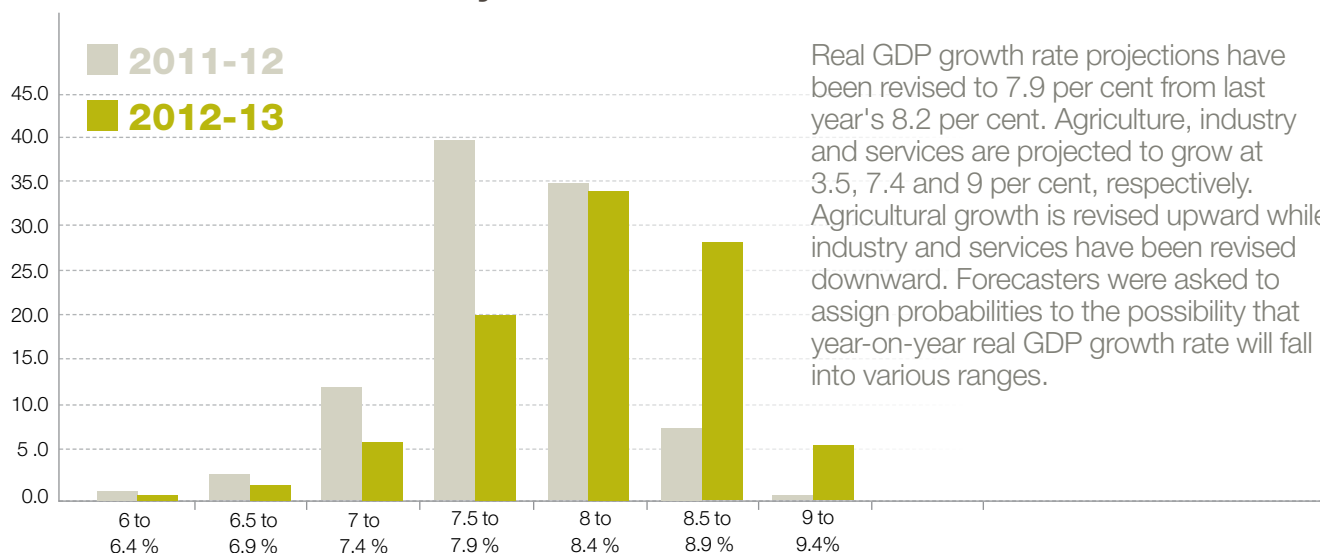


Chart 1: Year-on-Year Growth in IIP

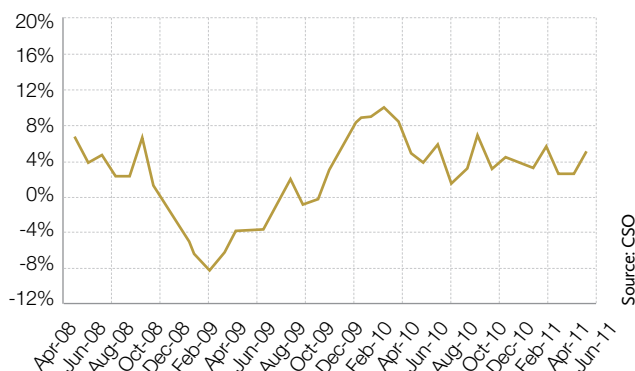


Chart 2: Year-on-Year Growth in Sectoral Indices

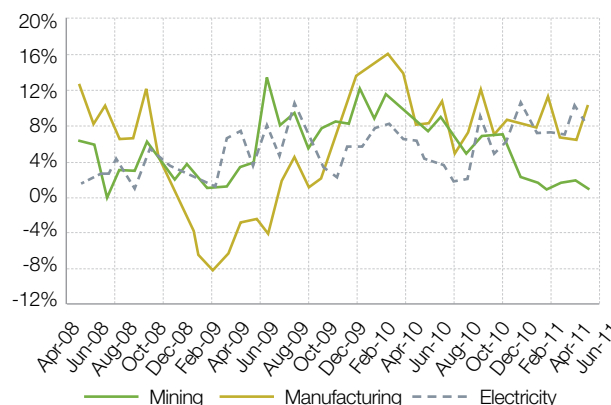


Chart 3: Contribution to IIP Growth in March 2011

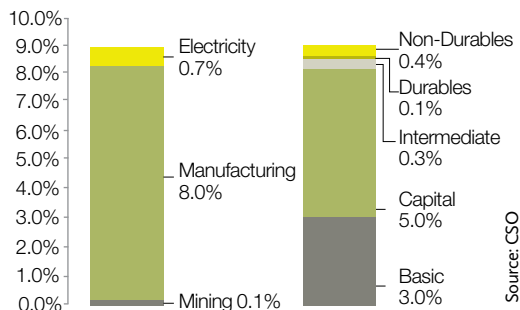
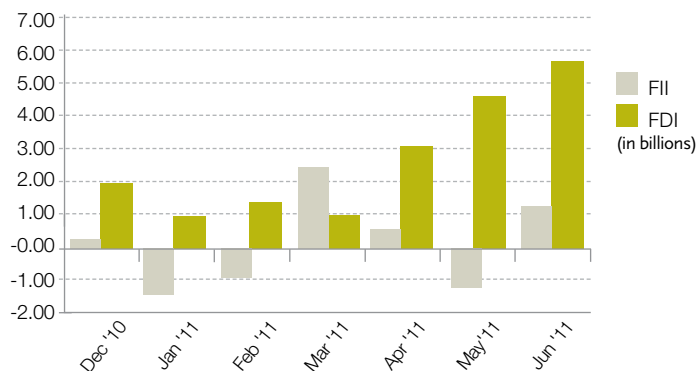
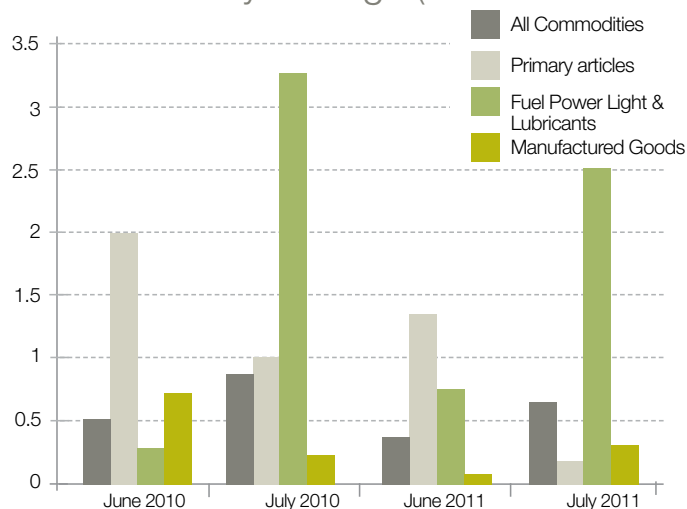


Chart 4: FDI and FII Inflows

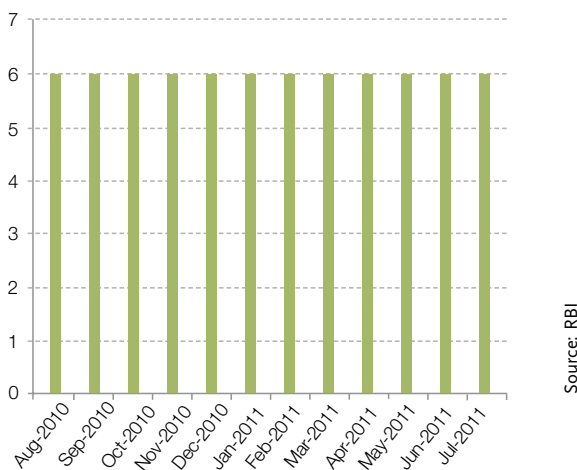


Monthly trends in Wholesale Price Index- monthly average (% change)



Key Macroeconomic Indicators

Cash Reserve Ratio



Stock Market

Date	Sensex	%age Change	S&P CNX Nifty	%Change
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
Jul '11	18,974.96	2.42	5705.75	2.60

Source: RBI

RBI Policy Rates



Currency Exchange Rate

Date	INR/USD	INR/GBP	INR/JPY	INR/EUR
Feb '11	46.19	73.45	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
Jul '11	74.31	72.48	55.42	64.78

Source: RBI



PHOTOS COURTESY: GE INDIA

COMPANY DASHBOARD

▲ **REVENUE:**
INR 12,800 crore
(US\$ 2.8 billion)

▲ **DIVISIONS:**
Appliances, Aviation,
Consumer Electronics,
Electrical Distribution,
Energy, Capital,
Healthcare, Lighting,
Oil & Gas, Rail, Water,
Intelligent Platforms

▲ **NUMBER OF EMPLOYEES:**
14,000

GENTLE GIANT

Part of the sixth largest company on the planet, GE India is also among the most innovative. BY RUCHIRA MITTAL.

A **LOW WEIGHT INFANT**, born in a remote Indian village, sleeps soundly, cocooned in the warmth of a baby warmer called Lullaby, developed by General Electric (GE) engineers for India, in India. GE also makes combat aircraft, nuclear reactors, vehicles, sets up power plants, provides solutions to businesses of all kinds and much more.

GE installed India's first hydro-electric power plant way back in 1902—at Sivasamudram on the Cauvery river in the southern state of Karnataka. The company has also set up nuclear power reactors at Tarapore in Thane near Mumbai, in Maharashtra, besides working on the development of combat aircraft Tejas. GE has partnered with India in its growth and development in key areas—from infrastructure to energy, aviation, transportation, healthcare and financial services. It set up its first research and development (R&D) unit outside the US, in Bengaluru. The John F Welch Technology Centre employs more than 5,000 scientists and engineers.

A GE spokesman told India Now that the company's motto is 'imagination at work' and by nature, imagination leads to evolution—and makes GE a company at the forefront of innovation. Despite the rough economic weather, GE India has posted an overall revenue of nearly INR 12,800 crore (US\$ 2.8 billion). The company has revamped its investments and strategies in and for India. Early last year saw GE set up a separate profit and loss statement for India, which is a first for GE, considering that so far, the only country to have a separate statement was the parent company in the US. After India, that privilege has gone to GE Germany, too.

As a result of that step, GE India's reporting structures were reformatted to suit its new country model. In the earlier business format, all business lines reported to their global business headquarters directly. Now, heads of businesses report directly to John L Flannery, president and chief operating officer, GE India. Now the key decisions on products, distribution and investments are taken here in India.

Speaking to India Now, Flannery said: "India has always been a significant market for GE. The importance has only increased in the last few years with the country on a growth trajectory and immense business opportunities. We are bet-

ting big on India and believe that we should continue to grow by at least 30 per cent a year for the next four to five years." GE India has rolled up its sleeves.

GE attributes its renewed focus on India to the tremendous opportunities that the country possesses in the core areas of infrastructure (power, locomotives and water), oil and gas and finance. It has aligned its business to India's growth.

GE is a highly diversified global industrial giant. From making aircraft engines and generating power to financial services, medical imaging, and television programming, GE operates in 160 countries and employs about 300,000 people worldwide. In 2010, GE's global enterprise earned nearly INR 690,000 crore (US\$ 150 billion) in spite of the crippling global recession.

GE traces its beginnings to master inventor-entrepreneur Thomas Alva Edison, who established the Edison Electric Light Company in 1878. Later, a merger created General Electric Company.

In India, GE's businesses span energy, capital, transportation, aviation, lighting, appliances, intelligent platforms and a hi-tech R&D centre in Bengaluru.

GE has a gigantic presence in India with a highly up-to-date infrastructure in technology, transportation and aviation in place. Its energy division includes hydroelectric, thermal, oil and gas, nuclear as well as renewable resources such as wind and biogas. It has huge stakes in healthcare, transportation, aviation and enterprise solutions. GE Capital straddles commercial and consumer financial businesses, the GE spokesman explained.

The workforce has been increased dramatically to meet India's needs. GE employs more than 14,000 people in India, has its footprint across the nation and is bullish about growth in the country. It has a significant presence across key locations with technology centres in Hyderabad and Bengaluru.

GE expects to double its overall India revenue to INR 27,500 crore (US\$ 6 billion) in the next three to four years. The company is aligning its energies with that of the resurgent

economy. "We see a lot of strength and momentum in the businesses here and the macro economy as well, and hence, we are focussing on driving more localisation of our businesses. GE wants to be a local company which understands



"INDIA HAS ALWAYS BEEN A SIGNIFICANT MARKET FOR GE."

— **John L Flannery**

President & Chief Executive Officer
GE India

PHOTOS COURTESY: GE INDIA



"WE ARE BUILDING OUR FIRST MANUFACTURING FACILITY IN INDIA AND WE SEE STRONG GROWTH AND STRONG MOMENTUM UNDERPINNED BY MORE LOCALISATION."

the local customer, and tailors its global technology to deliver products that Indian customers can afford. The reason for this is that, the more local you are, the more effective you are and our whole learning in India has been how to become a really local company. The faster we do it, the more successful we will be and we will also face our competitors better... We are building our first manufacturing facility in India and we see strong growth and strong momentum underpinned by more localisation."

Given the pressing local market needs specifically around cost and access, GE Healthcare has worked extensively to create products in India, for India. Lullaby, the baby warmer developed by the Healthcare division, is a perfect illustration of the new mood of the company. Lullaby will be available for less than 1 per cent of the cost of standard incubators. Also, GE's Mac I, an ECG machine, is a low-cost portable unit that was developed at GE's technology centre in India, said the company spokesman.

Set up in 2000, the John F Welch Technology Centre in Bengaluru conducts research and engineering work for GE, globally. Its scientists and technologists work on cutting edge technologies. The centre owns more than 1,000 patents.

The centre has worked on developing a powerhaul locomotive that serves the transportation sector and a new baseline turbofan engine called LEAP-X for the aviation industry. Eco-magination is GE's business strategy to invest in innovative solutions to environmental challenges, delivering valuable products and services to customers while generating growth for the company. The centre is developing eco-friendly technologies in the areas of water, healthcare and energy. Some of these technologies include zero-energy clean water solutions for rural markets, low wind regime turbines, high efficiency gas engines, biomass based power solutions, and Value CT, a low-cost, high efficiency CT scanner designed in India.

GE innovates, partners and develops technology solutions that improve quality of life in India. GE nurtures joint ventures, where the Indian entrepreneur keeps control and

yet both benefit; GE gets the local knowledge and the Indian firm gets to leverage the multinational's brand, processes, and deep pockets. Currently GE has four key joint ventures in India—with software and manufacturing company Wipro for healthcare; with India's largest bank, the public sector State Bank of India, for credit cards; with another public sector company Bharat Heavy Electricals Limited for centrifugal compressors and; with Triveni Engineering for steam turbines.

The results are showing and the Healthcare division, especially its hugely successful joint venture with Wipro India, has already posted substantial profits. The division grew 20 per cent last year to a INR 1,377 crore (US\$ 300 million), is expected to cross INR 1,836 crore (US\$ 400 million) this year and targets to reach the INR 4,590 crore (US\$ 1 billion) mark in the next five years.

CEO John Flannery said: "GE India should continue to grow by at least 30 per cent a year for the next four to five years. This should be an exciting growth market for GE in the years to come. GE India is setting up its first multi modal manufacturing facility in India, strengthening its commitment of developing in India and for India."

The global industrial, financial and media giant has understood the importance of India, both as a sizable market for its range of products and services, and as a cost-effective and reliable place to invent and to innovate.

Flannery is upbeat and speaks the voice of the company when he says that "India feels like home." ■

WINNING THE WORLD WITH QUALITY

2 Japan Quality Medals. 19 Deming Medals. The Japan Union of Scientists and Engineers lauds India's quality oriented manufacturing processes and skills. Preferred destination for global manufacturing hubs of Hyundai, Suzuki and others, India offers complete solutions from design to delivery.



For updated news-analysis on Indian business and economy
Log on to www.ibef.org

THE WORLD'S INVESTING IN INDIA

Through a prudent mix of control and liberalisation, India remains among the top 5 destinations for global investors.





CHANGE IS sweeping across India. And it is visible. It is not just about bigger cars, better roads, larger airports or shinier shopping plazas. That's the visible portion of what is a far deeper kind of change, positive change. This change is more about good corporate governance, better infrastructure, broader economic opportunity, a more secure, reliable and stable business environment, a keener

sense of readiness to adapt and a growing appetite for enterprise. This is the result of a whole generation of forward thinking and decisive action. As a result, this nation of more than a billion people has risen to become the tenth largest economy of the world—a shock-proof economy that has shown more resilience, agility and structural solidity recently, than many developed economies of the world.

The Indian economy has everything going for it. It is increasingly more integrated with the global economic engine. But instead of only being pulled by it, this economy generates its own horsepower. Its large, young, educated population is ready to engage in the next phase of development—it has the titanium inner core of opportunity, demand and income to sustain itself at times of global economic stress, and rebound with gymnastic alacrity.

This healthy hum of the economic motor has brought global entrepreneurs streaming into the country, pulling a steadily growing number of investors and financial institutions. For, growth is an engine that runs on investment, and in India's case, foreign direct investment (FDI) is flowing healthily. India has emerged as a vibrant economy, attracting investors from around the world. Last year, foreign investors brought a little less than INR 100,000 crore (US\$ 20 billion) into India, placing the country among the top recipients of FDI. According to the Ministry of Commerce and Industry, the year before, India received INR 119,000 crore (US\$ 26 billion), and that made the country the second most attractive FDI location in the world. Reports and studies worldwide have begun placing more confidence in

“FDI inflow rose by more than 100 % to US\$ 4.66 billion in May 2011 - the highest monthly inflow in the last 39 months.”

