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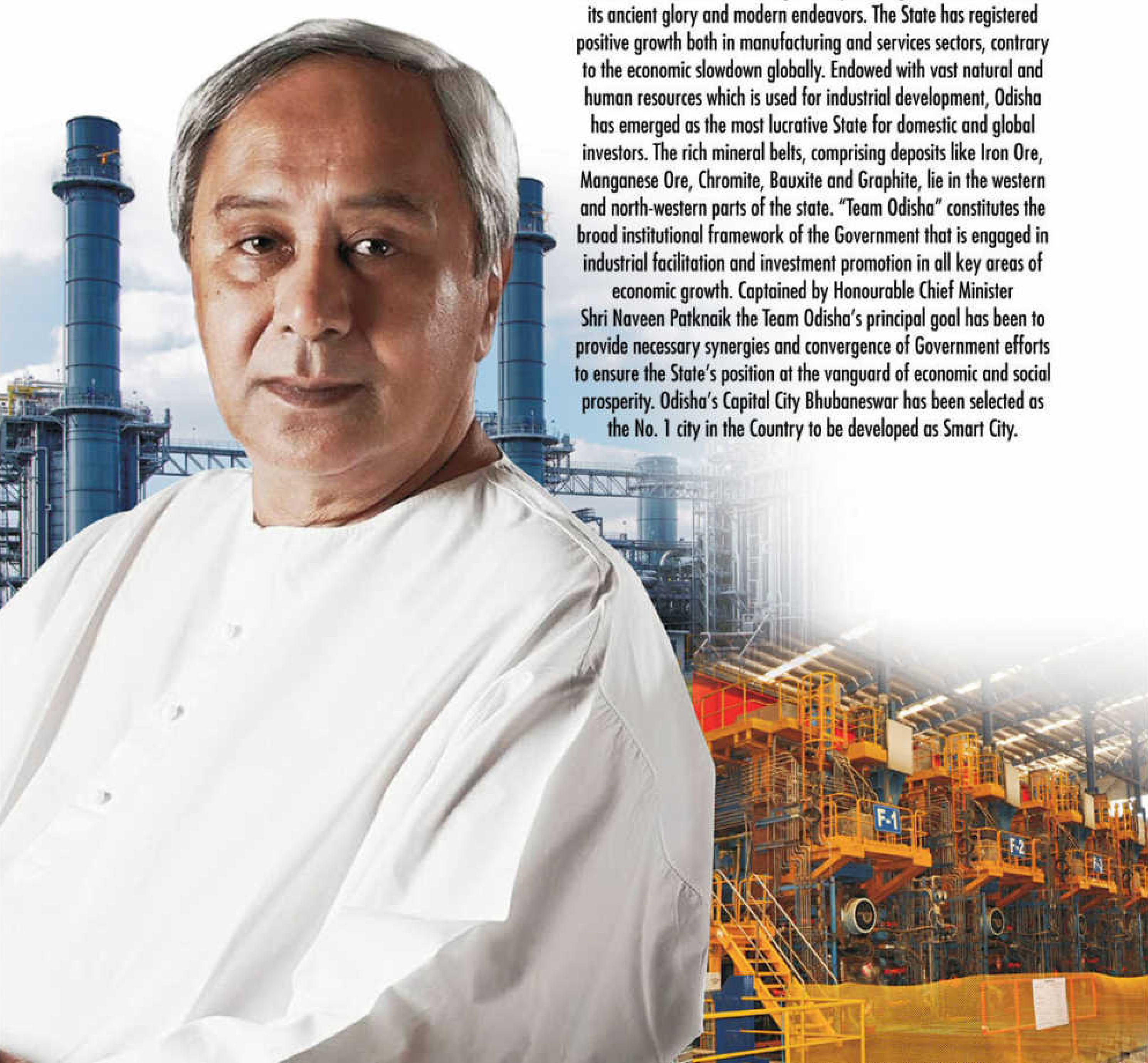
RESURGENT

# ODISHA

## A Saga of Robust Growth, Opportunities & Sustained Development

Situated on the coastline along the Bay of Bengal, Odisha stands for its ancient glory and modern endeavors. The State has registered positive growth both in manufacturing and services sectors, contrary to the economic slowdown globally. Endowed with vast natural and human resources which is used for industrial development, Odisha has emerged as the most lucrative State for domestic and global investors. The rich mineral belts, comprising deposits like Iron Ore, Manganese Ore, Chromite, Bauxite and Graphite, lie in the western and north-western parts of the state. "Team Odisha" constitutes the broad institutional framework of the Government that is engaged in industrial facilitation and investment promotion in all key areas of economic growth. Captained by Honourable Chief Minister Shri Naveen Patknaik the Team Odisha's principal goal has been to provide necessary synergies and convergence of Government efforts to ensure the State's position at the vanguard of economic and social prosperity. Odisha's Capital City Bhubaneswar has been selected as the No. 1 city in the Country to be developed as Smart City.



