

INDIA GROWTH STORY

KEY FACTORS

FOR MANUFACTURING SUCCESS



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...India stands at the forefront of great change

Q & A Challenges faced by the Indian Manufacturing Industry and your views on key issues to be addressed.

The Indian Manufacturing Industry is characterized by the predominance of Small and Medium Enterprises (SMEs), though the headline makers are the huge conglomerates.

Basic infrastructure not being available is the common roadblock for both the Big and SME segments but more so for the SMEs. The manufacturing sector is critically dependent on the infrastructure facilities particularly, in transportation sector - roads, railways, ports, airports etc. for movement of goods. It is estimated that power shortage alone contributes to production loss of at least one percent of GDP.

Though, we have grown by leaps and bounds on the infrastructure front, there is still a huge gap which pushes up the cost of production and distribution. The manufacturing sector needs to access the vast market possibilities available at the bottom of the income pyramid in the country.

Another area of concern is the different rates of taxes and duties in different parts of the country as well as for different segments. Procedures connected with export incentives/



subsidies continue to be cumbersome. One is moving towards uniformity and rationalization but the earlier it is done, the better.

Q & A "Staying Ahead of Competition", your perspective on the competitive advantage that the Indian Manufacturing Industry enjoys.

The greatest advantage which India has is access to a large and low cost work force supported by intellectual capital of Engineers. It has a large manufacturing base as well as a huge domestic market. However, the aspirations and growth has seen cost of manpower costs going up. Also, work force is not trained to current needs.

Q & A MNC's need to play a key role to further strengthen India's position as a global sourcing hub. Your views.

Yes, they can but it is all about economics ! Companies will source from wherever they get quality inputs at lower cost with good delivery schedule. Indian companies are sourcing from all over the world.

Q & A "Made in India", is the future big manufacturing exports story. Your perspective on key government reforms required to unlock India's manufacturing potential.

Innovation is going to be the key driver for new technologies and business processes in every field. India stands at the forefront of great change and strong and sustainable economic growth, leveraging knowledge.

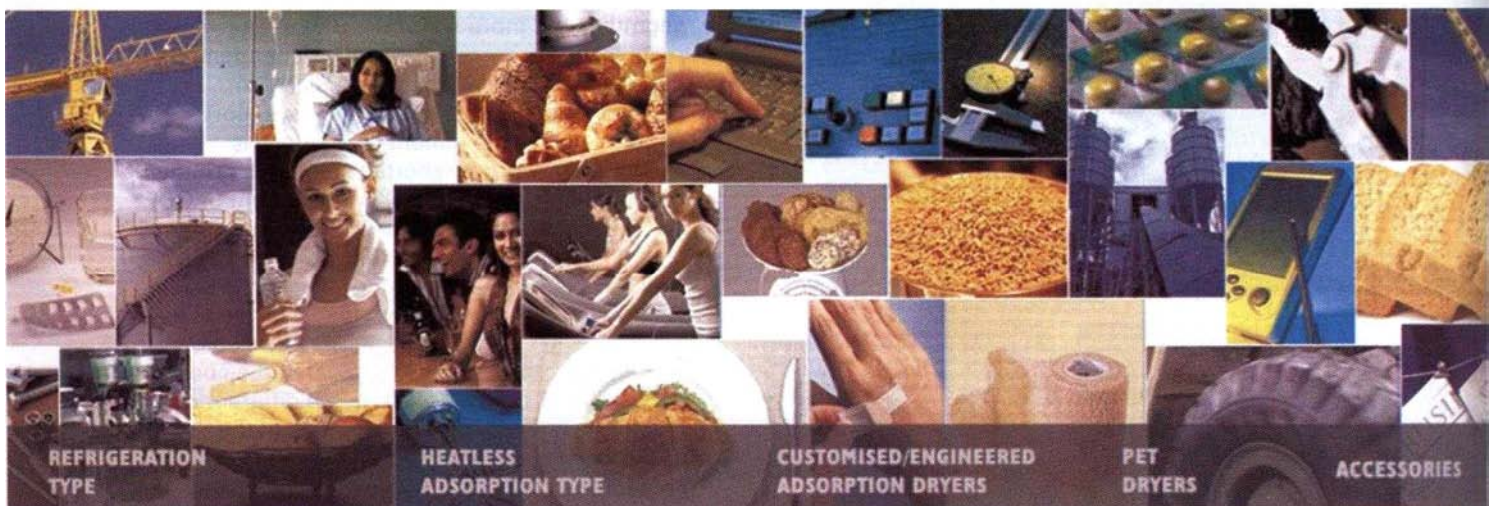
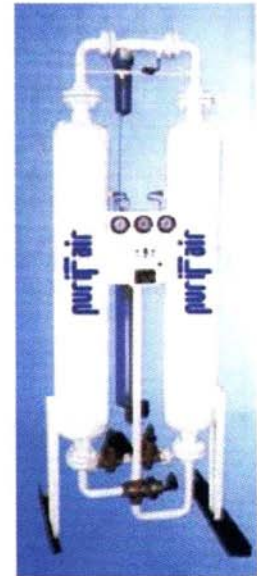
Education and knowledge, I repeat, education and knowledge are the key catalysts for innovation