— Dev Raj Singh
Executive Director, Ernst & Young



India's economy, its people's enterprise, the burgeoning domestic market, the government's balanced approach to openness and fiscal control, and the generally happy mood of the nation.

A report last year, of the Japan Bank for International Cooperation, placed India second among the most promising countries for Japanese investors. Another report last year, of the Leeds University Business School, said India is among the top three countries where British companies can do better business during 2012-14. According to Anis Chatterjee, Director, Deloitte India: “For companies that want to come to India, set up operations and do business here, the low-cost base, the ready availability of educated, young English-speaking workers, adds to the attractiveness quotient of the country. Returns on the investments are also quite high.” He told India Now that MNCs have set up R&D centres here. They have employed a lot of scientists and researchers locally. Now, they are building a brand new research profile altogether. They are filing for patents here on the research work they are doing, they are getting certificates of appreciation from institutions such as NASA and so much else. This not only adds to the profile of the personnel, but we must remember that because of the way the business works, these researchers are free to leave anytime they want. That kind of investment on personnel hiring, motivation, work profile, training and research opportunities is what makes you

believe that these MNCs are here for the long haul.

Mahendra Swarup, president, India Private Equity and Venture Capital Association (IVCA), told India Now: “India is a great place to invest with a medium to long term horizon in mind. The underlying fundamentals have only improved over the years and this has been validated with the exponential growth in FDI. India is projected to become the world's second largest economy by 2050, and opportunities to invest abound. Domestic savings and investment rates have improved and investors have started to make early moves.”

On the mindset of the foreign investor, Swarup said: “What attracts foreign investors to India is its consumption model driven by huge domestic demand. While consumer spending has saturated or is decreasing across developed markets, in India it is witnessing a surge.”

\$ 20 billion
Foreign direct investment (FDI) in India in 2010. In April 2011 alone, it was INR 13,850 crore (US\$ 3.12 billion).

SOURCE: DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION (DIPP)

Going strong

Indeed, early this year, international consulting firm Deloitte released a report on the current status and prospects of the Indian economy. In it, Deloitte said that telecom, automotive and Information technology (IT) and IT-enabled services had shown strong performance during 2010-11. There had also been a revival in cotton and jute textiles, leather, food products and metal products. A more than 50 per cent increase in the number of mergers and acquisitions in the first 9 months of 2010-11 showed clearly that industry was consolidating.

India's economic growth is projected to exceed 8 per cent annually and the number of people in the Indian middle class is set to treble over the next 15 years, according to the recently released 2011 India Attractiveness Survey of international consulting firm Ernst & Young. As disposable incomes rise, domestic demand is expected to grow by a compound rate of more than 9 per cent per year between 2010 and 2030, says the study, quoting international economic analysis and advisory firm Oxford Analytica's Daily Brief of global economic trends. These figures put India in a good position to attract an increasing proportion of global FDI, says the E&Y report.

Dev Raj Singh, Executive Director - Tax, Ernst & Young, said: “India is today rated as one of the most attractive investment destinations across the globe and will

remain an attractive market to invest for the following reasons: it is the world's 4th largest economy, in terms of purchasing power parity; it is the 10th most industrialised economy; it has a liberal, transparent and proactive FDI policy; the economy has an expansive, progressive, mature and regulated banking system and capital market; affords among the highest rates of returns on investment; and its trade policies are fully compatible with the internationally ratified World Trade Organisation (WTO)."

On the performance of the economy and how it is attracting FDI, Singh said: "FDI inflow rose by more than 100 per cent to INR 21,333 crore (US\$ 4.66 bil-

lion) in May 2011, which is the highest monthly inflow in the last 39 months. This increase reflects the faith of foreign investors in the Indian economy."

When it comes to the most authentic and the most widely accepted, the annual World Investment Report (WIR) of the United Nations Conference on Trade and Development (UNCTAD) is seen as more or less the gold standard on the investment performance analysis of world economies. It is a one-of-its-kind report, taken very seriously by policy makers, CEOs and academics. WIR had ranked India second in global FDI last year saying it would remain in the top five destinations for international investors through 2012.

Prof. Hafiz Mirza is UNCTAD's senior economist and chief of investment issues in Switzerland, and he is one of the authors of the WIR. Mirza, who is also professor of International Business at the Bradford University School of Management in the UK, told India Now in an interview just after the release of WIR 2011: "For market-seeking investment, India is an attractive location thanks to the size of its market and its growth potential. In general, the country is a promising location for FDI."

Mirza is upbeat about India's performance and its place in the world: "Each year we conduct a survey of multi national corporations and their investment intentions over the next 3 years. India is always in the top 10, often the top 5."

Speaking last year at an infrastructure conference in New Delhi, Prime Minister Manmohan Singh had stressed the need for doubling the investment on infrastructure to a trillion dollars to achieve the GDP growth rate of 9 per cent during the 12th Five Year Plan from 2012 to 2017. Experts agree that this will attract the much-needed foreign direct investment.

20%

Share of the services sector in the total FDI that came into India in 2010-11. Manufacturing attracts the most number of FDI projects, followed by sales, marketing and support ventures.

What Attracts FDI

India has a young population, whose consumption is helping expand the middle class. India's demographic profile also helps it to provide a good price-quality ratio with an increasingly well-educated, yet relatively low-cost labour force. This is a key advantage that, in the future, will set India apart from most developed markets and indeed many of the current high-growth economies, says the report. According to the Oxford Analytica Daily Brief, India's population will rise to 1.4 billion by 2031. The number of people aged between 14 and 64 years will rise, resulting in a higher ratio of workers to dependants and higher savings rates. India's

more than half-a-billion strong workforce is highly cost competitive. Not only that, a McKinsey report says that by 2030 India will be a 'young' country with a median age of 30 years, giving it the benefit of this demographic dividend.

For its widely researched India Attractiveness Survey, E&Y interviewed more than 500 business leaders late last year on the potential of the Indian market. It found that a large majority believes that, as early as 2020, India will become a global leader in education, research and development (R&D), innovation and as a producer of high value-added goods and services.

The E&Y report carried a note from Jyotiraditya Madhavrao Scindia, minister of state for Commerce and Industry, saying the country has sound economic fundamentals and a middle class of half-a-billion people. For any global investor, the Indian opportunity is as much in catering to the huge domestic market as in manufacturing for international demand.

Echoing the minister's conviction, Deloitte's Anis said overseas investors want simplicity in doing business and return on investment. "India has good

HOW THE SECTORS ARE PERFORMING

So far, services, both financial and non-financial, have held the lead in attracting FDI. In 2010, this is how the various sectors of the economy performed in terms of the investment they attracted (in US\$ million):

- Services **658**
- Construction **311**
- Automobile Industries **266**
- Power **256**
- Computer Software & Hardware **96**
- Metallurgical Industries **52**
- Telecommunications **46**
- Housing & Real Estate **38**
- Chemicals **34**
- Petroleum & Natural Gas **6**



SOURCE: DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION (DIPP)

corporate governance standards and its rate of return on assets is high. In the medium and long term, companies make more money here than in many other parts of the world. But companies are not in India purely to make money and repatriate it. They are here to build a sustainable presence and are here to stay," he said.


A study conducted by the National Council for Applied Economic Research (NCAER), underscores exactly what the minister and Anis assert. It made an interesting observation when it said that FDI-enabled manufacturing firms account for only 12 per cent of total Indian exports. This implies that FDI has entered India mainly to seek domestic markets, said the report called 'FDI in India and its Growth Linkages 2010'.

According to the E&Y report, FDI inflow to India is still low compared to China. Quoting China's Ministry of Commerce, the Wall Street Journal reported in July that the country had received more than INR 485,000 crore (US\$ 106 billion) in FDI last year. By comparison, India's total inflow of FDI was a little less than INR 91,560 crore (US\$ 20 billion).

But India's attractiveness to foreign investors is growing. This, the report said, was because of the economy's greater dependence on domestic demand, as opposed to China's heavy dependence on exports. As a result, India was better insulated against the impact of the global economic recession.

Story of Growth

According to a government discussion paper on its policy rationale for FDI, more than INR 230,000 crore (US\$ 40 billion) flowed into India as FDI in 2008 in spite of the difficult recession. Describing the evolution of India's FDI policy over the years, the paper said 1991 to 2000 was a watershed decade in liberalisation. In 1991, the government allowed FDI of up to 51 per cent for 35 high priority industries and also constituted the Foreign Investment Promotion Board (FIPB) to



India's more than 500 million strong workforce is highly cost competitive. A McKinsey report says that by 2030, India will be a 'young' country with a median age of 30 years...

consider cases under the government route. Since 2000, the economy has really opened up, placing all remaining activities under the automatic route, including the sensitive non-banking financial companies (NBFCs). It said the insurance and defence sectors opened up to FDI with a cap (or limit) of 26 per cent and the cap for telecom services was increased from 49 per cent to 74 per cent.

Last year, the government made far-reaching reforms when it consolidated all existing regulations on FDI into a single document, for ease of reference. As a result, there are only three instruments that broadly regulate FDI:-

Equity caps: throws open most of the economy's sectors to foreign investment but controls and restricts foreign ownership of equity capital.

Entry route: essentially relates to whether FDI can come in automatically or will the government

have to examine its many dimensions before granting it approval. It requires government oversight, including screening and approval.

Conditionalities: lists operational restrictions or licencing conditions, such as nationality criteria, minimum-capitalisation and a lock-in period, keeping the economy's interests in mind.

The Investment Landscape

Explaining the investment landscape, E&Y's Dev Raj Singh said: "The highest FDI equity inflows during 2010-2011 came into the services sector, covering nearly one-fifth of the total inflow."

But winds of change are blowing and they bring encouraging news. Sectors other than software and IT are fast catching up, driven primarily by India's robust domestic market. Automotive, communications, consumer products,

financial services and construction sectors are rapidly expanding, said the E&Y India Attractiveness Report quoting FDI Intelligence, an economic think tank owned by London's Financial Times newspaper.

One of the largest single areas of focus of FDI today is telecommunications. The extremely cost-competitive automotive industry is also high on the list, helped by booming local demand and the emergence of India as a hub for manufacturing and export of cars and automotive components.

Manufacturing attracts the most number of FDI projects in India. This is followed by sales, marketing and support, business services, and design, development and testing. "Over the next seven to ten years, manufacturing stands out as the most promising sector and is likely to receive the most FDI attention—manufacturing is going to be our next big growth story. We will see increased activity in infrastructure, power, real estate, housing and automobiles," said Anis of Deloitte.

The leading sectors attracting FDI are: automotive, infrastructure and consumer products, health care, renewable energy, biotechnology and plastics and chemicals. According to the Oxford Analytica Daily Brief the total value of the health care market will be US\$ 70 billion by 2012, more than doubling to US\$ 145 billion by

“Indeed, foreign direct investment has already changed the shape of things in India.”

—Prof Hanif Mirza,
Chief of Investment Issues,
United Nations Conference
on Trade & Development (UNCTAD),
Geneva, Switzerland

2017). Private health care corporates now control about 90 per cent of this expanding market.

Encouraging Trends

Winds of change are indeed blowing. In July, a high power body of secretaries of important ministries decided to allow 51 per cent FDI in multi-brand organised retail, provided the foreign firm was bringing in at least US\$ 100 million. The Ministry of Commerce and the Union Cabinet of Ministers must approve the recommendation of the committee of secretaries before it becomes operational, but the retail sector has hailed the move

as positive. For single brand retail stores such as Marks and Spencer, the government had allowed FDI in 2006. According to the Indian Council for Research on International Economic Relations (ICRIER), India's retail sector is worth nearly US\$ 600 billion.

Quoting the BMI India Retail report for the third quarter of 2011, E&Y's Devraj Singh said in multi brand retail trade, total sales will grow from nearly US\$ 400 billion in 2011 to US\$ 786 billion by 2015. Robust economic growth, high disposable income with the end-consumer and the rapid construction of organised retail infrastructure are key factors behind the forecast growth. Along with the expansion in middle and upper class consumer base, the report identifies potential in India's tier-II and tier-III cities as well. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend towards annual retail sales growth of more than 12 per cent," he added. India's retail sector contributes nearly 22 per cent to the GDP.

The government is also aggressively developing infrastructure corridors linking important industrial centres with transport and communication. Four such famous corridors include: the Mumbai-Pune corridor, an engineering hub; the Delhi-Jaipur-Agra "golden triangle," a commerce and manufacturing hub; the

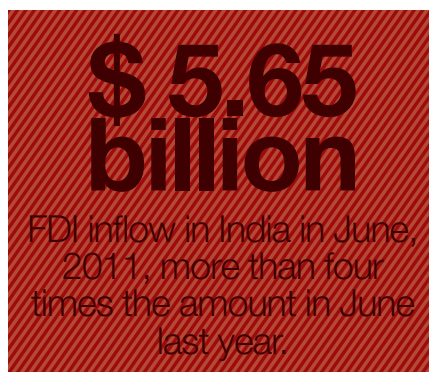
Experts are more and more of the view that companies are investing in India in more ways than one. It is not just for returns on investment—they have stakes in India's development.

Surat-Ahmedabad industrial corridor; and the Golden Quadrilateral, a nationwide highway network connecting the critical industrial centres of Delhi, Mumbai, Chennai and Kolkata.

In a recent report called India's FDI Trends & Analysis, international consultancy Dezan Shira and Associates said India has emerged as the preferred destination for many foreign international enterprises for its high economic growth, favourable demographics, English speaking people, and lower costs for workers. Among the many tax incentives, investors need pay no income tax for the first five years, only 50 per cent for the next five and enjoy exemptions after that period.

On its website, the Ministry of Commerce lists the main attributes of the Indian economy, saying it has emerged with remarkable rapidity in 2011 from the crippling global recession that has left many world economies deeply scarred. This is helped largely by robust growth in manufacturing, construction, trade, hotels, transport and communication, financing, insurance, and, real estate and business services—all now attracting increased levels of FDI. Agriculture, of course is the big success story, expected to grow at 5.4 per cent in 2010-11, against the previous year's growth 0.4 per cent. The Deloitte report on the status and prospects of the Indian economy had also said that a better than expected monsoon had led the expectations to rise. Quoting a Morgan Stanley report, the website said India's growth will outpace China's within three to five years. As a result, India will become the fastest large economy with 9 to 10 per cent growth over the next 20-25 years.

According to a detailed study conducted recently for India Venture Capital Association (IVCA) by international consultancy Bain and Company, private equity (PE) is rapidly emerging as an important source of FDI in India. The economy saw the largest increase in deal activity among the big Asia-Pacific markets in 2010, said the report called 'India PE Report 2011.' Although still far below the 2007 peak of US\$ 17 billion, last year's total deal value



SOURCE: DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION (DIPP)

was nearly US\$ 10 billion. It included venture capital, infrastructure PE investments and real estate investments.

Economists Agree

According to Dr Jaydeep Mukherjee, Assistant Professor, Indian Institute of Foreign Trade (IIFT), New Delhi: "FDI is one of the main transmission channels of advanced technology from the developed countries to the emerging economies, bringing capital, technology spillovers, human capital formation, international trade integration, enhancement of enterprise development and good governance." Experts agree that FDI plays an important role in capital formation by filling the gap between domestic savings and investment. They also say that it impacts the performance of GDP, exports, productivity and employment opportunities.

E&Y's Singh says: "FDI infuses new products and services, manufacturing technology and marketing techniques into the economy, widens the employment opportunities, urges infrastructure expansion, and encourages competitiveness by linking the economy to the global network."

UNCTAD's Prof Hanif Mirza agrees: "Indeed, FDI already has changed the shape of things in India. For example, services outsourcing is acknowledged as the basis for kick-starting India's software and ancillary industries."

Experts are more and more of the view that companies are investing in India in more ways than one. It is not just for returns on investment—they have stakes in India's development. Deloitte's Anis

summed things up rather well when he said: "FDI is not just about getting dollars into India. It is about its main success factor: to use it to drive India's economic growth and to move India up the global economic value chain, establishing lasting economic stability."

India could not have done it all by itself—it needed the world to come and invest here, do business here, flourish here and stay here. But it's also true that the world would not have come so wholeheartedly had India not worked on itself.

A lot of the change is visible and a lot isn't, but long before cityscapes began changing, attitudes changed—all across India. Attitudes to farming techniques, teaching practices, marketing methods, innovative thinking, openness, control, balance and so much else. As a result, not only are the people ready to adapt, learn and evolve, the government, too, is flexible and willing to take chances.

Policies and laws have become increasingly more enterprise friendly, paving the way for more and more investors from all over the world to come and do business in India, with India. Cautious but expanding, a strident Indian economy has stayed focussed on its development path, and the world has taken notice.

"FDI is not just about getting dollars into India. It is about its main success factor: to use it to drive India's economic growth and to move India up the global economic value chain, establishing lasting economic stability. When we now look back, we see that it actually changed India. It changed India for the better," says Anis.

As if echoing what E&Y's Dev Raj Singh had said, a government release said recently that FDI into the country had reached US\$ 5.65 billion in June this year, more than four times the amount of FDI a year ago. By all indications, the attractiveness of the Indian economy is only increasing for the foreign investor.

"The last 20 years were wonderful in how the economy opened up, you can see what we have achieved. The next seven to ten years will be phenomenal," added a confident Anis.

The world is indeed investing in India. ■



PHOTO BY PHOTOS.COM

Strength in Numbers.

The government empowers the poor by asking the National Rural Livelihood Mission to organise self-help groups into influential federations. BY HEMANT KUMAR.