# INCONVERSATIONWITH

## SHRI NAVEEN PATNAIK
**HON'BLE CHIEF MINISTER**

**In your current tenure as the Chief Minister, what are the major milestones you think your Government has achieved?**

Peaceful industrialisation along with enormous industrial growth, substantially enhancing the irrigation potential of the State through mega lift points and deep bore wells, converting 1 million thatched houses of rural Odisha into pucca houses, providing vital road connectivity, extending the scope of ongoing State schemes to the whole of Odisha in view of closure of important schemes by the Central Government, socio-economic empowerment of more than 7 million women of the State, providing opportunities to the youth through the promotion of IT driven growth, promoting health care and public health through enhanced efforts, paving the way for financial inclusion of population in the tribal and inaccessible areas, providing inclusive educational opportunities to ST & SC children, providing food security to the needy and above all successful organization of the first Nabakalebar Festival of the new millennium are some of the many milestones that my Government has achieved during its current tenure.

**What are the initiatives taken for inclusive growth and social security?**

Reduction of poverty cutting across different regions and segments of society has been the hallmark of our growth which is inclusive, holistic and accelerative. The pace of poverty reduction in the State has been the highest in the country compared to any other region. We have already provided 9 lakh 'Pucca' houses to the rural poor under the Shelter Security Mission and have a target to convert about 2.5 million 'Kutcha' houses to 'Pucca' houses in the rural areas of the State by 2019. We are following a unique food security approach that ensures a holistic approach to production, storage and equitable distribution of entitlements. By creating an effective social security network for the poor and the needy, my Government has adopted myriad ways for an inclusive development of the State. From the Super Cyclone to Phailin, there has been a total change in the State's preparedness in handling disaster, and, all along it has been a heart touching story of growth with care and concern.

**What are the biggest challenges that Odisha is facing right now and how do you plan to overcome them?**

We are essentially an agrarian society; we need therefore to substantially enhance our irrigation potential. We need to improve livelihood opportunities, generate huge opportunities for self-employment, create public infrastructure in energy sector, connectivity, social infrastructure, health care and education. We need to balance the twin objectives of growth and equity while facing the enormous development challenges. We have to prudently road map our growth, which should be inclusive and holistic.

**Where does Odisha score over others in terms of business opportunities? What exactly is Odisha presenting to the foreign and domestic investors?**

By diversifying its industrial base with new economy and value added sectors, creating an industrial land bank of one lakh acres, launching the new Industrial policy with a slew of unique incentives, by offering sector specific policies for ICT, Food Processing, MSME Development, Tourism Sector and with specific focus to promote electronic manufacturing and by developing three large investment regions at Kalinganagar, Paradeep and Dhamra, Odisha has now become one of the most preferred investment destinations. The State is also developing a number of sector-spcifec industrial parks to encourage development of focus sectors. To provide impetus to the statrt-up ecosystem in the State, we have entered into a strategic partnership with TiE Silicon Valley and are coming up with an exclusive start-up policy for the State. In addition, we have set up a plug-n-play infrastructure facility of 0.5 million sq.ft. for incubators, accelerators and start-up ventures.

To complement all these, the investor friendly policy and the ease of doing business framework make our State a competitive and attractive

## INDUSTRIAL DEVELOPMENT
### A KEY TO ODISHA'S ECONOMIC PROSPECT

In its endeavor to make Odisha the most preferred investment destination not only in the country but across the globe, the State Govenrment has taken up a number of path breaking initiatives.

- The new **Industrial Policy-2015** for promotion of sustainable and inclusive economic growth by attracting investments along with the operational guidelines has been released on 3rd September, 2015 by the Hon'ble Chief Minister.
- **Odisha Industrial Development Plan 2025** identifying five focus sectors for investments in the State has been developed with an aim to create 10 lakh new jobs through investments worth of Rs. 2.5 lakh crore in the State.
- Initiatives have been taken to create mega integrated Petroleum, Chemicals and Petrochemicals (PCPIR) covering 284 sq.km. in Jagatsinghpur and Kendrapada districts.
- Efforts have been made to attract large scale investments in agro processing, auto-components, textiles, apparel and ancillary and downstream Industries.
- A robust Rehabilitation and Resettlement Policy has been formulated by adopting a holistic livelihood approach for rehabilitation and resettlement of project-affected families.
- Country's largest Steel plant of TATA STEEL has been made operational at Kalinganagar in Jajpur district.
- A model online tracking of mineral production and dispatch has been introduced.
- e-Biz portal, the first of its kind in India has been launched.
- Mumbai Investors meet on 14.02.2016 has facilitated at least 70,000 Crore investments to Odisha.
- A new brand for investment promotion in the State has been launched with a brand new logo and a new vision and mission statement. Significant progress in the process of setting up of various investment regions and specific industrial clusters such as completion of master plan for NIMZ, Kalinganagar, identification of anchor tenants for Sea Food Park and Plastics Park, award and commencement of master planning for PCPIR Paradeep and in-principle approval for Electronic Manufacturing Cluster from Dhamra PRIDE has been made.