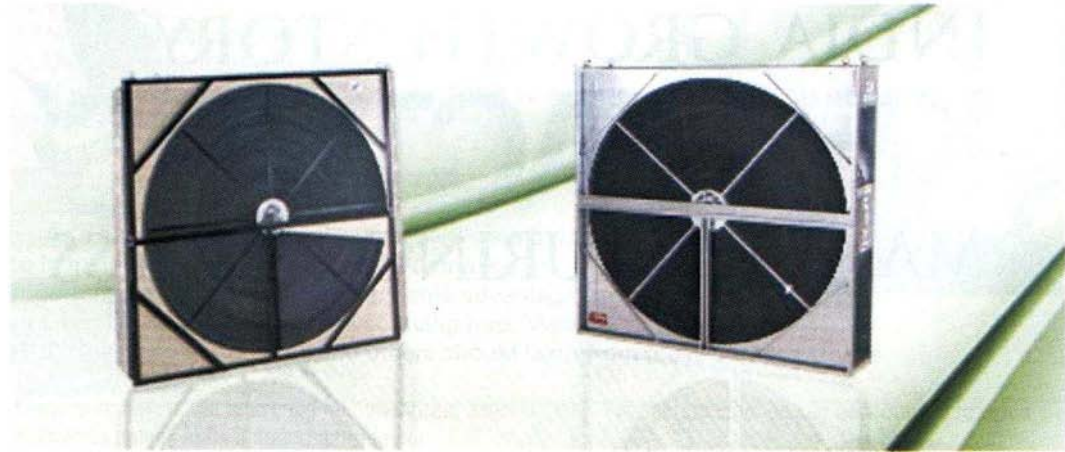
Innovation and India are hot topics today. India's Next Global Export is likely to be: Innovation. Innovation is the theme for many major summits in the recent months. "Indovation" is the way we have to think. Indovation is a combination of India and innovation.

India needs to lead. Lead in creativity that is available, affordable, and accessible by leveraging its inherent spirit of "Jugaad" or ingenuity, in the positive meaning of the word.

Q & A Manufacturing performance depends critically on the Service Sector. Is the Indian service sector globally competitive? Share your views on reforms needed to strengthen this sector.

A key factor for the Indian manufacturing success actually lies outside of manufacturing itself, in the services sector. Manufacturing performance depends critically on the state of service inputs, notably finance, transport, and telecommunications. Reforms have visibly transformed these service sectors. Now, manufacturers have an access to a wider range of service providers, operating in an increasingly competitive environment. Firms today, have access to better, newer, more reliable, and more diverse business services. These improvements have enhanced firms' ability to invest in newer business opportunities and better production technologies, to exploit economies by concentrating production in fewer locations, to efficiently manage inventories, and to make coordinated decisions with their suppliers and consumers.





However, inspite of significant improvements, service reforms in India remain incomplete and barriers to domestic and foreign competition continue to exist. The reforms need to continue at a faster pace keeping in mind the needs of both the large manufacturers as well as the SMEs.

Q & A **Fostering innovations for Manufacturing Growth. An insight into your company's initiatives to support innovations through technology, in manufacturing processes and management.**

At Pahwa Enterprises, innovation both in technology as well as business processes has been the driver behind our growth. We filed 3 patents globally last year for energysmart technologies. We have also promoted and acquired in Switzerland a innovative technology for non contact moisture measurement "A patent an year" is what we are aiming at".

When the company was set up, 30 years ago, we ventured into technologies and markets where no Indian company had ventured before, specially in the small scale sector. We have adopted many business processes, which were ahead of times. It did stretch our abilities but gave us an edge.

Q & A **Infrastructure-like well functioning ports, uninterrupted power and globally competitive SEZ are critical to India's export competitiveness. Your views on infrastructure growth and implementation initiatives, the Government needs to undertake to support the India manufacturing success story.**

Yes it is. We need to make quick progress in the infrastructure front with project completion with in scheduled deadlines.

Q & A **Share with us your vision for making India- the No. 1 manufacturing hub in the world by 2020.**

I can visualize India having a dream run for at least next ten years. The engine is unstoppable now. Over a billion people wanting to improve their lot through education, better health care, better living standards etc., all this means great opportunities for all Indians.

Though the world and more particularly the developed world has been challenged in the last couple of years ,there has been a lot of work done to improve and innovate.And Innovation is going to be the key driver for new technologies and business processes in every field.