The government set up the National Rural Livelihood Mission (NRLM) in June 2010 to implement a new strategy of poverty alleviation woven around community based institutions. NRLM will focus on promoting diversified and gainful self-employment opportunities for economically backward households. At the heart of the NRLM strategy is the idea

of mobilising all such households into effective self-help groups (SHGs). Not only that, the aim is to organise the various SHGs into powerful federations, to give them effective bargaining power.

By working with policy makers, NRLM will make it easier for the families to access credit and other financial, technical and marketing services. The idea is to make such families self-sustained by helping them

acquire skills that will get them jobs.

SHGs eliminate the need for middlemen and strengthen social and economic institutions. Building and federating SHGs is central to the design of NRLM and its focus will be on making the SHGs women-centred. Most such groups already have a fairly substantial female participation nationwide, but NRLM's particular focus on women will help emphasise the government attitude and readiness to act on it.

The really encouraging aspect of NRLM is its idea of federations of SHGs. They will help the poor to overcome market constraints and scale-related problems. Strengthened by numbers, the federations can undertake collective procurement and marketing activities.

Since bank credit is the primary source of funds for the institutions of the poor, NRLM will provide revolving fund assistance and capital subsidy fund in the form of seed capital to such institutions. The Reserve Bank of India (RBI) says financial inclusion makes mainstream financial products and services available to the most vulnerable groups of the society. Taking cue from this, NRLM has formed a financial inclusion strategy that makes the poor the preferred clients of the banking system. The banks shall open savings accounts for all programme beneficiaries, SHGs and their federations and facilitate the full range of banking services including savings, credit and remittances.

NRLM will develop trade clusters of farm and non-farm enterprises to focus on improving productivity and quality and bringing cost down. They will also provide the rural poor with a solid platform to engage with market forces and to bargain for themselves effectively.

Self help groups have emerged as a strong agent of socio-economic change, and both rural folks and urban entrepreneurs who engage with them, understand their value.

After all, there is real strength in numbers. ■

TALENT AND YOUTH POWER

India is home to the second largest pool of scientists and engineers. 50 per cent of India's population is under the age of 25. On an average, over 7.7 million people join the workforce every year.



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After an IIM degree, jobs were raining on Sarath Babu, but the chemical engineer had found the right formula for enterprise, not a job.

By the Sweat of His Brow

From absolutely humble beginnings, young Sarath Babu has built a successful company with a social charter. BY RUCHIRA MITTAL.



▲ **Inspiring a** new generation: At the Paavai Engineering College at Salem in Tamil Nadu, addressing students on entrepreneurship.



▼ **Youth Icon:** Sarath's phenomenal success brings him a never-ending string of lecture invitations. Everywhere, he speaks of the need to work hard.

Sarath Babu and his four siblings were born and raised in a small house of modest means in Madipakkam, a suburb of Chennai, the capital of the coastal state of Tamil Nadu in south India. His mother, Deeparamani, juggled three jobs a day to send the children to school.

"It was really tough for my mother to bring up five kids on her meagre earnings. She sold idlis (steamed rice pancakes) at a roadside kiosk in the morning, worked for the mid-day meal at a school during the day and taught for the Government's adult education programme in the evening," says a grateful Sarath.

He was a bright student, always a topper, destined to be at the top. While his mother toiled, he studied hard, finished school with distinction and graduated as a chemical engineer from the prestigious Birla Institute of Technology and Science (BITS) in Pilani, Rajasthan.

Married by then, his sisters loaned him the money to pay for his engineering degree and he repaid them by working for a few years after graduating.

Soon, however, the entrepreneur in him started coaxing him and he went to the country's most sought after campus, the Indian Institute of Management (IIM) in Ahmedabad,

Gujarat. Sarath was indeed exceptionally bright. After IIM, he could have got a job anywhere, but his sight was fixed on becoming an entrepreneur.

"My mother, according to me, is the most successful entrepreneur," says Sarath, talking of how she worked with single-minded focus and devotion towards her goal of arming her children with quality education and securing their future forever.

Three years after graduating from IIM, Sarath, 30, set up Foodking Catering Services in 2006 "to offer employment to illiterate and semi-illiterate people and help them raise their living standards," Sarath told India Now.

The company supplies snacks to offices in the corporate sector, to banks and software firms. Foodking also undertakes catering services for events, industrial houses and educational institutions like BITS and IIM, Ahmedabad. Sarath has also set up retail outlets for his food products. Entrepreneur-mentor N R Narayan Murthy was chairman of IIM, Ahmedabad when Sarath was attending management school there. It was natural, therefore, for the founder of world renowned IT giant Infosys to agree to inaugurate Sarath's venture in Ahmedabad, especially since the young entrepreneur had turned down cushy job offers to start Foodking.

Sarath's seed capital in 2006: a paltry INR 2,000 (US\$ 44). Now, he says Foodking has a turnover of INR 8 crore—a little less than two million dollars.

About starting Foodking instead of being in a job, he says he knew could look after his family well. "But what also motivated me was that I could set up a chain reaction of employability across India by providing employment and means of earning to the rural and semi-urban youth. A job would mean I would only serve the needs of my family well, my wish was to create something which would help lakhs find employment."

For starting out in his enterprise, Sarath did not find financial backing as a first time entrepreneur and began Foodking with an investment of a mere Rs 2,000 and a first order of 100 cups of coffee for a club's meeting. His friends chipped in with funds and he worked relentlessly, sometimes through the night.

It was tough, initially, says Sarath. He had started a chain of food outlets in Ahmedabad and they were all running into losses. He knew only volume could give him profits, but he was struggling to obtain orders. Finally, he pitched to IIM, Ahmedabad, for a daily meal catering contract. After initial glitches, he bagged a contract.

The turning point came when he got the contract to supply daily meals at BITS, Pilani. Suddenly, from a string of loss-making units, Foodking began making profits daily. Soon afterwards, he bagged catering contracts from other BITS centres nationwide and also singled on corporate clients. Now Foodking supplies meals to students, faculty and staff at five universities across India. "Foodking is into corporate and institution catering as well as into retail cafe outlets across India," says Sarath, adding: "The company is now completely loan free and self sustaining. There is no external funding and we work on cost management principles."

Sarath says: "We have opened four

retail outlets in Chennai and my aim is to have at least a hundred such across the country."

His business runs through three distinct departments: a main office in Chennai that handles all the paper work and HR needs; the kitchens, and a jet-setting Sarath himself. He travels around the country scouting for work, motivating young people, choosing appropriate partners and marking affordable real estate for his venture.

Ever since Sarath's personal story of struggle and such phenomenal success have hit the airwaves, offers have begun pouring in for partnerships and franchise arrangements. But he says he is very discerning about whom he chooses to partner with. "I do not want to run the risk of diluting the model of Foodking. Our aim is to provide low cost, good quality food to the lower income groups. I cut my overheads by choosing cheaper locations for my retail outlets. Each cafe is designed smartly and does not have to be large. The cost of food at high-end cafes and restaurants is high only because of the frills. The quality has to be maintained and there can be no compromising on that front. I also want to pick the youth in semi-rural areas to partner me as franchisees. I believe they will then

OUR AIM IS TO PROVIDE LOW COST, GOOD QUALITY FOOD TO THE LOWER INCOME GROUPS. I CUT MY OVERHEADS BY CHOOSING CHEAPER LOCATIONS...



▲ **The light** in his eyes: Sharing a smile with children from poor families, Sarath tells them: "You can succeed - I did. Just focus and work hard."

provide many more jobs in their localities," he says.

Foodking has a firm social agenda. Most of the employees are school drop outs from underprivileged families or youth from the villages. Sarath trains them and prepares them to take on positions of responsibility.

Foodking runs two centralised kitchens which cater to the needs of up to 15 outlets. The kitchens prepare both north Indian and south Indian cuisines.



▼ **Recognition:** Countless awards have been conferred on Sarath for his extraordinary achievements.



The equipment installed is a happy mix of indigenous and state-of-the-art. "I like to work out of campuses where I do not have to invest much in terms of infrastructure. I merely set up my team and take in the raw material. This helps me to keep the cost down." Sarath caters to students across the country and is in the process of finalising agreements with corporate houses to run their catering services.

"We are different because we give the best quality at the most affordable prices," adds Sarath.

The demand for catering at institutions and corporations is growing at a rapid pace in India and the business according to Sarath can be worth more than INR 3,000 crore (almost US\$ 700

million). Companies of all kinds are looking after their employees at every level and it is their top priority to make available delicious, nutritious and affordable meals to their employees.

Quoting examples, Sarath said computer hardware giant Dell in Gurgaon, near Delhi, has an elaborate menu for all meals of the day and for in-between snacks, too. Similarly, Samsung's manufacturing unit in Gurgaon serves Indian and Korean delicacies at a 1,000-square foot facility.

He says his passion is to charge the youth with the energy of education, hard work, focus, entrepreneurship and leadership. In a concentrated effort to impact young men and women with these ideas, he has so far reached out

to 800 schools and colleges and has addressed at least 800,000 people nationwide. He has also set up entrepreneurial cells at some colleges where students experiment with their ideas of enterprise. Says Sarath: "I want to establish Foodking branches in more cities, and even abroad. This is why we are currently mentoring a few hundred young entrepreneurs, to increase our outlets." He has started the Hunger-Free India Foundation, which aims to feed at least 100,000 people every year. "I want to galvanise the youth of the country and make sure everyone has a square meal in his stomach when he goes to bed at night."

With men like Sarath behind such a goal, it seems perfectly possible. ■

SECTORAL UPDATE

FEATURES **INSIDE**



Infrastructure: Despite the recession, the sector is among the fastest growing. **Pg 31**



Sports Goods: It's now advantage India in this labour intensive sector. **Pg 33**



Machine Tools: Progressive policies and enterprise work well for this sector. **Pg 36**

HOSIERY



PHOTO BY PHOTOS.COM

A Well-knit Industry

From humble beginnings over a century ago to competing for a bigger share of the global market, the Indian hosiery industry has come a very long way. **BY CHARU BAHRI.**

The Indian knitwear industry traces its origins to Calcutta, now Kolkata, when a foresighted entrepreneur launched a small scale hosiery unit in the year 1893. Since then, the industry has fanned out across the country, most significantly to Ludhiana in Punjab, Tirupur in Tamil Nadu, leading metros like Ahmedabad, Bangalore, Delhi, Kolkata and Mumbai, and a few towns in Uttar Pradesh, namely Varanasi, Kanpur, Saharanpur, and Bellary. Together, these production centres of woollen, synthetic, and cotton knitwear are making an appreciable contribution to the Indian economy.

The last decade has seen good things happening for the industry. Starting with the announcement of the National Textile Policy at the turn of the century, it has become clear that competing for a bigger share of the global textile pie is priority agenda. Today, textiles account for a significant chunk of the country's total exports, and knitwear, a subset of the former, boasts a share of close to half of total textile exports in volume terms. Indian hosiery manufacturers are booking orders from sophisticated markets such as the European Union, USA, Canada, and Japan etc. Also, world renowned brands are sourcing products from India. These include sportswear providers like Adidas, Nike and Lacoste, as well as leading apparel retailers such as Benetton, Jockey, Marks & Spencer, J.C. Penny, Wal-Mart,

Mother Care, Tommy Hilfiger, Diesel, etc. This trend is expected to pick up especially as knitted garments are being preferred over woven garments the world over, for the inherent qualities of the fabric – comfort, stretchability and breathe-ability.

Advantage India

India scores high with knitwear manufacturers for various reasons. The country produces plenty of raw materials for the industry, it is one of the largest cotton producers in the world and also a manufacturer of fibres like polyester, silk, viscose etc. Skilled manpower is available at lower wage rates than in some competitor countries – Hong Kong, Bangkok, and Taiwan. This gives export units an edge in bargaining prices of finished goods.

The industry structure also goes in its favour. In northern Ludhiana as in Tirupur down south, textile (including knitwear) manufacturing centres are organised in clusters of small, medium and large units. It is estimated that about 70 textile clusters produce 80 per cent of the country's total textiles. The cluster framework helps protect small and medium enterprises from the disadvantages of operating in an isolated environment. Units network better, and make gains from economies of scale and improved bargaining power. Together, they also have greater access to finance.

Cluster framework

It is appreciable to note that the differently-sized units making up a cluster work well in tandem. Large and medium sized manufacturers are served by smaller ancillary units supplying essential add-ons such as knitted and customised collars and cuffs, buttons, laces, hangers, labels, and accessories like 3D patches, embroidery patches, zippers and motifs. From the socio-economic perspective, smaller and medium enterprises also play an important role in decentralising economic wealth and providing employment to many

(due to their labour-intensive character). Small and medium sized manufacturers are also more capable of servicing custom-orders quicker, and at lower costs. This advantage goes down well with retailers such as Zara and H&M that have redefined the shelf-life of fashion trends. Now, trends barely stay in vogue for more than two months whereas they used to be around for five to six months.

In Ludhiana, the city that is famously alluded to as India's Manchester as it enjoys a 90 per cent share of the lucrative woollen hosiery industry, ancillary units clustered around larger outfits help produce fashion knitwear worth a staggering Rs 2,600 crore, for high-end markets in western Europe and USA. This, in spite of the city's not being in close geographical proximity to any port.

Recognising the advantages of the cluster structure, the government has sought to further the development of

of the country and a city boasting of units all along the knitwear value chain, from spinning to exports. Last year, the export-oriented Tirupur cluster alone comprising more than 6000 manufacturing units exported knitwear worth US\$ 2.5 bn, thus accounting for about 40 per cent of the country's total knitwear exports. Many fully vertical companies like Eastman Clothing, Centwin, Poppy's Knitwear, Dhanam International, Kaytee Corporation, and Network Clothing Company have integrated the complete manufacturing process from spinning, knitting plants, textile processing to garment making units.

Tirupur's futuristic knitwear industry representatives are looking to boost their marketing capacity and sales by export-oriented members units by establishing a warehouse in Antwerp, Belgium. Local storage facilitates across the table negotiations since ready stocks can be made available for buyers

World renowned brands are sourcing products from India. These include Adidas, Nike, Lacoste, Benetton, Jockey, Marks & Spencer, J.C. Penny, Wal-Mart...

20 clusters across the country by offering technical assistance and subsidies for technology upgradation and marketing support. The support would also strengthen the competitiveness of the smaller and medium units and help them consolidate their position in the global value chain.

Proactive industry

What stands out about the Indian hosiery sector is the industry's proactive approach to improving its prospects. Nowhere is this more visible than in Tirupur, the knitwear capital

to peruse and immediately buy. Brand enhancement activities are also helping boost the town's image as a base for quality knitwear encompassing 100 per cent cotton fibre product range as well as variations of cotton blends with polyester or viscose fibres and treated yarns boasting of features like zero twist, feather touch softness, anti-bacterial, bio-degradable, flame retardant or resistant, etc. Overseas and local agents have been appointed to improve marketing networks and correctly identify fashion trends to increase sales. Back home, a trade fair complex in the town

and merchandise testing laboratories are also playing a role in promoting the industry. Testing infrastructure helps build the buyer's comfort level and reduce the product rejection percentage. In the last decade, the rejection percentage in terms of volume order has come down from about 5 per cent to a more nominal 1.5 per cent.

Going forward, Sanjay Kumar Gupta, CEO, Tirupur Exporters Association's E-Readiness Centre (TEA is an association for Tirupur based cotton knitwear exporters), would like to see manufacturers focus on further streamlining their operations and improve transparency – "It's not enough to invest in contemporary machineries. Proper systems must be put in place on a top priority basis, which must cover the complete supply chain. Then only can the industry face the competition from multinational corporation brands entering country and tap emerging opportunities, which will be aplenty considering that even today, India's total share in the global textile trade is minimal." A major step in this direc-

tion is the launch of a fully integrated software solution (cloud-based) in association with Wipro on Microsoft's Dynamics AX platform, which would address operations and processes across the garment industry, and thus help establish vital links between all the processes and stakeholders across the value chain. The system will be based on best practices of the industry. Small and medium units that cannot afford expensive high-end solutions will also reap a host of benefits at an affordable cost.

Testing times

Although good things are happening for hosiery manufacturers in India, in pockets in Uttar Pradesh and in Ludhiana, units are facing challenges on account of rising input costs. Prices of raw cotton and yarn have more than doubled in recent years, including prices of manmade fibres, necessitating finished goods price hikes of 30 to 50 per cent. Also, a 10 per cent excise duty on apparel, hosiery and made-up garments has been factored into prices of finished goods. Price rise can adversely impact domestic demand.

The country's third largest manufacturing centre in Uttar Pradesh is also battling financing woes, a power crunch and an increase in employees' dearness allowance to help them tide over inflationary trends. In Ludhiana as well, irregular power supply is preventing knitwear units from realising their production capacities. "Units are investing in automation as this helps enhance productivity – one machine replaces 15 hands. Introducing machines also makes sense since skilled labour is in short supply and wages are hovering around twice the normal rates. But power fluctuation has caused some units to suffer losses from malfunctioning sensors," observes Vinod Thapar, president, Ludhiana's Knitwear

Club and managing director, Ludhiana Integrated Textile Park.

Some of these problems are expected to be resolved once the Ludhiana Integrated Textile Park, coming up on

69 acres at an investment of around Rs 115 crore, is opened. Thapar sees room for many more such initiatives – "Such parks would ease out the textile units from the city and also help them in expanding their business. Parks would also help textile units learn about funds made available by the textile ministry under the

Technology Upgradation Fund Scheme (TUFS) and various other schemes.

We expect 85 small and medium sized units to shift into the upcoming park. Hopefully, the Ministry of Textiles will extend its Scheme for Integrated Textile Parks (SITP)."