Hon'ble Chief Minister with the delegation from Japan led by Mr. Kenji Hiramatsu, Ambassador of Japan to India during one to one meeting organised as part on Odisha Investors Meet in Make in India Week


## MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) SECTOR

Odisha has been a pioneer State in the country to bring up a dedicated **Micro, Small & Medium Enterprises (MSME) Development Policy, 2009** which focused on key issues like infrastructure, credit, technology and marketing.

- **Odisha Food Processing Policy, 2013** aims at promoting value addition and reduction of wastage of farm produces.
- **Odisha Export Policy-2014** has been approved by Government to promote export in the State. The State Government has come up with Odisha Youth Innovation Fund Scheme to promote innovation among youths of different sections of the society.
- Central Government schemes like Prime Minister Employment Generation Programme (PMEGP); Micro & Small Enterprises Cluster Development Programme (MSECDP); Scheme of Fund for Regeneration of Traditional Industries (SFURTI); National Manufacturing Competitiveness Programme (NMCP) etc are successfully implemented through coordination with associated agencies.
- A total 1,60,167 MSME units have been established with an investment of Rs. 7906.28 crore providing employment opportunities to 8,45,489 persons in Odisha till 2014-15 with 56.28 percent of manufacturing enterprises.
- During the last five years, the sector has witnessed average annual growth of 9.98 percent.

## ENERGY EFFICIENCY

- Odisha is currently serving more than 54 lakh consumers of the State and supplying power 24-hours and has added around 25 lakh BPL Consumers in past 5 years under Rajiv Gandhi Gramin Vikash Yojana (RGGVY), Biju Gram Jyoti Yojana (BGJY) & Biju Saharanchal Vidyut Karana Yojana (BSVY) and also has planned to add 42 lakhs more consumers by 31st March 2017 to cover all households in the State.
- In an attempt to strengthen the distribution infrastructure of the State, construction of 500 more 33/11KV sub-stations under Odisha Distribution System Strengthening Project (ODSSP) has been initiated with an investment of Rs. 4200 crore. Out of these 100 sub-stations are going to be commissioned by June 2016 and construction of over 250 sub-stations are at different stages of completion with a target to commission all the 500 sub-stations by March 2018.

**Transmission**: Till now the State has intra-state transmission system of 12,088 circuit km at 400 KV, 220 KV and 132 KV levels and 113 grid substations with transformation capacity of 13,692 MVA. Transmission system has been strengthened by using modern technologies like HTLS conductors, Gas Insulated Sub stations, Sub-station automation system to control the sub-station remotely etc. The transmission utility has planned to add 12,649 MVA capacity and 5337 ckt.km at intra-state level to wheel power from the upcoming generating stations for the State.

**Generation**: Odisha currently gets about 4000 MW of power from various generating stations including 2080MW from Hydro generation (installed capacity), 1050 MW from IPPs, 1820 MW from central allocation and 210 MW from different renewable sources as against the State peak requirement of 4000MW. Odisha is one of the States having 25 percent of the total reserves of coal which attracts investment in thermal power generation in the State. The thermal generation units like OPGC, OPTCL, UMPP and IPPs are going to add a capacity of 10310 MW by FY 2021-22. Similarly, the state hydro stations are planning for renovation and expansion of the existing stations at Burla, Balimela, Chipilima and Machhkund by investing Rs.1088 crores by coming year.

**Renewable Energy and Energy conservation**: At present Odisha is procuring 195 MW (118 MW from Solar, 57 MW from Small Hydel and 20 MW from biomass) from different renewable energy sources, out of which 120 MW is commissioned within the State. Odisha has also planned to add a capacity of 3.078 GW of renewable energy by 2022 which is in conformity with India's overall target of 175GW of renewable energy capacity to be added by FY 2021-22.