Training manpower

Efforts are also underway to resolve the manpower shortages plaguing the industry. Overall, the textiles and clothing industry in India employs about 50 million people and provides a living to 8 per cent of the population. In south India, women dominate the workforce.

In order to ensure the industry does not suffer from want of trained manpower, sixteen institutions have been established in Tirupur. These educational centres offer both part-time and full-time courses. For instance, the NIFT-TEA Knitwear Fashion Institute offers courses in knitting, fashion-designing, merchandising, apparel manufacturing and management. It is estimated that 4 out of 5 of the 200 students who graduate every year are absorbed by the local industry. Other institutions include ATDC-Tirupur, PSG College of Engineering, Institute of Chemical Engineering at Erode, Tamil Nadu Engineering College in Coimbatore etc. A graduate course in Fashion and Apparel Design is also on the anvil in Bharthiyar University.

50
Million:
People employed in the
textile sector

FACTS & FIGURES

Global knitwear exports in 2010:

US\$ 144.7 bn

Indian textile exports in 2010: **US\$ 20 bn**

Indian knitwear exports in 2009: **US\$ 5.19 bn**

Largest importers of knitwear: **USA and Western Europe**

Largest exporter of knitwear: **China**

7th largest exporter of knitwear: **India**

Average price per item of clothing exported from India: **US\$ 2.4**

Key apparel knitwear exports: **Men's T-shirts, embroidered and sequined ladies tops, sportswear, jogging suits, night suits, and boxer sets.**



SOURCE: ANNUAL REPORTS OF THE MINISTRY OF TEXTILES

In West Bengal, the Apparel Export Promotion Council has lent its existing training facilities in Kolkata to workers in the hosiery sector. Thapar looks forward to the commissioning of the first institute to train local hands for the knitwear industry in Ludhiana – “Following this, we would like to expand facilities for more girls to come forward and join the industry.”

Luxury knitwear

As the domestic knitwear market matures, more overseas brands are expected to see benefit in entering the country’s competitive yet extremely lucrative market. According to Abhay Gupta, executive director, Blues Cloth-

ing Company Ltd., “Luxury knitwear made of fine blends like cashmere-merino, silk-merino, and silk-merino-cashmere is seeing wider acceptance. Demand is also growing for heavy warp knits. Consumers are developing more refined tastes and are ready to experiment with the latest trends and fads set out by the fashion industry.”

With his finger firm on the pulse of the Indian knitwear market, Gupta aims to tap the growing segments of the sector. Last year, he introduced the country to John Smedley, the two centuries old luxurious fibre composed British knitwear brand. The launch came on the heels of the debut of other top brands like Damat, Tweens and

ADV. Besides the fact that consumers are growing more luxury knitwear brand conscious, Gupta’s strategy is based on the understanding that high end customers seek an entire range of premium goods, made of a variety of fibres and fabrics, under one roof. Hence, John Smedley is presently being retailed from his company’s multi brand luxury retail chain Blues Galleria. With the passage of time, the luxury segment will mature – already, John Smedley is growing at 40 per cent per annum. Then, Gupta believes brands like John Smedley will see merit in retailing from stand-alone stores.

From the looks of it, many well-knit success stories are in the making. ■

INFRASTRUCTURE

Rock Solid

As private sector's role in infrastructure spending rises, the economy gears up for a renewed phase of rapid and planned development. BY SANGEETA SHAUKAND.

Last year, prime minister Manmohan Singh had said India needs to double its spending on infrastructure to more than US\$ 1 trillion in the Twelfth Five Year Plan to achieve 10 per cent of annual growth rates. The bulk of this new investment would be from the private sector, he had said while speaking at a conference on ‘Building Infrastructure: Challenges and Opportunities.’ According to the department of industrial policy and promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes, attracted a cumulative foreign direct investment (FDI) of more than US\$ 9 billion



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from April 2000 to October 2010 and approximately US\$ 716 million during April-October 2010.

In its mid-term appraisal of the 11th Five Year Plan (2007-12), the planning commission assessed the investment in infrastructure, and revised the projections of investment for the entire plan. Compared to INR 9,19,225 crore during the Tenth Plan, the revised projection of investment for the Eleventh Plan is INR 20,54,205 crore.

In a document released early this year, the infrastructure secretariat of the planning commission said larger-than-anticipated investments in telecommunications and in oil and gas pipelines had pushed the investments up.

In the major infrastructure sectors of electricity, roads & bridges, telecommunications, railways, ports, airports, irrigation, water, sanitation, storage and oil and gas pipelines), the actual investment during the last two years was higher than anticipated. During the Tenth Plan, about 25 per cent of the total investment in infrastructure came from the private sector. This could touch 36 per cent during the Eleventh Plan, the paper said.

India had spent 5.15 per cent of the GDP on infrastructure in the 10th plan. In the current plan ending next year, this investment will exceed 7.5 per cent, marking a significant shift in favour of infrastructure. Except in some sectors, the overall performance of infrastructure during the Eleventh Plan compares well with the initial targets after

accounting for the impact of the global financial crisis.

To take its investment on infrastructure up to nearly 10 per cent of its GDP, India will need to double its spending to INR 41,00,000 crore (US\$ 1.25 trillion) during the twelfth Plan, from 2012 to 2017, said the document, echoing what the prime minister had said at a conference on infrastructure last year. This would have to be a key priority area in the 12th Plan in order to sustain and support the targeted growth in manufacturing, agriculture and services. In the Eleventh Plan, the government addressed investments in infrastructure, targeting a growth rate of 9 to 10 per cent in GDP over the next decade. For that, it estimated that it would have to raise the investment in physical infrastructure from 5 per cent of GDP in the Tenth Plan to 9 per cent, by 2011-12. This meant an investment of INR 20,56,150 crore (US\$ 514.04 billion), said the planning commission document.

The planners also estimated that the contribution of the private sector in this investment would rise from about 20 per cent in the Tenth Plan to about 30 per cent in the Eleventh Plan.

In telecommunications, the investment is expected to be INR 345,134 crore, 1.3 times higher than estimated. Railways have opened up container movement to competition and 16 entities have been granted concessions

for operating container trains. The ministry of Railways has identified 50 stations for development as world class stations through public-private partnership (PPP). Other important projects

under PPP include: system installation, including supplying rolling stock and operating the airport express line for the Delhi metro rail corporation; two lines in the Mumbai Metro project; the Hyderabad metro rail project, and; the Bengaluru high speed rail project. The investment in Eleventh Plan is now projected at INR

36,138 crore. Both public and private investments in airports are likely to increase. Private investment is expected to contribute INR 23,155 crore which is more than 64 per cent of the total investment in airport infrastructure. The investment in oil pipelines alone during the Eleventh Plan is projected at INR 108,190 crore.

In a paper last year, the Secretariat for Infrastructure said that 39 PPP projects of national highways with an investment of INR 13,698 crore had been completed by the end of 2009. The paper, 'Compendium of PPP Projects in Infrastructure,' also said that 23 such projects in the port sector with an investment of INR 5,762 crore had been completed in that period.

For overseeing and policy making, the the secretariat for infrastructure in the planning commission initiates policies to ensure infrastructure projects are completed on time and adhere to the highest standards of quality. It also makes policies to develop structures that maximise the role of PPPs. The secretariat monitors the progress of key infrastructure projects to ensure they are completed within targetted budgets.

On the policy front, last year, the government set up of the National Transport Development Policy Committee to assess the transport requirements of the economy for the next two decades and recommend a comprehensive

7.5%
of the GDP to
be spent on
infrastructure
in 12th Plan.

To take its investment on infrastructure up to nearly 10 per cent of its GDP, India will need to double its spending to INR 41,00,000 crore (US\$ 1.25 trillion) during the 12th Plan, says Planning Commission document.

and sustainable policy for meeting the transport requirements. To streamline and simplify the appraisal and approval process for PPP projects, the government has constituted a high power public private partnership appraisal committee, which had approved 192 projects with an estimated project cost of INR 162,550 crore by May 2010.

India has an extensive road network of 3.3 million kms - the second largest in the world. Roads carry about 61 per cent of the all the freight and 85 per cent of all the passenger traffic. The National Highways, with a total length of more than 66,000 km, serve as the nation's arterial network. The national highways authority of india (NHAI) is currently four-laning the nearly 5,850

km long Golden Quadrilateral connecting Delhi, Mumbai, Chennai and Kolkata.

The government recently cleared the restructuring of the US\$90 billion Delhi-Mumbai Industrial Corridor, or DMIC, after months of inter-ministerial consultations. The corridor is the largest PPP infrastructure project and includes nine mega industrial zones of about 200-250 sq km, a high-speed freight line, three ports, six airports, a six-lane intersection-free expressway connecting Delhi and Mumbai and a 4,000-MW power plant.

The 1,500-km long corridor will run across the states of Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra. ■

POLICY ON THE ANVIL

Anand Sharma, Union Minister of Commerce, Industry and Textile, said recently that the government will soon announce a national manufacturing policy to create huge industrial zones nationwide. It aims to create 100 million jobs and raise the share of manufacturing from 15 per cent of GDP at present to 25 per cent by 2020. "We propose to set up 4-5 national manufacturing investment zones as greenfield integrated industrial townships with world-class infrastructure, financed by the central government in partnership with respective state governments, and with a competitive regulatory environment for attractive investments," the minister added.

SPORTS GOODS

Sporting times

Indian sports goods manufacturers are making every move to corner a bigger share of the global trade. BY CHARU BAHRI.

Most sports goods made in India are the creation of skilled craftsmen who trace their roots to Sialkot, in present day Pakistan. Sialkot used to be well known for its sports goods, so much so that the products were exported, even way back in 1885. These craftsmen migrated to India during the partition and the majority settled down in Jalandhar, in Punjab, a city that is still the hub of the Indian sports goods industry although Meerut in Uttar Pradesh also boasts of a fair share of the sports goods pie. Gurgaon, Delhi, Mumbai, Kolkata, Chennai, Bangalore, and the state of Jammu &



PHOTO BY PHOTOS.COM

Kashmir are other places where sports goods are manufactured in India.

Industry structure

Of the 300 odd items manufactured by the sector, the industry is best known for the score or two products that are most in demand. Some of these are inflatable balls used for volleyball, rugby and basketball; hockey sticks and balls; cricket bats and balls; boxing equipment; fishing equipment; indoor games like carom and chessboards and various types of protective equipment used by sportspersons. About 60 per cent of the items produced make their way overseas. India exports sports goods to 143 countries, including developed nations like UK, USA, Germany, France and Australia, to name a few. More than half of the industry's exports are sourced from Jalandhar.

It is appreciable that the Indian sports goods industry has made it big in spite of being largely concentrated in small-scale units. Still, being predominantly a cottage sector means that smaller players do not possess the resources to effectively market their produce overseas. Although some family-run unregistered units located in urban pockets in Jalandhar are content accepting jobs outsourced by bigger firms, other small-scale manufacturers believe that direct access to markets would help them grow. Such players are making the most of government schemes aimed at assisting export units reach out to more clients and drive exports north by participating in trade shows.

Government support

ISPO Munich, a trade fair in Germany, is said to be the largest annual event for sports goods manufacturers to showcase their wares and negotiate with potential clients. India was well represented at the event in February 2011 as representatives of export-oriented units received assistance under the government's Market Access Initiatives (MAI) scheme to attend the show. This export promotion scheme supports market-

ing endeavours aimed at furthering overseas trade ties and initiatives aimed at enhancing exports by accessing new markets or increasing the share in the existing markets. As such, it supports the opening of showrooms and warehouses, the organisation of trade festivals, national-level participation in major international trade fairs, displays in international departmental stores, publication of catalogues, publicity campaigns and brand promotion activities, research and product development, etc.

Meerut-based former sportsperson now turned sports goods provider Praatek Malhotra of Priam Sports appreci-

ates government efforts to help market products abroad – "Overseas travel and marketing is quite expensive. Government grants are helping us reach out to new clients." He also hopes to participate in shows coming up later this year, Sports Source Asia 2011, scheduled to be held in Hong Kong in October and ISPO 2011. Assistance to participate in these events will be routed through the Marketing Development Assistance (MDA) scheme, also a government programme operating through the Department of Commerce to support exporters and Export Promotion Councils (EPCs) in taking up export promotion activities abroad.

In India, the Sports Goods Export Promotion Council (SGEPC) is the apex industry forum and government sponsored organisation working for the promotion of exports of sports goods (and toys). The SGEPC brings the country's leading manufacturers and exporters of sports goods on one platform. It facilitates interactions and exchanges between members; organises trade promotion activities; disseminates information on market intelligence and trends, standards, specifications, quality and design through workshops and newsletters; and functions as a link between the industry and the government. Overseas events organised by the Council last year helped make inroads in new and upcoming markets, and promote the Indian industry in established international markets. An exhibition "SOCCEREX" was also held in South Africa, to coincide with the country's hosting the FIFA World Cup 2010, to enhance India's presence in that important target market.

FACTS (FOR 2009-10)

Top 5 export markets: **UK, USA, Australia, South Africa and France**

Top export market: **UK, with a share of 27 per cent**

Share of top 10 markets in exports of sports goods & toys: **More than 83 per cent**

Top 5 items exported: **Inflatable balls, cricket equipment, boxing equipment, hammocks and general exercise equipment.**

Contribution of top 5 items in total exports of sports goods: **Around 60 per cent**

Items registering growth: **Boxing equipment, cricket equipment, table tennis equipment and general exercise equipment.**

Items with largest share in exports: **Inflatable ball (26 per cent), cricket equipment (18 per cent), boxing equipment (8 per cent), hammocks (8 per cent) and general exercise equipment (7 per cent).**

SOURCE: SGEPC



Total exports of sports equipment from India

2009-10: **US\$ 115.68 mn**

2010-11: **US\$ 134.08 mn**

SOURCE: SGEPC

Innovative trends

Participating in international trade fairs helps manufacturers better understand the needs of overseas clients and accept orders for items traditionally exported as well as new products. This in turn widening the ambit of the Indian sports goods sector. For instance, some Indian manufacturers are now making

training equipment used for all kinds of games. "Most of these are custom orders. Items are manufactured to meet the exact specifications given by overseas clients," observes Anup Anand, partner at Anandco Sporting Corporation. Malhotra also sees immense scope for newer products like table tennis and golfing equipment to be custom made for overseas buyers.

With a little push, the Indian sports goods industry could also cater to products used in adventure sports that are more popular overseas, such as skiing, mountain climbing, winter sports, water sports, skating, etc.

Players venturing into newer avenues are embracing new technologies and methods to ensure they stay competitive. One noticeable trend is the move towards mechanised manufacturing. Items traditionally made by the Indian sports goods industry necessitate highly skilled labour. Cricket bats, for example, can only be made by skilled craftsmen who understand how to get the right cut, angle, polish etc. "But newer products such as goal posts and tackling shields used in rugby, which are being manufactured on demand for overseas customers can be made by machine," adds Malhotra.

In the future, it is expected that the industry may face a shortage of skilled labour. Some manufacturers may then see more value in focusing on product lines that can be made by machine. "As it is, efforts to train local unemployed youth in the desired skills are yet to bear much fruit," observes Arvind Singh Rana, partner, Ranson Sports Industry.

Scaling up

Greater mechanisation in the production of sports goods may necessitate a shift from the cluster-centric structure seen in Jalandhar city. Already, entrepreneurs setting up modern units with mechanised production systems are

shifting out of congested areas like Basti Nau and Basti Daneshmandan even though some are retaining an office in the traditional locations. Larger establishments are also

being seen to be going all out to make their operations more self-sustaining. Some are moving away from the traditional method of outsourcing a few processes to smaller firms and opting to make everything in-house. To a certain extent, cutting out outsourcing is helping bigger firms save on costs

and ensure they can stay afloat in these competitive times.

With their eye focussed on the global market, a few players are taking a cue from the guidelines of the Sports Goods Manufacturers and Exporters Association, a registered body representing about 45 firms boasting of a share of 90 per cent of the country's sports goods exports and half of the domestic market too. "There are benefits to be achieved from adopting standards like CE marking for protective equipments and going in for ISO certification. The latter can give players an edge in the European and American market but not necessarily in other countries," adds Rana, whose own unit is ISO-9001:2008 and D&B Credibility rated.

A field survey of 100 units conducted by the National Productivity Council as part of a study looking at the competitiveness of the Indian sports goods industry found that close to 6 out of every 10 manufacturing outfits had acquired ISO certifications. Also, more than half of these were of the opinion that the standards or accreditation is helping boost their business. Standardisation would help India emphasise its sports goods offerings as being a combination of quality and price. According to Rana, "Our products are not cheap, so we do tend to miss out on opportunities to sell to overseas chain stores catering to mass markets.

143
Number of countries to which India exports sports goods.

PERCENTAGE CHANGE IN ITEMS EXPORTEDS (2010-11 ON 2009-10)

Inflatable balls:	22.03
Cricket bats:	8.54
Boxing equipment:	-0.51
General exercise equipment:	14.80
Protective equipment for cricket:	21.28
Hammocks:	-10.31
Nets:	20.23
Inflatable balls accessories:	-13.64
Toys & games:	99.61
Cricket & hockey balls:	22.44
Bladders:	57.22
Protective equipment for inflatable balls:	33.35
Puzzles:	10.59
Table tennis tables:	1.39
Rubber foam toys:	92.41
Carrom board:	-24.72
Fishing equipment:	-3.85
Protective equipment for hockey:	11.95
Chess set:	2.62
Table tennis accessories:	-22.42
Hockey sticks:	1.07
Garden games:	113.11
Magic games:	-16.69
Sportswear:	-65.27
Golf balls:	-90.45
Tennis balls:	15.03
Sports badges & insignias:	65.91
EPNS Sports trophies:	112.09
Racquets:	-71.63
Other items:	18.39

SOURCE: SGEPC

In spite of being of secondary quality, Chinese products score higher than us for such end-users due to their (low) price bracket. They are the undisputed favourites of chain stores."

As far as serving bulk markets is concerned, Tilak Khinder, regional director, Sports Goods Export Promotion Council points out, "India badly needs technical collaborations that would help it enter mass markets like China has. We lag countries such as China, Taiwan and Thailand in mechanised production methods. Mechanisation, especially automated production lines would open up new overseas markets for the Indian sporting goods sector. Demand

for moulded, pasted and machine-stitched soccer balls, volley balls, basket balls, tennis balls and tennis racquets is also on the rise in the domestic market. Mechanisation would help meet this demand.” Khinder sees immense scope for investors bringing such automation to the country. For mechanisation to be successful, the country also needs a sufficient supply of top quality raw materials like PU, TPU, butyl and synthetic bladders. Then, India could take on its competitors, neighbouring Pakistan and China, and Thailand, and compete on both price and quality.

Joint ventures

According to Rajan Mayor, managing director, Mayor International Limited and vice president, Asia, World

“... nowadays Indians are becoming health and fitness conscious and more people are taking to playing sports than ever before.”

Federation of Sporting Goods Industry, and director (COA member), Sports Goods Export Promotion Council, “India has not had the reputation of being a sporting nation but nowadays Indians are becoming health and fitness conscious and more people are taking to playing sports than ever before. In this environment, there is scope for

more joint ventures to produce sports items to serve the domestic market.” As more brands join heavyweights like Nike, Reebok and Adidas, the country’s brand conscious consumers can look forward to being wooed by new names. Most industry players are of the opinion that India is slowly inching its way to the goal post. ■

MACHINE TOOLS

Geared Right

One of the fastest growing segments of the manufacturing sector in India. BY SANGEETA SHAUKAND.

According to an Exim Bank of India report ‘Indian Capital Goods Industry - A Sector Study’, the machine tools sector is one of the important segments of the capital goods industry in India. The sector is recognised as a provider of cost-effective high quality lean manufacturing solutions. The sector manufactures almost the complete range of metal-cutting and metal forming machine tools. Customised in nature, the products from the Indian basket comprise conventional machine tools as well as computer numerically controlled (CNC) machines.

There are other variants offered by Indian manufacturers too, including



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special purpose machines, robotics, handling systems, and TPM-friendly machines. Being an integral sector, growth of the machine tools industry has an immense bearing on the entire manufacturing. The machine tools industry can be divided into metal cutting and metal forming sectors. The metal cutting sector can be further classified into conventional and computer numerically controlled (CNC) machines, while the metal forming sector can be segregated into conventional and numerically controlled (NC) machines. Some commonly used metal cutting machines include electrical discharge machining systems (EDMS), machining centers, lathes and automats, boring, milling, drilling, grinding, honing and polishing machines, total NC machines and so on. Metal forming machines include bending, folding, straightening, flattening machines, punching and/or shearing machines, die casting machines and others.

In India there are about 450 manufacturers manufacturing complete machines, or their components. There are 150 units in the organised sector. Almost three-fourths of the total machine tool production in India is contributed by 10 major companies in this industry. The industry has an installed capacity of over INR 10 billion and employs a workforce directly or indirectly totaling 65,000 skilled and unskilled persons.

The hub of manufacturing activities is concentrated in Mumbai and Pune in Maharashtra, Jalandhar and Ludhiana in Punjab, Ahmedabad, Baroda, Jamnagar, and Rajkot in Gujarat, Coimbatore and Chennai in Tamil Nadu, Bengaluru and Mysore in Karnataka, and some parts of eastern India.

All the global leaders namely Makino, DMG, Yamazaki, Haas, Trumpf, Daewoo, Agia Charmilles and Schuler are present in

India either through their marketing agents, technical centers, service centers or assembly centers.

According to the department of Heavy Industry, the total market size of this sector stands at INR 5,212 crore. The consumption level for India is around US\$ 1 billion, thus being the 11th largest consumer of machine tools.

World export of machine tools is estimated to be over US \$ 40 billion in 2007, a growth of 18% over the previous year. The Indian machine tools industry has been successful in developing the ability to design and produce special purpose machines for customers in almost all industry segments. A number of machine tool builders now cater to the requirements of the automobile, consumer and defence sectors. In fact these machines are very price competitive compared to imported equivalents.

Indian-made machine tools are currently exported to over 50 countries; the major ones being the United States, Italy, Germany, the SAARC countries and the Middle East. Lathes and automats, electro-discharge machines, drilling, machines, and machining centres formed the bulk of export orders for Indian manufacturers.

In 2002, the government launched the National Programme for Development of Indian Machine Tool Industry (NPDMI) to strengthen the competitive position and technological and market development capacity of manufacturers and to establish the 'Made

in India' label in machine tools. The government worked with United Nations Industrial Development Organisation (UNIDO), Exim Bank and the Indian Machine Tools Manufacturers Association (IMTMA) to design the programme.

According to a report by consulting firm IMaCS Virtus Global Partners, India

ranks 17th in production and 12th in the consumption of machine tools in

CLASSIFICATION

1. Based on how the metal is shaped, the industry can be classified into metal cutting machines and metal forming machines.
2. Based on how the tool selection or movement is controlled, the industry can be classified into – CNC machines and conventional machines. CNC machine tools, which are highly productive and cost effective, comprised nearly 60 per cent of the machine tools produced in 2007-08.
3. Based on the usage purpose, the industry can be classified into – general-purpose machines and special-purpose machines.



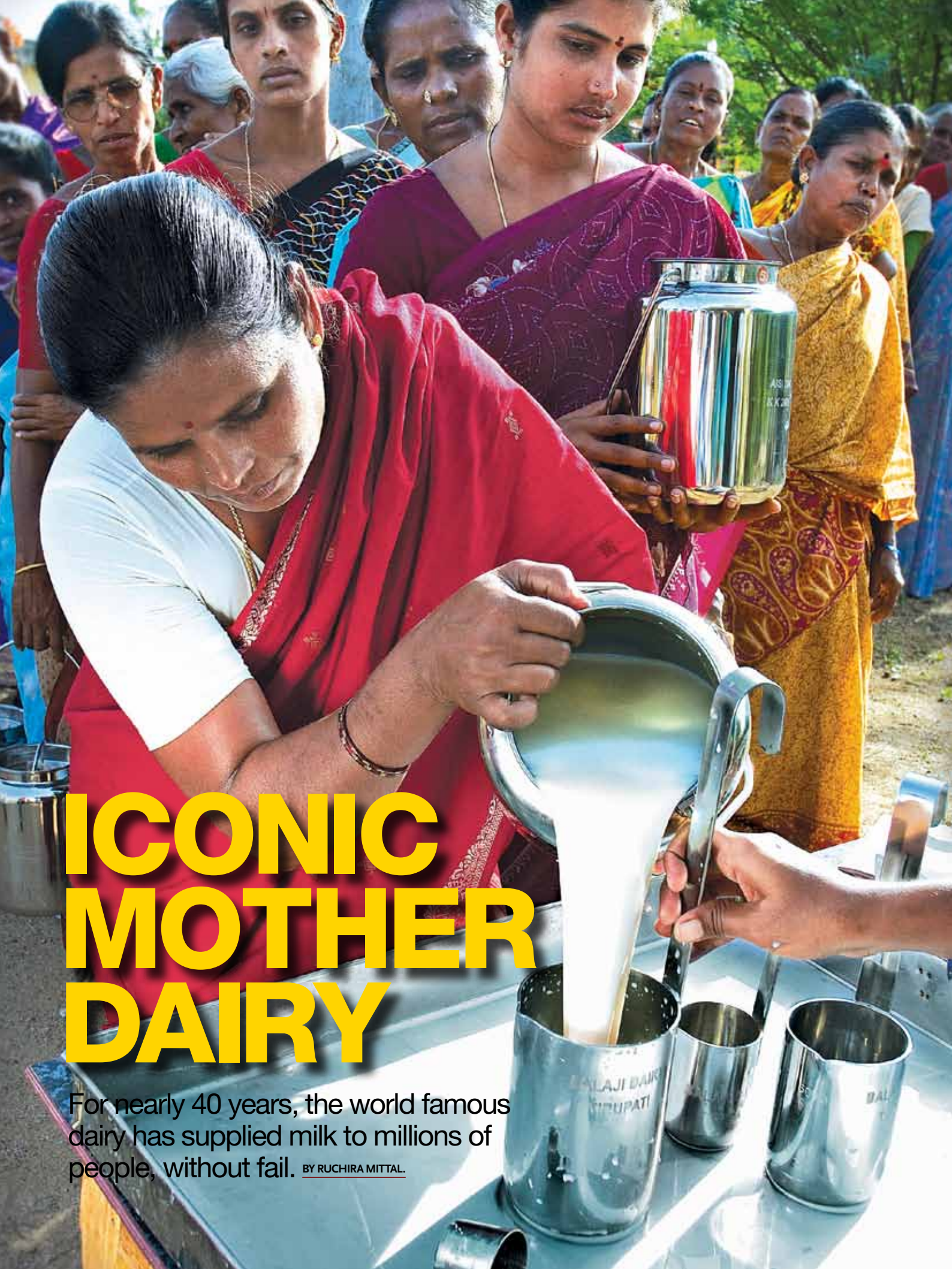
SOURCE: ANNUAL REPORTS OF THE MINISTRY OF TEXTILES

the world. Quoting US government research figures, the report 'Indian Machine Tools Industry- Opportunities for US Companies', said India is set to become a key player in the global machine tools industry and is likely to see substantial highend machine tool manufacturing.

Ten major Indian companies constitute almost 70 per cent of the total production. The public sector Hindustan Machine Tools Limited (HMT) alone accounts for nearly one-third of machine tools manufactured in India.

The user sectors of machine tools are: automotive, auto ancillaries, railways, defense, agriculture, steel, fertilisers, electrical, electronics, telecommunication, textile machinery, ball & roller bearings, industrial valves, power-driven pumps, multi-product engineering companies, earth moving machinery, compressors and consumer durables like washing machines, refrigerators, television sets, watches, dish washers, vacuum cleaners and air conditioners. ■

33%
Contribution
of HMT to total
production
of machine
tools in India.



ICONIC MOTHER DAIRY

For nearly 40 years, the world famous dairy has supplied milk to millions of people, without fail. BY RUCHIRA MITTAL.

Mother Dairy is to India what perhaps Nestle' is to Switzerland and Europe. Before the crack of dawn, come rain or sunshine, Mother Dairy trucks carrying litres of fresh milk are zooming across highways and into sleepy cities, to make sure that when you wake up, your morning cup of tea is fresh and heart warming. Your clocks may fail you, but the vending machines at Mother Dairy work with clockwork precision, day after day.

Mother Dairy has changed the way India buys its milk, by steadily winning the trust and loyalty of its customers since its inception in 1974.

It is no wonder then that Mother Dairy Fruit and Vegetable Private Limited is an INR 4,710 crore (US\$ 1 billion) company.

A wholly owned company of the National Dairy Development Board (NDDB), Mother Dairy is a leading manufacturer of dairy products and processed foods. Its well established brands such as Mother Dairy, Safal and Dhara have become a part of life across millions of households in Delhi and its neighbourhood. The company supplies two-thirds of all the milk Delhi needs every day, a whopping 2.5 million litres. It distributes the milk through 1,400 retail outlets, more than 1,000 of them exclusive to Mother Dairy.

Beside having the giant share of the market in Delhi, Mumbai, Saurashtra and Hyderabad, the company straddles the world stage with exports to over 40 countries. It exports high quality tropical fruit pulps and concentrates to the US, Europe, Middle East, Russia and the Far East, among others. Its list of multinational clients is impressive and includes soft drink giants like Coke and Pepsi and fast moving consumer goods (FMCG) behemoths like Unilever.

The company's primary

Mother Dairy supplies two-thirds of all the milk Delhi needs every day, a whopping 2.5 million litres. The company distributes the milk through 1,400 retail outlets, more than 1,000 of which are its own.

brand Mother Dairy manufactures, markets and sells milk and milk products. When you add the territories of Delhi, Mumbai, Saurashtra and Hyderabad, the company sells a total of 3.2 million litres of milk daily, making it Asia's largest liquid milk brand.

In 1996 Mother dairy introduced ice-creams. But when it came up with yogurt, flavoured milk, lassi and the dessert mishti doi, the market responded really well. So while the product portfolio has been growing, Mother Dairy, too, is planning to expand.

In liquid milk, the company concentrates on four markets - Delhi, its home ground; the Junagarh region and Ahmedabad in Gujarat; Mumbai; and Hyderabad. In Mumbai, where the liquid milk market is close to 420,000 litres a day, the company supplies 170,000 litres. In Hyderabad, Mother Dairy has a 15 per cent market share. To feed its huge requirement, the company sources milk from state level co-

operatives and its own new generation co-operatives (NGCs). At the bustling collection centres within easy reach of villages, basic parameters for quality control of the produce are in place. Special refrigerated tankers ferry the checked and tested milk, rigorously maintaining a temperature of less than 4 degrees Cel-

cus at all times - ideal for transporting milk. Before the milk reaches the customer it reaches the various Mother Dairy plants, where microprocessor-based machines process it and test it at 21 levels of quality control. Untouched by humans, the milk undergoes filtration, clarification, pasteurisation, chilling, filling, packing and storage. The equipment is regularly cleaned and sanitised using automatic Cleaning in Place (CIP) systems.

But there is more than milk that comes from Mother Dairy: its butter, processed and cottage cheese, yogurt, ghee, probiotic products, and desserts like mishti doi are among a whole range of high quality products.

Mother Dairy ice creams have caught the fancy of the consumer, occupying nearly 62 per cent of the market share in Delhi and its neighbourhood.

Its brand Dhara manufactures a range of edible oils and Safal has become synonymous with fresh fruits and vegetables, frozen vegetables and fruit juices.

Through more than 250 well-constructed retail outlets in leading residential colonies of Delhi and its neighbourhood, Safal sells an average of 300 tonnes of produce every day. The company's central distribution facility in the capital handle and process 200,000 tonnes of fresh fruits and vegetables annually.

Safal also has retail outlets in Bengaluru under the brand name of Safal

3.2
million litres:
total milk
Mother Dairy
supplies all
over India,
every day.

Daily Fresh. Safal also exports grapes, banana, gherkins and onions as well as fruit pulp, concentrate, frozen fruits and vegetables to all the 40 countries that the company does business with. A fruit processing plant set up in Mumbai in 1996 has the capacity to handle 15,000 tonnes annually. This plant supplies quality products for the international market. To meet increasing demand, the company set up another state-of-the-art fruit processing plant in Bengaluru. This plant has the capacity of handling 50,000 tonnes of fruit annually. What makes the Safal experiment unique is the indigenous way in which Mother Dairy has been able to

develop the system. The plans for Safal took shape after a group working on perishable agricultural commodities suggested changing the traditional supply chain management of fruits and vegetables, eliminating middleman and streamlining the pricing structure. Dhara, a leading brand of edible oils, is marketed by the Mother Dairy and is available across the country at more than 200,000 outlets. Dhara is available as refined vegetable, soybean, sunflower, rice bran, mustard and groundnut oil. Packed in high quality food grade materials, Dhara products undergo sophisticated quality assurance tests to ensure that the packages and their contents stay fresh and uncontaminated through punishing journeys covering the length and breadth of the nation.

While Mother Dairy sources large volumes of liquid milk from dairy cooperatives, farmers and grower associations happily supply fruits and vegetables. Oil seed grower cooperatives also benefit as Mother Dairy markets the entire range of Dhara products across the nation. The farmers and milk producers receive market prices by supplying quality milk, milk products and other food products to the customers. The prices are com-

petitive and at the same time uphold institutional structures and processes that are equitable. This strengthens the hand of the farmer working in the fields and villages and empowers him.

Mother Dairy hence effectively bridges the gap between the farmer who produces in the villages and the people in the cities who buy his produce.

Not satisfied with just producing and marketing traditional food items Mother Dairy launched its Innovation Centre in April 2010 situated at Delhi. This is the first of its kind in India and is dedicated to the development of healthy & nutritious ready to serve Dairy and Horticulture products. So in keeping with the consumer demands of newer and better Mother Dairy rolls out delicious, Mishti Doi, Bottled Lassi and Tadka Chach besides Nutrifit, Indian Classics, Western Classics and Dietz Sugar Free. The endeavour is to delight the customer and bring smiles to faces through sensitive innovation.

Probiotic Dahi “b-Active” and Probiotic Drink “Nutrifit” are the other innovative health drinks produced at Mother Dairy. Constantly researching and improving their products, Mother Dairy enriched the ‘Probiotic’ products further by adding dietary fiber to achieve the Synbiotic effect and offer an even healthier option to the customer. Lic Lollezz which are loaded with Vitamin C and in flavours appealing to the taste buds of Indians have also been introduced in the market.

With a solid infrastructure, a strident marketing team and a robust distribution network to market the

best quality food products which are manufactured and packed at world hygiene standards Mother Dairy is set to rule the daily needs market. The cherry on the icing is that Mother dairy products are priced competitively too.