# STEEL AND MINING SECTOR

## MAJOR ECONOMY BOOSTERS

- State Government has been pursuing a policy of value addition and in the process providing opportunities for increased employment, besides generating revenue for undertaking welfare programmes for the people.
- 49 Memorandum of understanding (MoU) have been signed with different promoter companies for establishment of steel plants with a production target of 77.16 MT involving an investment of over Rs.213,969.40 crores. Already 33 steel plants, one pellet plant, have commenced their partial production with an investment of over Rs. 1,30,000 crores. Besides these, total 32 iron ore-based industries are coming up through non-MoU route.
- To make iron ore available to the end user industries, the State Government also implemented the pre-emption policy mandating the standalone iron ore lessees to sell at least 50 percent of their production to the State-based industries. To create more employment avenues for the people of Odisha in skilled category, the State Government, in collaboration with Ministry of Steel, is taking steps to upgrade Biju Patnaik National Steel Institute to make it a centre of excellence.

**CONSTITUTION OF DISTRICT MINERAL FOUNDATIONS**: Odisha District Mineral Foundations Rules, 2015 have been framed and notified by the State of Odisha which has been followed by the formation of District Mineral foundations in all the districts of the State.

**RENEWAL OR EXTENSION OF MINING LEASES**: The State Government has constituted an Inter-departmental committee for early disposal of the cases pending for renewal as per the provisions of the MMDR Act, 1957 as amended by MMDR Amendment Act, 2015.

**ILLEGAL MINING**: The Odisha Minerals (Prevention of theft, Smuggling and Illegal Mining and regulation of Possession, Storage, Trading and Transportation) Rules, 2007 have been amended.

**MINERAL EXPLORATION POLICY-2015**: To make accurate assessment of the mineral resources through scientific exploration, the **ODISHA MINERAL EXPLORATION POLICY-2015** has been issued.

**EXPLORATION ACTIVITIES**: During the Financial Year 2015-16 the Directorate of Geology, Odisha has undertaken 11 exploration programmes for minerals like coal, iron ore, manganese, gemstone, graphite, heavy minerals and dimension stone in the districts of Jharsuguda, Angul, Sundargarh, Keonjhar, Mayurbhanj, Dhenkanal, Kalahandi, Rayagada, Puri and Boudh. Investigation for graphite covering an area of 25 sq-km around Panchubai in Rayagada district is in progress.

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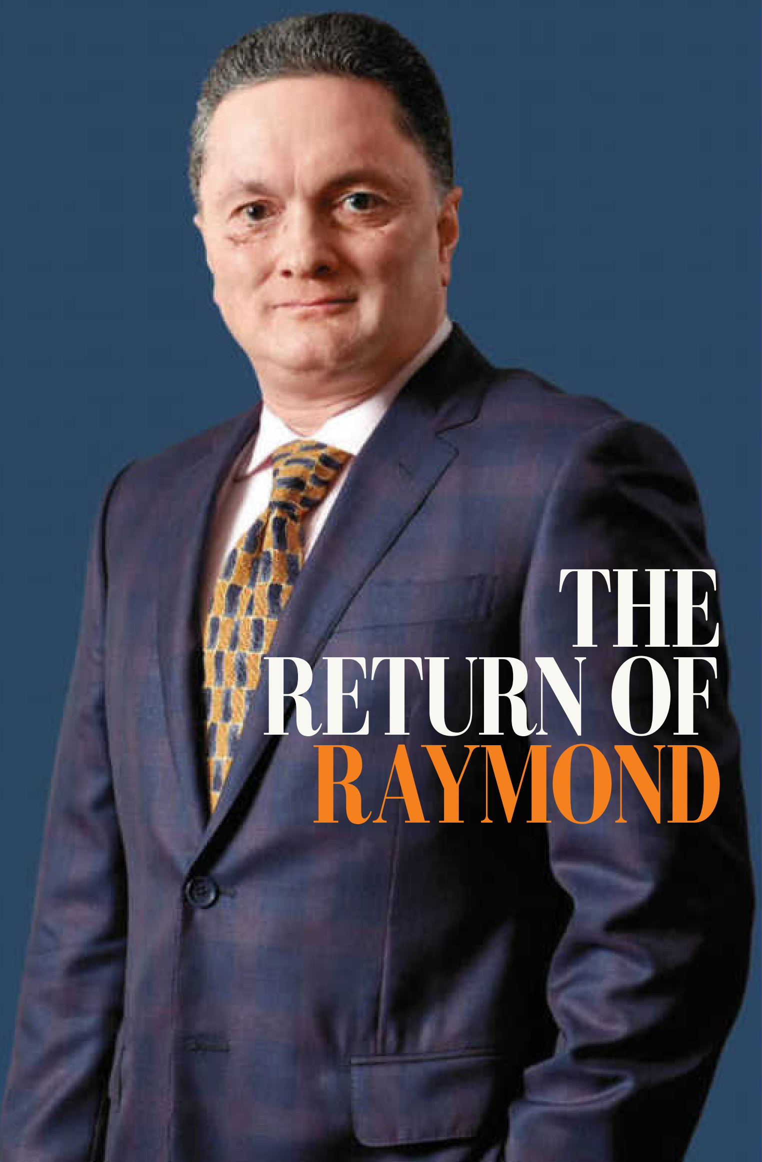

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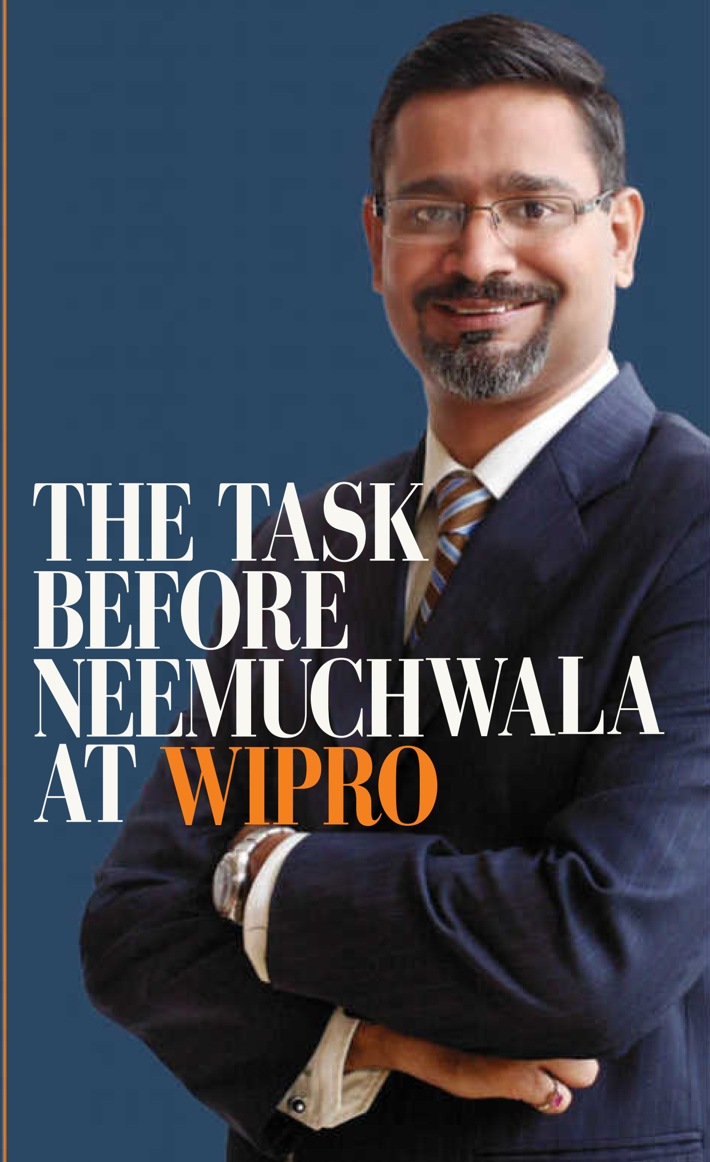

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# From the Editor

## Creating a Great Workplace

What makes for a great workplace? How does one create a company that is considered wonderful to work for? What is the kind of an organisational culture that allows employees to be most productive and equally importantly, happy at work?

There are no standard prescriptions for creating a great workplace. And over the years, the benchmark for what constitutes a good workplace as opposed to a bad one has gone up many times. In the '70s, for example, local offices of European and US multinationals that had operations in the country were much coveted as workplaces for the best and the brightest. Good pay and perquisites were obviously an attraction, but what drew a lot of jobseekers of that era were the formal work systems, the culture of "professionalism" and the fact that one got to rub shoulders with other bright and professional people. But apart from systems and procedures, one more attraction in those companies was that they encouraged a certain degree of "entrepreneurship". Speak to some of the people who joined the then Hindustan Lever (now Hindustan Unilever) and they all have tales of how they created markets, helped develop products, and were allowed to take initiatives even at relatively junior positions.