Even hardened traditionalists who believe that the

Dairy in India

- There are nearly 70,000 village dairy cooperatives across the country.
- The co-operative societies are federated into 170 district milk producers' unions.
- The industry helps give employment to 72 million dairy farmers.
- India has the world's largest population of nearly half-a-billion cows and buffaloes.
- Totalling more than 100 million tonnes, India is world's largest producer of liquid milk, ahead of even USA.
- The milk production in India is more than 60 per cent of Asia's total output.



best food is what is available in the open and through the trusted vegetable vendor and milk man concede that Mother Dairy is the best bet. Here the milk is unadulterated, the vegetables are fresh and hygienically packed at world class standards. The competitive prices reduce the stress of haggling. Mother Dairy has won the trust across generations and it is not an uncommon sight to see grandparents and grand children alike heading to a Mother Dairy booth.

The biggest strength of Mother Dairy has been the trust it has created in the minds of its consumers, and that has come from consistent hard work. It is safe to say that Mother dairy is a hallmark of punctuality, dependability, quality and innovation. ■

100
million tonnes:
India's total
annual
production of
liquid milk.

IndiaNow

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BUSINESS AND ECONOMY



INDUSTRIOUS

TOP CANADIAN COMPANIES THAT
HAVE SET UP OPERATIONS IN INDIA

INDIA-CANADA COMPREHENSIVE ECONOMIC PARTNERSHIP

AGREEMENT STUDIES SUGGEST IT WILL BOOST INDIA'S GDP BY
UP TO \$12 BILLION AND CANADA'S BY UP TO \$15 BILLION.

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Build
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leading Canadian
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in India.



STEWART BECK | CANADA'S HIGH COMMISSIONER

HARNESSING THE ENGINE OF GROWTH

The diplomat is upbeat about the prospects of bilateral trade zooming. BY SANGEETA SHAUKAND.

Q What will the Year of India achieve?

The Year of India in Canada was a great Indian initiative. It has helped to raise the profile of India in Canada and that of Canada in India. The month of June was a good example because it began with the global Pravasi Bharatiya Divas and ended with the glitzy awards ceremony of the International Indian Film Academy (IIFA), both in Toronto. In-between, there were other important events like the Innovation Summit, the Education Summit and also a Global Business Forum. These events brought the Canadian and Indian experts together.

For example, Toronto is a dynamic city and the presence of Indian businesses makes a big difference to an event. So when the IIFA awards ceremony was held there, a lot of people in the world saw Toronto for

what it is, but they also saw the importance of Bollywood as an industry for India. This glamorous event held in a vibrant city like Toronto raised India's profile. So, the Year of India is a great occasion for us to celebrate our strong bilateral relationship.

Q How does Canada see India, business-wise?

Canada sees India as an opportunity for economic collaboration. Canada is a trading nation and the US has been our main trading partner for many years. Not too long ago, it represented 87 per cent of our exports. The Canada-US trade is now down to about 75 per cent. So, there's been a big change in the last five to ten years.

I was in China from 1990 to 2003, in Shanghai. At the time, Canada was exploring the possibility of exporting wood to China. Canadian companies

were just beginning to learn the importance of the Chinese market. Now China is a big market for Canada. In fact, just recently, it became bigger than the US, in this segment.

So, if we take a look at the opportunities here in India, we're just beginning to realise that we can sell softwood lumber to India as well. India has permitted the entry of two pine species. We have sold almost US\$ 200 million worth of softwood lumber to India in the last year alone.

We are beginning to realise that given India's growth rate and that it is a democracy; there is a really good opportunity for us to contribute to India's growth by offering Canadian products and technology.

Q India and Canada are in talks to finalise the CEPA. How will CEPA change the business

landscape and by when do you expect it to conclude?

We call the Comprehensive Economic Partnership Agreement (CEPA) a free trade agreement. CEPA is really fundamental to building the trading relationship. Studies have concluded that it will boost India's annual GDP growth by up to \$12 billion and Canada's by up to \$15 billion. That will have a significant impact. Also, there is a certain optical dimension to having a free trade agreement. Companies will say: "We have a free trade agreement with India, let us explore that opportunity."

Q How will it change the business landscape?

One would assume that the tariff structure going both ways would drop considerably and it will open up opportunities in the sectors where the tariff rates are to change. There will be issues that we would like to see on the table, such as changes in the financial services sector. We have a very active, vibrant and successful financial services industry in Canada. We would like to be able to do more in India.

Another area is mining. We have excellent extractive industry companies and investors and we'd like to see if we can open that up to a degree with our Indian friends. On the Indian side, it is about the movement of people and that is something we will have to discuss.

If we are able to conclude an agreement that is satisfactory to both sides, it is hoped that we will see a more active and vibrant Indian financial services sector—most of Canada's major banks are represented in India in one form or another—and we will have a better way to



"...we need to bring more companies and engage them in this market, because their success will drive the statistics..."



manage the movement of people back and forth between the two countries. So, these are some good things that can change the business landscape.

Q The India-Canada bilateral trade is worth US\$ 5 billion annually. The aim is to treble it to US\$ 15 billion in the next 5 years. What will make that possible?

Again, having a free trade agreement will certainly work. As projected, hopefully, it will add US\$ 12 billion to the annual bilateral trade. But realistically speaking, what will really drive trade is having an engagement of companies both ways.

We've done some research on our own and realised that when it comes to the amount of bilateral trade, we probably do quite a bit more than just US\$ 2.5-3 billion. A lot of the trade between

DOSSIER

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Stewart Beck
- ▶ **DESIGNATION:**
High Commissioner
- ▶ **EDUCATION:**
BA, Bachelor of Physical & Health Education (BPHA) and MBA, Queen's University at Kingston in Ontario, Canada.
- ▶ **POSITIONS HELD:**
Joined the department of External Affairs and International Trade in 1982. Served in the US, Taiwan and China. Most recently, he was consul general in San Francisco, USA.

our two countries is routed through some third countries. That doesn't get translated into statistics. For example, Pratt and Whitney has an engine manufacturing plant in Montreal, Canada. Those engines don't get captured in the statistics of trade coming to India, because they are installed in aircraft coming from the United States or Europe. So, we probably have a larger bilateral trading relationship than what is registered. But what we need to do, and this is why I like to focus on companies, is that we need to bring more companies and engage them in this market, because their success will drive the statistics upwards.

One of the things that we at the High Commission are really working hard at is attracting more Canadian companies, particularly knowledge-based companies, to come and do business

in India, because the opportunities are really quite large.

So, that's the focus and that's where our effort is—client acquisition. The more companies we have in this market, the more the trade will go up.

As I mentioned earlier, we are working on a free trade agreement. We've already had two rounds of negotiations and our hope is that we can have a third in the next few months.

Our prime minister has basically put a timeline for us by saying that he would like the CEPA to conclude by 2013. It's an ambitious agenda and we just have to keep the talks going to achieve that goal..

What kind of sensitisation is the government of Canada doing to let more Canadian companies understand the opportunities that exist in India?

We have various organisations working on this activity. Firstly, we have regional offices across Canada. In my previous job when I was in Ottawa, I was responsible for those offices. They are out there talking to Canadian companies, educating them on global opportunities, and also opportunities in India. Certainly, India is at the forefront because it is receiving a lot of attention.

We have organisations like Export Development Canada (EDC) which is our Ex-Im Bank equivalent. They have their own domestic clientele and do a lot of education like we do, on market opportunities in India.

The Business Development Bank of Canada (BDC) is another institution in Canada that holds seminars and talks to its clients. They have more than 90 offices across the country and they are interacting with Canadian companies and letting them know what the opportunities are.

When I was in Canada in June, I spent two-and-a-half weeks going across the country. I was in Vancouver, Calgary, Regina, Toronto and Montreal. I talked to more than 200 Canadian companies about the market oppor-

tunities in India. And also, I talked to the CEOs of BDC and EDC, discussing ways to raise India's profile with the Canadian business community.

When I talked about India, I talked about the brand of Canada being a knowledge-based partner of India—it starts with academic research and goes up to high tech IT sector companies. Similarly, there are companies in the clean-tech sector and in the agricultural sector. We support not only the companies that sell Potash and lentils and pulses to India, but also companies that can do food processing and agricultural logistics.

So, we're getting them to understand that there are new types of opportunities here. Biotechnology of course is another big area; infrastructure is a huge one for us and of course, telecommunications and digital media. So these are the types of sectors that we will be focussing on, to help Canadian companies come and do business here..

Which are important sectors in this context?

Let me give you an example. This is a term that I picked up from the premier of the Canadian province of Saskatchewan, which I think is very relevant to India: "We'd like to be partner in the 'Now' economy." The Now economy focuses on areas such as food security

and Canada is well positioned to help in that sector. For example, India generates 70 per cent of the lentils that it requires. Of the 30 per cent that it imports, 80 per cent comes from Canada. We are a big provider on the lentil side. That's the Now economy.

When we partner with India for the "Next economy" we will try to bring additional benefits to the partnership. For example, Canadian lentils are highly nutritious. So we will try to bring in the technology to make Indian lentils more nutritious. We can collaborate with Indian partners, whether at the academic or business levels, to increase yields. Other areas of potential collaboration include radar and satellite information to help farmers in planting and harvesting their crops. Again, it's about using that technology to improve food security for India.

Clean technology is another example of the 'next' economy. Recently, nine Canadian companies attended the renewable energy show here. We have expertise in solar, wind and biomass energy. Again, when you talk about biomass, how you use the waste from crops that grow in a renewable way, are examples of the 'Now' and the 'Next' economies together. This is where Canada has opportunities to collaborate with India, because it's taking technology that we have developed over time, bringing it to India, and collaborating with Indian partners.

Our technologies tend to be expensive, they work in the North American environment. We have to find ways of bringing them into the Indian environment and converting those technologies so that they are affordable here. But more importantly, Canadian companies can work with an Indian partner and take those technologies into a third market where such opportunities exist, as well.

Elaborate upon the Canadian aim of investing in small and medium-scale enterprises.

Canada is a country of small and

"When you talk about biomass, how you use the waste from crops that grow in a renewable way, are examples of the 'Now' and the 'Next' economies together."

medium enterprises (SMEs). I think more than 90 per cent of the Canadian economic fibre is made up of SMEs. To be successful in a place like India, the companies have to come and partner and invest.

EDC, for instance, has financing tools and programmes that assist companies to come into India and set up. When we talk about investing in this market, it's about encouraging companies to come here, find a partner and invest in an office in the beginning, depending on the type of product.

How do we try to encourage companies to consider the Indian market? It's a long way to come to India and it's expensive for an SME. A ten-day exploratory business trip can cost at least US\$ 5,000, maybe more. What we want to be able to do is use technology—webinars, teleconferences and a variety of tools which will educate Canadian companies about the opportunities here.

Referring back to the renewable energy conference, after a very successful networking reception, I requested my staff to follow it up with a webinar and other communications. We have to find ways to go out and approach other companies in this particular sector so as to build on some of the successes of the companies that are already here. If you are a company in Canada and have never been to India, what you want to hear is from a company that has been here and has had a successful experience.

We are building a programme so that we can carry out education of companies on a sector by sector basis. Some of it is general but then you have to dig down deep into that particular sector.

Q What is the potential for collaboration in the manufacturing sector?

Canada has a very large automotive sector. We have the Big Three carmakers resident, all having assembly facilities in Canada. Honda and Toyota also have facilities in Canada. We have a large tier 1, 2 and 3 manufacturing



“If you are a company in Canada and have never been to India, you want to hear from a company that has been here and has had a successful experience.”

base. Now we see a lot of those companies coming to India and setting up facilities here. So, in that particular sector there is a lot of room for collaboration. The Indian automotive market is also growing dramatically.

We specialise in agricultural equipment in Canada. As crops develop and change and farming methods change, specialised equipment will be required.

These are two sectors where manufacturing opportunities exist.

I'd say it's probably a little more difficult for Indian companies to go and start manufacturing facilities in Canada but that too depends on what the sector is and what the capabilities are. Take a look at Jubilant Lifesciences, as an example, that is an investor in

Canada in the biotechnology sector and is developing products in a different type of manufacturing.

In terms of a policy framework, we have the North American Free Trade Agreement (NAFTA) and that gives Indian companies access to the large North American market. We are in the process of negotiating a CEPA with Europe and that will open up the European market, too, for Indian companies that invest in Canada. You are not just looking at a market of 34 million Canadian people, you are looking at a much larger market. And the advantages you have in Canada are that we are economically stable and have a banking system that's made it through the financial crisis unscathed..

Q What about opportunities in the educational sector?

We've doubled the number of MOUs in one year between educational institutions of Canada and India. And it's not just Canadian Universities, it's also community colleges. These colleges are a very important part of the educational system in Canada, with training at different levels.

Let's take a look at the growth in educational visas that we have issued. In 2008 we issued 3,000 visas, last year, we issued 12,500. There was growth in all categories but the really big growth was at the community college level. There is a requirement here that can be satisfied by the Canadian educational institutions and one of the things I am encouraging in my outreach across the country is that these community colleges should come and take a look at what they can do here in India. A lot of that work can be done here with the right kind of partner.

Again that would go back to what I would call the intellectual property and infrastructure combine—infrastructure can be provided by the Indian side, intellectual property, the course curriculum and a lot of the teaching, can come from Canada. It's really a good opportunity. ■

FEATURING EIGHT OF CANADA'S HIGH PERFORMANCE COMPANIES THAT HAVE BEEN OPERATIONAL IN INDIA FOR THE PAST SEVERAL YEARS.

1

Company:
McCain Foods (India) Pvt Ltd

Areas of Operation:
Frozen foods like potato fries. Also vegetables, desserts, pizzas, juices and beverages, oven meals, entrees and appetisers like chicken wings, chili-cheese nuggets, onion rings, rising crust pizzas and vegetable burgers



Interview with KS Narayanan,
Managing Director, McCain Foods India.

What prompted McCain to enter India in 1997?

Today, we find growing usage and acceptance for convenience foods in India. Also, potatoes form a significant staple in the diet of Indian families and there is huge consumption for both snacks and meals. The growth of organised grocery retailing and cold chain infrastructure further strengthened our plans for India.

How do your India operations fit into your global plan?

McCain is the world's largest producer of French fries and potato speciality products. It is a global leader in the frozen food industry with 53 operating facilities worldwide and generating annual sales of over US\$ 6.8 billion. McCain produces a wide range of frozen products that includes chips, pizzas, deserts, vegetables, fruits and beverages. Our products are marketed in more than 120 countries worldwide. In 1998, we began working with potato farmers in India under an extensive agronomy programme to identify the areas with best the potential for growing French fry quality potatoes (high on solids, low in sugar and the right size). We decided to focus on the potato growing areas in north Gujarat. In 2007, McCain Foods India set up a US\$ 25 million potato processing plant in Gujarat's Mehsana district. The plant manufactures our international range of products including Smiles, Super Wedges and French Fries, and India-specific products like Mazedar Aloo Tikki, Tandoori Vege Nuggets,

and Crunchy Potato Bites. McCain Foods India operates in three distinct segments:

Institutional sales – catering to quick service restaurants, hotels, restaurants, caterers and canteens. Retail sales- at modern trade outlets and shops selling frozen food products. Exports- our 'Made in India' products are well accepted in China, South Africa and South-East Asia.

Introduced in 2008, Aloo Tikki is the most popular of our local products. It is also gaining good acceptance in the retail and foodservice channel. We have also launched the McCain 3-minute Rice Idli which marked our foray into non-potato based frozen products in India.

Do you see an expanded role for your company in India in the next few years?

We are continuously evaluating growth opportunities in India. And today we are servicing customers in International and Domestic Quick Service Restaurants, Hotels, Restaurants, canteens and also Retail consumers. Further, we are constantly evaluating opportunities in Exports as well.

India has a vast agrarian practice, with opportunities in every stage, from ploughing to harvesting to marketing to transportation and financing. How do you plan to harness that opportunity in the years to come?

We would like to concentrate our efforts on building a sustainable potato supply chain and expanding the frozen food category in India. ■

2

Company:
SCOTIABANK

Areas of Operation:
Corporate and commercial services; trade finance and foreign exchange, facilitating exports and financing

Interview with **Sabi Marwah**,
Scotiabank Vice-Chairman & Chief Operating Officer

Q How has Scotiabank's engagement with India evolved?

We're the largest and most active Canadian bank in India, with a 30-year history here – we opened a representative office in 1982 in Mumbai, and now have a branch each in Mumbai, New Delhi, Coimbatore, Bengaluru and Hyderabad. We offer corporate and commercial services to major local and multinational customers, including trade finance and foreign exchange, facilitating exports and financing.

ScotiaMocatta, our precious metals division, is one of the country's largest dealers serving the domestic and export jewellery industry through a special licence granted by the Reserve Bank of India. In fact, we were recently recognised by the Bombay Bullion Association as Best Bullion Bank for the third year in a row.

Q What opportunities is the bank looking to tap in India?

The Canadian government has named India a priority market and is working with the Indian government to boost bilateral trade. Scotiabank is in a great position to facilitate this. We've been in Asia-Pacific for almost 50 years, and have good relationships with regulators and government officials. Our international network is a competitive advantage, and we have built a reputation as a stable, well-managed bank. Consulting firm Oliver Wyman named us as one of the top 10 most stable banks in the world during the 2008-09 financial crisis, and the World Economic Forum has just ranked Canada's banking system as the soundest in the world for the fourth year in a row.

Q Given the diversity in India, how does Scotiabank see itself catering to this diverse market?

Diversified business lines, geographies and people are at the heart of our business strategy. We are Canada's most international bank, with operations in more than 50 countries, and Canada is a diverse, multicultural country with large Chinese, Asian, Caribbean – and, of course, Indian communities.



We established a multicultural banking team in 2007 to strengthen relationships with Canada's diverse communities by connecting with immigrants and offering them customized products, multilingual services and special offers.

Cross-cultural leadership is also a unique competitive advantage for us, and a core competency for our leaders. It's important for our leaders to understand and effectively manage the different cultural elements that shape and support our working environment, our strategies and processes.

Q Talent and youth power are recognised factors integral to India's growth story. Could you share your views in the context of Scotiabank's experience in India?

The former CEO of Infosys, Nandan Nilekani, has commented on the unique "demographic dividend" India offers through its large, youthful population. The Indian government is investing in education by expanding and improving primary and secondary school facilities, and creating technical training institutions to channel this talent. Education is a pillar of Scotiabank's Bright Future programme, where we focus on enriching the communities we serve, and we support Canadian educational institutions' efforts to enhance learning opportunities for youth across our two countries.

From a business perspective, India's young, growing population makes it an extremely attractive market for us, particularly if we are eventually permitted to offer retail banking and wealth management services. In Canada and the Caribbean, we have many products and services specifically designed for youth and students, such as low-fee banking accounts and credit cards, and mobile banking apps. ■

3

Company:
**Bombardier Transportation
 India Ltd**
Areas of Operation:
**Business aircraft
 Delhi Metro engines**

SOURCE: WWW.BOMBARDIER.COM

Bombardier of Montreal, Canada, is a global industrial giant and one of the world's foremost manufacturers of aircraft and railway systems. The US\$ 18 billion company has two distinct lines of business: aerospace and transportation. Bombardier Aerospace is the world's largest producer of business and regional aircraft, including the world famous Learjet and Challenger series. If you have travelled by train you have probably enjoyed the comfort of one or more of the company's 100,000 rail cars and locomotives worldwide. Bombardier Transportation covers the full spectrum of rail solutions, from complete trains to sub-systems, maintenance services, system integration and signalling. At 69 centres in 23 countries, it employs more than 65,000 people to design, manufacture, sell and support its operations.



Bombardier Transportation has been in India for more than 35 years, supplying hi-tech electric engines to the Indian Railways. But it moved into the limelight two years ago, with the arrival of its sleek, highly reliable and hi-tech Metro rail engines and cars that criss-cross the New Delhi landscape. After the first batch of 36 from Germany, the rest have been manufactured at Bombardier's plant in Savli, near Vadodara in eastern Gujarat. Built for INR 200 crore (US\$ 48 million), it manufactures complete bogies from the ground up.

Bombardier has launched an environment friendly range of technologies that it calls ECO4—for its concerns about energy, efficiency, economy and ecology. ECO4 products halve the expenditure on energy, meeting the industry's demand for environmentally-friendly and reliable, yet cost-efficient products. From engines to traction mechanisms to power, fuel and air monitoring systems, these technologies make Bombardier's offerings highly eco friendly. ■

4

Company:
CUMMINS WESTPORT INC.
Areas of Operation:
**Heavy duty truck and bus
 engines that run on eco-
 friendly natural gas**

SOURCE: WWW.CUMMINSWESTPORT.COM

Based in seaside Vancouver, in Western Canada's picturesque British Columbia, Cummins Westport Inc. is a company focussed on the environment. It makes extremely high performance heavy-duty engines for trucks and buses that run on eco-friendly natural gas, instead of diesel. The quiet, low emission engines run on compressed and liquid natural gas as well as on the renewable biomethane. Made from organic waste, biomethane is highly purified methane and is said to be among the cleanest of biofuels.

According to Cummins Westport Inc., 30,000 of its engines are already in use worldwide. These engines power refuse, vocational and dump trucks, city buses, shuttles, school buses, street-sweepers, and delivery vehicles, among others. The engines meet the toughest emission regulations such as those of the U.S. Environmental Protection Agency (EPA), California Air Resources Board (CARB), and EURO.

Almost a decade ago, Delhi converted from diesel for its commercial vehicles to clean compressed natural gas (CNG). In 2008, Cummins Westport procured its biggest order to date: 3,125 engines for the Delhi Transport Corporation (DTC). For its fleet of buses, DTC had ordered more than 3,000 CNG-powered buses. Naturally, they would need CWI's B Gas Plus engines. Cummins Westport licensed the manufacture of the 230 horsepower engines to its Indian subsidiary Cummins India Limited (CIL), the country's leading manufacturer of diesel and natural gas engines for power generation and industrial and automotive markets nationwide. ■



5

Company:
MAGNA STEYR India (Pvt) Ltd
Areas of Operation:
 Full vehicle development, from sports cars to off-road vehicles, flexible assembly of vehicles, fuel tank components, modules and complete fuel systems, among others.

SOURCE: WWW.MAGNASTEYR.COM



Whether you drive a Porsche, Mercedes, Audi, or any other vehicle, you can be sure that Magna Steyr has played an important part in ensuring your drive is smooth. There isn't an automobile company, anywhere in the world, that doesn't use parts, systems and assemblies designed, manufactured and integrated by Magna Steyr. Its list of customers is the virtual who's who of the global automobile industry—from Mercedes to Mahindra, from

Toyota to Tata. It can make parts to complete vehicles, and from just a few cars to hundreds on the assembly line.

Magna Steyr's customers include Aston Martin, Audi, BMW, Ford, General Motors, Mercedes-Benz, Porsche, Volkswagen, Volvo, Tata, Mahindra and Mahindra, Ashok Leyland and the TVS group. Part of the Toronto-based 24 billion dollar global automotive parts giant Magna International Inc., Magna Steyr was formed in 2001.

Magna Steyr has established itself firmly in not just supplying automobile systems and sub-systems like body and trim, electronics, chassis and powertrain, door modules, fuel systems and roof systems, but also in manufacturing complete vehicles on contract. The company's services range from development to production, from the concept to the assembled vehicle.

In India, Magna is developing emission-compliant power train engineering, engine areas, rear axles and gear boxes. It has signed a business development and technical assistance agreement with Hindustan Motors Limited for developing drive train assemblies for the global recreation market. ■

6

Company:
OpenText
Areas of Operation:
 Enterprise content management, from document creation to presentation to publishing.

SOURCE: WWW.OPENTEXT.COM

In these times of information explosion, it is said that content is king. In the world of enterprise content management (ECM), OpenText is no less than king.

In this age of all-digital and increasingly all-online content, everything must be sorted, grouped, tagged and stored for online access, sharing, integration and broadcast—all these are what OpenText does, and so much more.

Set up in 1991 in Waterloo in southern Ontario, Canada, OpenText has become a global leader in ECM, helping organisations in 114 countries manage their business content. Last year, it earned a little less than a billion dollars in revenue. Through nearly 4450 employees, the company captures and preserves corporate memory, increases brand equity, automates processes, mitigates risk, manages compliance and improves competitiveness.

Its flagship product OpenText ECM has committed users across the globe, from car manufacturers to banks to the media to real estate giants to law firms. It helps companies deliver improved services, programmes and outcomes.

Mumbai's Chhatrapati Shivaji International Airport is India's busiest—it not only handles thousands of flights but also hundreds of faxes each month. As a result, there weren't queues just for taxiing planes, but even for sending and receiving faxes. But ever since the airport has implemented OpenText's RightFax paperless fax solution, "I don't see anyone standing around fax machines anymore," said Pankaj Srivastava, the airport's Information Technology manager, in an OpenText customer case study. Documents are now delivered directly to authorised users and fax machines and fax-related expenses have been eliminated. ■



7

Company:
SNC-Lavalin Engineering & Technology Private Limited

Areas of Operation:
 Engineering, construction, agrifood, pharmaceuticals, biotechnology, chemicals, petroleum, environment, heavy construction, mining, power and water management.

SOURCE: WWW.SNCLAVALIN.COM

SNC-Lavalin is a group of companies with global leadership in engineering and construction services. The 100-year old Montreal-based company builds airports, bridges, container ports, ferry terminals, flood control systems, health care facilities, mass transit systems, railways and roads worldwide. It also provides engineering, procurement, construction, project management and project financing services to companies in agrifood, pharmaceuticals and biotechnology, chemicals and petroleum, environment, heavy construction, mass transit, mining and metallurgy, power and water management.

Its core expertise is in making bridges of all kinds. Its services cover a bridge's entire life cycle, from concept to design, construction, service and eventual demolition. A division of the SNC-Lavalin Group, the highly diversified SNC-Lavalin India specialises in all major disciplines of engineering, instrumentation, materials and stress analysis. It employs 1,100 people nationwide. Its pharmaceuticals

division provides solutions to pharmaceutical, biotechnology and other life science projects in India and South Asia. The company's mining and metallurgy division provides technology, engineering design, project and construction management services. C Lavalin Power India is executing projects varying in size from 17 to 4,000 MW. It's developed major hydro electric projects in Himachal Pradesh and Kerala and helped restructure the electricity boards of Andhra Pradesh, Kerala, and Madhya Pradesh. ■



8

Company:
Wesley Clover Communication Solutions

Areas of Operation:
 Internet-based communication solutions for the hotel industry, transportation, and call centres. Voice and data solutions, video surveillance and teleconferencing.

SOURCE: WWW.WESLEYCLOVER.CO.IN

India's 15 billion dollar business process outsourcing (BPO) industry rides on lightning fast data and information highways. It needs cutting technology and thousands of solutions—both in hardware and in software.

There are many Canadian companies that have excellent and affordable solutions to a host of the industry's technological needs. But since they do not have a presence in India, they can't capitalise on the opportunity. Enter Wesley Clover Communication Solutions Pvt. Ltd. (WCCS), a Canadian company that connects the two markets—a sort of business bridge between the Indian industry and the Canadian solutions providers. Based in the IT city of Gurgaon, Haryana, WCCS is a subsidiary of Tara Span that has created the Unlock India platform to help Canadian technology firms gain entry to the Indian market. With deep inroads in the local market, WCCS works as an Indian sales, distribution and service agent for the firms.

Specialising in solutions based on the economical and reliable internet protocol (IP) technology, WCCS represents companies which range from start-ups to multinationals. Its partners include Canadian IT solutions companies such as Mitel, Ascentify, Bridgewater Systems, BelAir Networks, March Networks, Sandvine and Dragonwave.

WCCS has solutions for enterprise voice and data, security and video surveillance solutions for small, medium and large enterprises, mobile personalisation for telecom carriers, telepresence products for enterprises, e-learning solutions for contact centres, stock market analysis solutions for online financial institutions, and emergency notification solutions for enterprises, education and hospitality markets. ■



Giri 'Pickbrain' Balasubramaniam has turned an otherwise dull exercise of quizzing into an exciting business venture.



ASKING THE RIGHT QUESTIONS!

How quizzing led to this company's grand success.

BY RUCHIRA MITTAL.

When young Giri Balasubramaniam decided to quit a promising career to strike out on his own, he had no knowledge of business. Nor did he care much. He was going to be in the business of knowledge.

Balasubramaniam, affectionately called Pickbrain, founded Greycaps India Pvt Limited in Bengaluru in 1999. It is now the country's second largest quiz company. The human brain cannot resist the response to a question, it goes into overdrive, scanning the grey

cells for the answer. If the search is futile, the brain initiates the process of seeking knowledge to fill the gap. Giri says he knows curiosity is the strongest driver in the knowledge quest and that is what he harnesses.

He told India Now: "Greycaps began as the translation of a passion. When we were quizzing in our college days in the late eighties and early nineties we found that quizzing needed the infusion of fresh blood and ideas. For the audience, quizzing was also very difficult. There were two kinds of attendees—those who had read up, and those who did not

even understand the questions, leave alone know the answers. People found quizzes for the brainy, not for entertainment. Perhaps because in that era quizzing was largely confined to statistical data—remembering dates and numbers, per capita income, growth, production data etc.” Therefore, he set out to make quizzing entertaining, easier and more widely sought and enjoyed. “This was the principal, fundamental question we asked: if it becomes entertaining, is it going to attract more people?”

Soon, Giri and some of his classmates began developing such quizzes. These quizzes, said Giri, “were not recall based but more awareness based. They were about what is happening around you.” Giri worked for The Economic Times and Walt Disney before launching Greycaps. Author of several quiz books, he has also devised the Global Awareness Programme, an engaging learning system for school children. More than 25,000 children are part of this programme. Giri and his team have presented more than 1,000 shows in India, Sri Lanka, Oman, Singapore, London and USA.

Greycaps holds the distinction of having held India’s biggest business quiz—for Tata Sons in 2004. Called Tata Crucible –the quiz formed part of the centenary celebrations of the Tatas, and has now become an annual event. The guru of lateral thinking, the legendary physician-author Dr. Edward De Bono witnessed the national final of Tata Crucible. Edward de Bono, 78, originated the term lateral thinking and authored the best selling book Six Thinking Hats.

Greycaps has also held the world’s biggest IT quiz. In association the government of the state of Karnataka and IT giant Tata Consultancy Services, Greycaps created what would soon be recognised by the Guinness Book as the world’s biggest IT quiz. Created for school children, the quiz attracts more than 1.3 million participants each year. Giri says Greycaps empowers close to 2 million people each year with knowledge transfer. These can be through

their hugely popular quizzes, books, CDs, school and college programmes, web-based games and training programmes. It is with an air of satisfaction that Giri says: “It’s been more than a decade since we started this. I quit Walt Disney against the advice of my well wishers, but I followed my heart. Some of my colleagues also quit plum jobs to join me.”

The lineup is not only impressive but inspired, too. S. Nagarajan, director, Greycaps is former quality consultant from the US\$ 68 billion global industrial giant MICO Bosch. Sourish Ghosh quit international management consulting company Accenture to join Greycaps as head of business strategy.

The timing was perfect, said Giri. “India was experiencing huge economic growth and everyone wanted to know what was happening with India in the present. History was important, no doubt, but so were Narayan Muthy, Infosys, Microsoft, Vinod Khosla, Har-gobind Khurana, S Chandrasekhar, Kalpana Chawla and so many more contemporary Indians. People had to know about them and quizzes were a wonderful medium to do that.” Using their mantra of entertaining education, Giri and his friends created some very engaging platforms. Ever since its inception, the company has consciously functioned as a self sustained business enterprise, having travelled this far without the support of venture capital.

“The core strength of our business lies in the fact that we have generated revenues out of the business to foster growth. We were financially sustainable even when we started,” says Giri. The programmes Greycaps introduces to schools and colleges are subscription based with each student paying an annual fee. Corporations prefer contracts with defined annual growth in revenue. Greycaps also customises its programmes for clients such as Infosys,

which are billed according to reach and man power involved. The young company has annual partnerships and contracts with the some of the top Indian companies, namely the Tatas, Infosys, AV Birla Group, Cognizant, Economic Times, Anand Bazar Patrika.

Greycaps also publishes books and research material, another clear and emerging revenue stream for the company. The surging demand for knowledge in transmedia - from publications to on-stage programmes to television, the Internet and hand held devices, says Giri. Greycaps has launched programmes and publications in many local languages and is also present in smaller towns like Dehradun, Jamshed-pur, Cochin and Baroda, says Giri.

“We have discovered that knowledge has a lot of takers if presented properly. That is the key. We started positioning ourselves as an adjunct to education, adding value to existing methodologies. This got us a foot in the door with very little resistance. We would rather focus on increasing the radius of knowledge than breach the radius and say we can explain the circumference better than you can.” Giri said his is a knowledge

company and research is its backbone. “Researchers pore over information. The technical team prepares the format and presentation aspects of the show. This is a client specific job. Many big corporations like the Tatas or Infosys might not need any glitz but will not compromise on the finesse of the show, focussing only on the core values of the quiz.” On the other hand, schools may

need those very things to add to the fun element. Greycaps hires international consultants for international clients, to add local flavour and build a better connect. “Quzzing has been my passion,” says Giri, “and I have been able to turn it into my business. I think nothing can be more satisfying.”

We agree! ■

"I quit Walt Disney against the advice of my well wishers, but I followed my heart."

ARTS & CULTURE



PHOTOS COURTESY: DIWAN MANNA



◀ **Serenity:** Contemporary Indian art on display; Ancient metal sculptures adorn a huge section at the museum (*Below*)

Where Masters Gather

Chandigarh's Government Museum and its rare collection of works of Indian masters. **BY RUCHIRA MITTAL.**

Renowned French urbanist- architect Le Corbusier worked his magic and Chandigarh was born. It is easily among the best-planned cities in India and that is a well known fact. What is perhaps largely unknown is that Le Corbusier also designed the Government Museum and Art Gallery in the heart of the city. One of the most striking features of the museum is its grand building itself. Overlooking the stunning Shivalik mountain range of the lower Himalayas, it has a sprawling, lush green campus.

Inaugurated in 1968, the building is in fact a complex, with the art museum and gallery, the Natural History Museum and the City Museum. It houses a dazzling collection of art—from rare antiques to contempo-



rary works. Many of its masterpieces were part of a collection in Lahore and came to India after Independence in 1947. The collection has since grown substantially. There is also an architecture museum here that documents the development of the city of Chandigarh—from inception to the present. The Natural History museum is no less a delight, with its exhibits from the prehistoric Harappan times and those on the evolution of life and man and the hugely popular section on the dinosaurs of India.

When you have stopped gasping over the façade and step inside, you discover the marvel of Corbusier's creative mind. The

► Rare & Priceless

The museum's piece de resistance is its renowned collection of Gandhara sculptures and Pahari

miniature paintings. Gandhara art is said to have evolved from the interactions of the vibrant Indo-Greek cultures more than 2,000

years ago. The lyrical, highly detailed and symbolic Pahari miniatures are priceless works of folk and devotional art that developed in the

lower Himalayan hills more than 400 years ago. Some of these works are so rare that they are perhaps the only such works of art on display.



cavernous, clutter-free interior is designed for space, harmony, expanse and quietude. Not just that, the sun filters in through the slats of thoughtfully louvered skylights that allow only the right amount and intensity of light. A system of top lighting also illuminates the entire length of the building.