Over the past couple of decades, many things that were considered "special" have now become standard. High salaries and chance of a foreign posting no longer attract the best minds. ESOPs have also become passé. Gender sensitivity and workplace diversity, worklife balance, flexitime maternity and paternity leave all these have become more important to the high performance executives. Some things went out of fashion and are now back. In the '60s and '70s, for example, good free (or highly subsidised) food in the company dining room or cafeteria was a perk that only the multinationals and the biggest Indian companies offered. By the mid-'90s, a dining room or a cafeteria was no longer considered important in the best workplaces. Highly paid executives just went out for lunches in fancy restaurants, while lesser paid ones brought their own tiffin. The IT companies with their campus culture have again made free food important in the white-collar workplace. (It remained important in factories even in the '90s.) Along with food, they have also brought in gyms, bank ATM creches and other such conveniences to the workplace.


The profiles of the winners of our Best Companies to Work For survey will give HR managers plenty of ideas about how to create good workplaces and get the most from employees. From hiring practices to workplace culture, these companies have introduced innovations that make them coveted employers for the best minds in the country. The methodology we use to identify our best companies is on page 90.

Meanwhile, talking of corporate culture and corporate stories, do not miss our two big corporate features on Raymond and Wipro. Raymond is a tale of a textile company that has not only survived when most of its peers have died out, but also grown from strength to strength. Now it is gearing up for a new round of battle in a changed world, and plans to turn itself into a full-fledged lifestyle company.

Wipro is a tale of the tasks before the new leader who has taken over. It is a company that has lagged behind its closest competitors in growth over the past few years and there was a feeling among analysts that it had lost much of the direction that made it grow at a scorching pace in the late 1990s and early 2000s. Now it has a new CEO who has been headhunted from TCS. Our story on page 106 analyses what the new leader needs to do.

Prosenjit Datta


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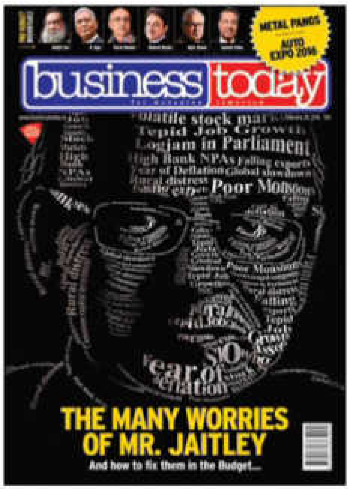


## A Tough Job for Finance Minister Jaitley

This refers to your cover story, *The Many Worries of Mr. Jaitley* (February 28). One cannot expect any miracle to happen in the Budget given the not-so-encouraging economic scenario on both global and domestic front. It is, however, a point to note that among the emerging market economies, India is relatively better placed. But that should not be anything to draw solace. Growth rate has not been picking up for a long time now. Banks are the lifeline of the economy and their performance is directly reflected in the health of the economy. There is a huge amount of stress in the system and banks are confronted with a high degree of non-performing assets and are in dire need of capital infusion. It is indeed welcome that both the government and the Reserve Bank of India are jointly planning to come out with a host of measures for reviving banks and cleaning up their balance sheets. Major corrections are required to be carried out so as to bring about balanced regional development. Definitely, Finance Minister Arun Jaitley will have a tough job in managing and balancing the situation and yet getting the best out of them to make the wheels of economy move on the growth path.

**Srinivasan Umashankar**, *Nagpur*

## Ensuring Accountability

This refers to your panel debate on how start-ups should deal with HR issues (*The Art of Hiring for Start-ups*, Feb 28). While Prime Minister Modi may be focusing on factors that could aide innovators and entrepreneurs through the start-up movement, the programme will succeed only if the PM monitors government officers for accountability. It is essential that government employees, especially those who are part of the tax and public sector departments, nationalised banks, etc., are able to discharge their duties efficiently and without succumbing to corruption. The PM and his team must take suitable and strict action against those who fail to discharge their duties within a reasonable time.

**Mahesh Kapasi**, *New Delhi*

## A Rough Ride for PSBs

This refers to your cover story on banking performance (*India's Best Banks*, Feb 14). It is a timely story. Your annual survey has identified some financially sound banks that are building a strong foundation to prepare for the future despite a slowing domestic economy. It is good to hear that the public sector banks have been quite motivated to compete with private sector banks, that too, in the emerging new digital world. Kudos to the RBI and the government for taking steps to reduce the humongous NPAs, especially in PSBs. But it is a rough ride for both the private sector and public sector banks, as the new-generation payments banks, like paytm, MobiKwik, Freecharge, and many other start-ups, are rapidly winning over the youth to their side.

**Biswaranjan Mishra**, *Gurgaon*

## Shedding Crocodile Tears

The refers to your article on registration of 2,000-cc (and above) diesel vehicles (*Luxury Banned in Delhi*, Jan 31). It is nothing but shedding crocodile tears. As an environmentalist, I just can't understand why, for over the past 200 years, all big foreign car manufacturers still depend on the killer fuel – diesel. There are many alternatives, but all these greedy giants are still in deep slumber. All the big talk of electric vehicles are only intended to fool the authorities. The so-called research and development is just an eyewash. How Volkswagen cheated consumers is a glaring example. It is good that the Supreme Court has taken a decision on this matter, and barring the small percentage of multibillionaires, nobody is upset with the court order. Let us stop pampering the old automobile giants.

**M.V. Vaidya**, *Pune*

## Correction

In our Ex-Libris section (*Trials and Errors*, Feb 28), we inadvertently misstated the price of the book "Legal Confidential: Adventures of an Indian Lawyer". The correct price is ₹499. The error is regretted.

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COVER BY AJAY THAKURI
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MARCH/13/2016
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INSIDE COVER PHOTOGRAPH BY RACHIT GOSWAMI (GAUTAM SINGHANIA)

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## INTERVIEW

**“It is more of caution than fear or worry right now”**

The Indian IT industry is facing multiple headwinds. It could be a short-term blip and demand might pick up later during the year, says **Ramakrishnan Chandrasekaran**, Executive Vice Chairman of Cognizant India, in an interaction with *Business Today*’s **Goutam Das**

businesstoday.in/cognizant-chandrasekaran

## PERSPECTIVES

**A Dream Policy to Boost Manufacturing Sector**
The National Capital Goods policy covers all the major sub-sectors, and suggests not just visionary roadmaps but practical solutions to improve productivity and demand in each of them

businesstoday.in/makeinindia-manufacturing

**Wipro HealthPlan Acquisition: Buying Growth?**
Wipro has acquired a healthcare BPM service provider, the first major move by the new CEO **Abidali Neemuchwala**. It will help the company consolidate its position in the lucrative US market

businesstoday.in/wipro-healthplan

## NEWS

**Asus ZenBook UX305L: The Flying Machine**
Asus is a good looking and value-for-money laptop. Its overall performance is quite impressive

businesstoday.in/asuslaptop-review

**“India Could Be a Global Pharma Capital”**
But the government needs to take the initiative for fine-tuning the talent and improving the skills of the young generation to achieve this status, according to Sun Pharma Managing Director **Dilip Shanghvi**

businesstoday.in/pharma-shanghvi

## BT COLUMN

**Make in India, Spare the Patients**
The government’s 22-per cent duty on lifesaving drugs, like cancer, will impact imported medicines and those made in SEZs, finds **Joe C. Mathew**

businesstoday.in/duties-drugs


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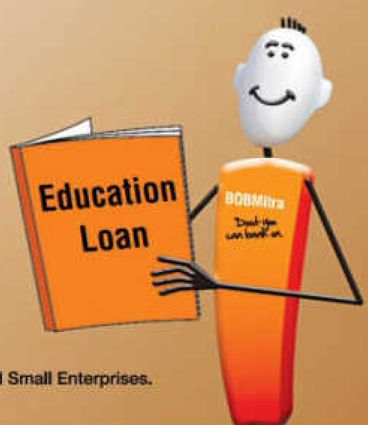


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## GOOD NUMBERS

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What the week-long Make in India fair in Mumbai attracted as investment pledges from global and Indian investors. Though impressive, this number fell short of the ₹25 lakh crore of investment pledges that the three-day Vibrant Gujarat summit had attracted a year ago.

MAKE IN INDIA

## BAD NUMBERS

**₹8**

LAKH CRORE

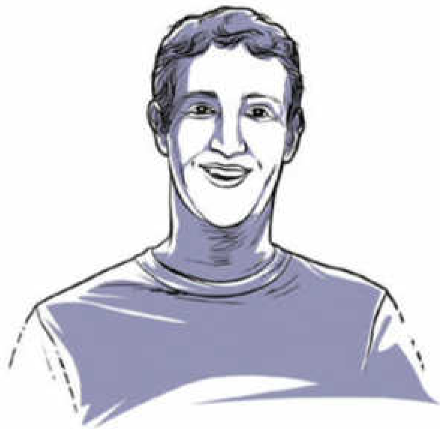
The amount of stressed assets in the balance sheets of Indian banks, as per an estimate of the Reserve Bank of India.

**₹1.4**

LAKH CRORE

The amount of bad loans written off by Indian public sector banks in the past three years alone, according to a report by a newspaper.

## SOCIAL MEDIA HOWLER OF THE MONTH



ILLUSTRATIONS: AJAY THAKURI

"Anti-colonialism has been economically catastrophic for Indian people for decades. Why stop now?"