The museum also showcases a vast collection of Indian textiles, metal and stone sculpture, decorative art, miniature paintings and contemporary art. Visitors are spotted seated hour after hour on comfortable chairs in the middle of the corridors, soaking in the beauty of the art.

The entire range is here—from oil on canvas to water colour paintings to drawings, monochrome and colour.

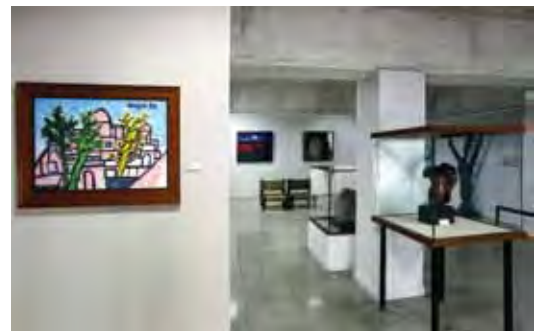
The folk-inspired vigour in Jamini Roy's paintings jostle for attention with the Western spirit of rebellion of Amrita Shergil's works. Settle down on one of the chairs and gaze at some century-old works of the Russian mystic-painter-philosopher-writer and friend of India, Nicholas Roerich. There is also a special section for two celebrated painters from Punjab, S.Sobha Singh and S.S.G Thakar Singh.

Another special section dedicated to the Nine Masters of India evokes sheer awe. Just look at the names here: Amrita Shergil, Jamini Roy, Nandalal Bose, Raja Ravi Varma, Sailoz Mookherjea, Rabindranath Tagore and Gaganendranath and Abanindranath



Expansive: (Left) Russian master Nicholas Roerich's famed canvasses of the Himalayas; View of the cavernous, interiors of the museum bathed in natural light (top); A renowned Souza canvas arrests the view on of the walls of the museum (right).

We requested famed photographer Diwan Manna of Chandigarh for pictures of the museum, and he obliged. Chairman of the Chandigarh Lalit Kala Akademi and National Academy Award winning photographer, Manna has lived in the city for more than three decades, and says: "This is among the important museums of northern India, especially for its collection of Gandhara sculptures and miniature paintings." Coming from him, it is remarkable, since his works adorn some of the most famous galleries in the world.



Tagore (both nephews of Tagore) and Nicholas Roerich. The Russian master had made India his home and painted feverishly during his last days in the picturesque Kullu valley. He painted the mighty Himalayas in their entire physical grandeur, treating his lofty subject with his striking style and sensitivity.

When I stepped out of the museum drenched in the colours of the great masters, I couldn't help but look at the resplendent Shivalik range anew. My vision was enriched by Roerich's symbolism, Shergil's commentary, Tagore's honesty and Souza's energy.

If you love art and admire artists, you must visit the museum. ■

TOURISM UPDATE

BHANGARH



In Ruins: Bhangarh lies between Jaipur and Delhi and is at the edge of the Sariska Tiger Reserve in Rajasthan. The most remarkable of its buildings are the temples of Gopinath, Shiva, Mangla Devi and Keshava Rai. Ramparts with five gates separate the town from the plains.

A Haunting Experience

Discover the secret of a once bustling Rajasthani township now standing in ruins. **BY APARNA DUTT SHARMA.**

When you think of Rajasthan, a desert with layers of arid sands comes to mind. And when you think of a desert in the monsoons, none would imagine lush green covers stretching as far as the eye can see with rugged mountain slopes wearing a blanket of green foliage. In recent years, Rajasthan in June-July has been a very different experience, especially when you discover green cover instead of blowing sands. The journey is all the more memorable as you meander through streets lined with mud houses, drive past the bindinis – or Rajasthani village women – deftly balancing pots on their heads, their bright, colourful skirts sway-



ing in the breeze, and of course, camels quietly plodding along.

Rajasthan is soaked in history, and the forts and palaces dotting almost each of the cities from Jaisalmer to Jodhpur, to Bikaner to Jaipur fold within themselves numerous tales of brave warriors and the sacrifices of its valiant queens. But in a quiet village en route to the well-known Ranthambore Tiger Reserve lies Bhangarh or locally called the haunted city. As you motor your way slowly and patiently through the mud roads and amid farmlands, a short detour onto

a narrow lane takes you to another world – a world so different and nestled so deep in the mountains and literally among the sands of time, that it seems like a lost civilization. And a lost civilization it is ensconced in the walled ruins of what was once the seat of the warrior general of Rajasthan.

This ancient township was founded in the later half of 16th century by Raja Bhagwant Singh, the then ruler of the princely town of Amber. It later became the capital of Raja Madho Singh, who was a Diwan or Counselor in the court of the Mughal Emperor, Akbar nearly 450 years ago. Bhangarh beckons you even on a hot summer afternoon.

As you cross the entry gate, be ready to move into a different era. It is inviting, it is eerie but it is breathtaking as you take your first steps onto the ancient streets that guide you with well-marked signages that read – fort, jauhari or the crafts bazaar, temple and more... and all in ruins. The first glance offers you a panoramic view of a township once bustling with life, artistic works and trading. Bhangarh reveals its well-defined contours as you saunter down the cobbled route lined with two rows of kiosks.

Move away from jauhari bazaar and you come again to single rows of gates facing each other lining a cobbled street. The rows lead to steps that lead to an open platform. Interestingly, each of the quarters looks similar and extremely finely planned.

Quite surprisingly, most structures have their roofs missing, as if in a single slice the entire city-village had been beheaded. And therein hangs a tale. To date, no one is permitted to enter Bhangarh between dusk and dawn. It is said that a saint cursed the city-village upon being spurned by a princess of the land. Cursed it was that it got destroyed overnight – so goes the story. It is difficult to understand that amidst a ruined township, how beautifully carved temples stand intact.

History and stories of yore lace the winding dusty and cobbled pathways. Yet the remnants of the city-village are so perfectly well-preserved that you can conjure images of a dwelling resonating with energy, people, voices and even war.... Through the meandering pathways, you pass another iron gate into large acres of open, green lawns surrounded with temples built in nagara style



KEY HIGHLIGHTS

1. QUICK REWIND



The garland of gateways on either side of the cobbled paths.

2. STILL STANDING



Many structures have withstood the advance of time, but most are in ruins.

3. BLANK WALLS



The kiosks that once bustled with business, stand ghostly quiet.

4. PERSPECTIVE



Stand anywhere, and you will look into a past that is at least 500 years old.

5. LEFT OUT

The town and its structures bear the appearance of having been abandoned.



Written in stone: a stone tablet with self explanatory text.

architecture, a marketplace and dwellings. Take another step and an imposing fort embedded in a mountain towers over you, urging you to explore the deeper recesses of history.

It is said the fort had seven storeys - only five are visible today. In stark contrast to traditional Rajasthani forts, this one has no precious engravings or jewels. Shorn of splendour it stands raw and naked – built in solid rock – boasting of the numerous wars it has weathered. It tempts you to climb the steps and reach inside. Its bold façade, however, belies an interior that is in ruins. But from here, the view of Bhangarh is simply splendid.

Imagine the king - or the Diwan in this case - standing atop the fort-palace, proudly surveying his city, his people, the happiness. The structures are all well-separated by distances – large enough to mark the limits of the walled township and yet, each of the structures – fort-palace, temples, marketplace, residential areas – seems cohesively integrated into a well-planned township. Bhangarh affects you.

Spend a day in Bhangarh from sunrise till sunset and feel history, which is palpable and almost touching, or shall I say, haunting.

Bhangarh invites you. Experience India! ■

“If your intentions are noble..., people go out of their way to be of help.”



Amit Haralalka

A Cup of Inspiration

The Fresh Brew documents real-life accounts of IIM Lucknow alumni who dared to dream differently. **BY RAKHI AGARWAL.**



AMIT Haralalka’s story could easily be one of the 25 in his book. While pursuing his MBA at the Indian Institute of Management (IIM), Lucknow, he came across a post on the alumni threads. It urged for a book on their community that would inspire others to do what their peers had accomplished. Haralalka agreed; he had been feeling the current of innate fearlessness in ‘New India’ and was toying with the means to capture this power and extend its reach. A book was the perfect way to do so. “Given my background in blogging and my experience as an entrepreneur, this was something that caught my attention,” Haralalka told India Now. Then Haralalka’s fellow student Amitabh Thakur posted a blog in support of the book idea. Thakur was no ordinary student. A BTech from the Indian Institute of Technology (IIT), Kanpur, he was a serving officer of the elite Indian Police Service (IPS), and on study leave to complete his MBA at IIM, Lucknow. Soon, they joined hands.

Haralalka’s energy as a bright student and Thakur’s expertise as a serving IPS officer combined to form the perfect partnership. “Amitabh, being more experienced than me, played a critical role. He was always positive even when things did not go our way. He would say that we should do whatever we have to do and things will fall in place. I think we complemented each other quite well.” When two intelligent men put their heads together, the result is bound to be something worth one’s while.

Haralalka wanted to launch the book by the time he completed his MBA. It would take a year to go from the conceptual stage to the drawing board and finally into the hands of the reader. “It was hard to stay focussed because of the enormity of work that lay before us. But we had a plan in place. And if your intentions are noble, you will find that people go out of their way to be of help.”

From software entrepreneurs to a Bollywood playback singer

ABOUT THE AUTHORS

Amit Haralalka is an engineer from the Birla Institute of Technology, Mesra, Jharkhand, and an MBA from IIM, Lucknow. He works with an industrial house as a marketing professional. A BTech from IIT, Kanpur, Amitabh Thakur is an officer of the Indian Police Service (IPS) and currently pursuing a doctoral fellowship programme at IIM, Lucknow.

to documentary filmmaker to certified FIFA coach, the authors decided to capture a large canvas of professionals — none of a traditional mindset. “We wanted a book that could relate to as many people as possible, with something for every dream, every aspiration. The individuals featured are different, their dreams are different, but they all share a similar spirit, a strong sense of belief in themselves and the ability to carry on no matter what.”

Why 25 stories? The number was derived when Haralalka and Thakur realised that to hold a reader’s interest each story must not exceed 15 pages or else it would end up as a novel. And so a typical 250 to 300 page book would have approximately 25 stories each. The number also matched with the authors’ desire to profile a large number of interests to connect to a wider set of aspirations. Deciding on the number of stories was easier than deciding which stories would make the cut. The authors sought



“For many B school graduates what really counts is the freedom of life and independence of choice...”

the advice of their peers and seniors from their community.

For an author who has yet to establish himself, Haralalka only had his faith and conviction to keep him going till he reached his goal. While both authors met with many other challenges along the way, they also found a lot of support. “From the Director to faculty members, from alumni to batch mates, this book would not have been possible without their encouragement. Every time someone asked me about our work on the book, I knew we had a responsibility towards the community.”

The biggest encouragement came half way through the journey. Haralalka sent a handwritten request to former President Dr APJ Abdul Kalam, to write the book’s foreword—a request personally endorsed by Dr Devi Singh, the director of IIM Lucknow. “Given the iconic stature Dr Kalam commands, we were overjoyed when he consented. When I opened the e-mail from his office, there was a foreword attached with his signature — a moment I can never forget in my life. He has inspired me ever since I read his book, *Wings of Fire*.”

The book has received positive reviews from all over. It has been moving steadily off the shelves from bookstores across India. The book has found itself a place in the ‘Business Biographies/Business Books’ section in one of the leading national bookstore chains. “The publisher is happy! And what makes me happier still is the fact that a large part of our earnings from the sale of this book will go towards constituting an award for social entrepreneurship.”

Although the authors first thought their reader was an aspiring entrepreneur, they soon realised that their audience also included mainstream professionals looking to branch out and grow their own roots. “As a matter of fact, after reading one of the stories in *The Fresh Brew*, a software professional quit his job and made his dream of opening a pre-school a reality.”

As for the author, he has just joined the workforce but will continue to explore his potential as a communicator, both written and oral, for the benefit of society. “My next venture will be a non-fiction book again. This is a genre that I understand, have experience in, and

is one that truly excites me.”

So who is Haralalka’s role model? “Well, it is hard to choose. But if any one comes to mind right now it is Sudanshu Sarronwala, an alumnus of the second batch of IIM Lucknow. He pioneered the satellite television scene in India, going on to become the head of MTV Asia. He later co-founded Soundbuzz, a digital music distribution outfit based in Singapore and ran it successfully before selling it to Motorola. In an unexpected move, Sudhanshu left the glamour of the business world to do something more down to earth. Based in Geneva, Sudhanshu is now the Executive Director of Communications & Marketing for World Wide Fund for Nature (WWF) International.

There are a few stories in the book that are not of entrepreneurs but of people who also persevered to realise their dreams. One such example is Ratnesh Mathur. Along with his partner Aditi, he runs GenieKids, a school in Bangalore pioneering a new learning system based on a deeper understanding of child psychology and behaviour. A supporter-in-spirit of the Open Source philosophy, the duo makes all its learning public. In his own words, Ratnesh describes himself as “an entrepreneur without a business sense.” This is the story of a couple who have just one priority in life: happiness.

Haralalka and Thakur have done splendidly. With stories like these, there is no doubt that many more will be inspired as they take sips from *The Fresh Brew*. ■

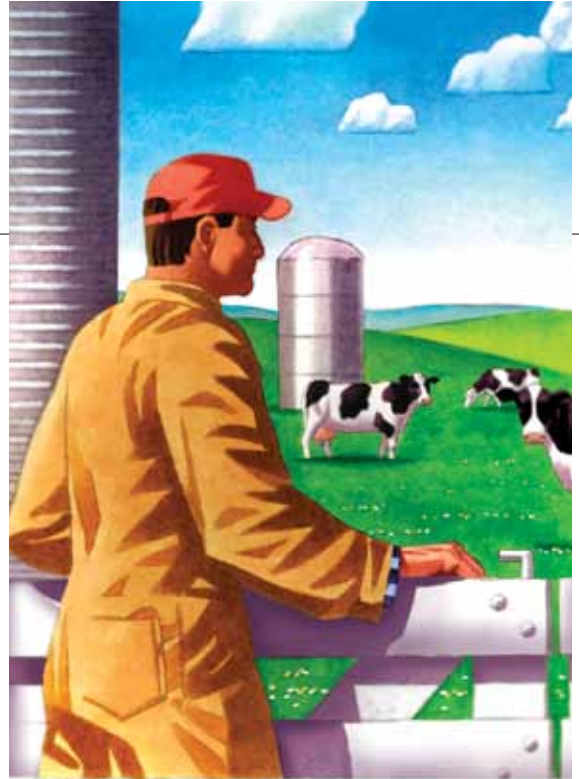
BOOK EXCERPTS



Satyajit cleared CAT and joined IIM Lucknow in 2004. He continued his commitment to football while at IIM Lucknow and pursued his orientation in his academic projects. “Whether it was marketing, finance or operations, all my projects were based on businesses around football. Surprisingly, I also got a lot of support and encouragement from my professors.’ His drive towards starting up independently eventually and to take it one step forward, he joined ‘Abhiyan’ – the Entrepreneurship Cell of IIM...

“As a matter of fact, after reading one of the stories in *The Fresh Brew*, a software professional quit his job and made his dream of opening a pre-school a reality.”

RURAL UPDATE



Digital Dairies

Software engineers turn dairy farmers and agents of social change.

BY HEMANT KUMAR.

Most of us would think that a software engineer's only association with dairy farming is when he says cheese for a digital photo at Times Square or on Manhattan Bridge. That's a thing of the past. Meet Shashi Kumar and three of his friends, all highly qualified software engineers, all highly committed dairy farmers. Earlier this year, they shifted base, and career, 200 km east of Bengaluru, to a village in the Hassan district of Karnataka. Now, instead of pounding keyboards, they churn out milk and cheese and yogurt.

They teamed up with like-minded entrepreneurs to set up an INR 15 crore (US\$ 3.25 million) milk dairy in Kodihalli village. Shashi Kumar, Ranjith Mukundan, Venkatesh Sesasaye and Praveen Nale first set up Stellapps Technologies, a

technology solutions company. Then they invested in Akshayakalpa Farms and Foods Ltd, an agro-foods venture. What the engineers lacked in experience, they more than made up for, in passion and commitment. The venture is the perfect coming together of energies of the right kind—youth, focus, experience and a good cause.

The 24-acre farm in Kodihalli will select 300 marginal farmers within a 15 km radius, register them, buy milk directly from them, and ferry the milk free of cost. Not only that, it will also educate the farmers in modern cattle-rearing methods. Ranjith says the dairy will recruit 500 villagers and involve nearly 10,000 cows. Akshayakalpa will also help the farmers get loans from banks to set up dairy farms and to buy cows.

Each such satellite farm will have sensors, global positioning system



Experienced software engineers Shashi Kumar, Ranjith Mukundan, Venkatesh Sesasaye and Praveen Nale set up Stellapps in Bengaluru to satisfy the technology needs of small and medium enterprises.

(GPS) equipment, pedometers and other gadgets to monitor cattle movement and location, milk output and the health of the animals. Ranjith said his group had developed a herd management software to track even the breeding cycles of the cattle.

The venture plans to set up a main production centre in the village, supported by the satellite farms. Each of these farms will have 25 cows, follow the organic farming protocol and supply milk and raw materials to the main production centre. Everyday, the production centre will handle 50,000 litres of milk.

Akshayakalpa plans to raise a central herd of 500 elite cows to produce heifer bulls for breeding across the country.

Akshayakalpa holds out the promise of being an economically successful enterprise grounded in reality and at the same time, being socially-minded. ■

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