Tweet by Marc Andreessen, famed Silicon Valley venture capitalist, inventor of Netscape browser, and board member of Facebook, reacting to TRAI's ruling that disallowed Facebook's Free Basics...He later deleted the tweet and apologised

"We strongly reject the sentiments expressed by Marc Andreessen last night about India"

Facebook quickly put out this statement after the twitter storm that followed Andreessen's tweet.

"...deeply upsetting and they do not represent the way Facebook or I think at all,"

Facebook founder Marc Zuckerberg reacting to same tweet by Andreessen

## THUMBS DOWN

"This is not the right time for bullet train in the country but there was a need for improving existing facilities, speed, infrastructure and comforts of passengers"

"Maybe after eight to 10 years, we may require bullet train,"

E. Shreedharan, the Metro Man, on the sidelines of an event in Nagpur when asked what he thought of the super fast trains that the government was planning...

26 - 28

## SHOWCASING INDIA

**WHAT:** India Exhibition Lahore 2016
**WHEN:** February 26-28, Lahore, Pakistan

**WHAT TO LOOK FOR:** The exhibition aims to apprise Pakistani companies about Indian products with the aim to boost bilateral trade between the neighbours. Expect an exhibition showcasing some of India's best technologies and products as well as B2B meetings between companies for trade and possible joint ventures.

24

## SMART MANUFACTURING

**WHAT:** TN Manufacturing Summit
**WHEN:** February 24, Chennai

**WHAT TO LOOK FOR:** The seventh edition of the event is themed around Smart Manufacturing. Participants will share their experiences on smart factories (using new materials and techniques to produce faster through automation and digitisation); policy and regulation, and job creation and value addition.

26 - 27

## TEA TIME

**WHAT:** 4th Indian Tea Forum
**WHEN:** February 26-27, Siliguri

**WHAT TO LOOK FOR:** The forum brings together various stakeholders from the tea industry, including producers, wholesalers, packagers, distributors, brokers, warehousing suppliers, start-ups and tea entrepreneurs. Participants can expect discussions around online marketing, digital branding and promotion, greater value addition in tea production and higher price realisation. There is also a buyer-seller meet.

24

## ARMING THE ARMY

**WHAT:** Joint Military and Industry Interaction Roundtable Series
**WHEN:** February 24, New Delhi

**WHAT TO LOOK FOR:** The series organised by the PHD Chamber of Commerce & Industry and Indian Army to promote discussions regarding the Army's manufacturing needs with the industry. The sessions will be joined by India's Army's brass including DG (Perspective Planning), DG (Army Air Defence), DG (Mechanised Forces), DG (Infantry), DG (Artillery), DG (Army Aviation) and DDG (Directorate of Indigenisation), besides defence PSU chiefs, DRDO officials as well as SMEs.

15 - 16

## UNSHACKLING WOMEN

**WHAT:** 2016 Women's Empowerment Principles
**WHEN:** March 15-16, New York

**WHAT TO LOOK FOR:** On the occasion of the International Womens' Day, the annual event brings together women entrepreneurs, business leaders, civil society, government and UN officials to discuss principles of diversity and to unleash the potential of women. The panel discussions are around how various companies around the world implement women empowerment principles in accordance with new Sustainable Development Goals (SDGs), set forth in the 2030 Agenda for Sustainable Development.

WHAT'S TRENDING

# Double-edged

## Reddit is a powerful tool as well as a destroyer of reputation.

By **TUSHAR KANWAR**

It is the biggest social phenomenon. Just last year, Reddit had 234 million unique users logging in every month, racking up upwards of 80 billion page views, and its popular 'Ask Me Anything' (AMA) interview format has seen biggies like Barack Obama, Elon Musk and Bill Gates subject themselves to scrutiny from the Internet populace.

Reddit remains a bit of a mystery for most, including most corporates looking to tap into what makes stuff go 'viral' on this network. Perhaps the best way to describe Reddit is by telling you what it is not. Unlike Facebook and Twitter, which focus more on who you are and what you have to say about the stuff you share, Reddit is all about the content. Any Reddit user (a Redditor) can submit text, image, video and web links, and other users from the community either 'upvote' or 'downvote' the content. This ensures that good content buoys to the

RAJ VERMA

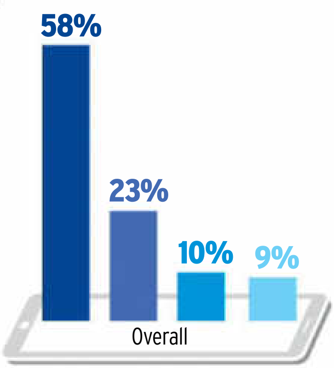
DIGITAL DASHBOARD

## Smartphone Frenzy

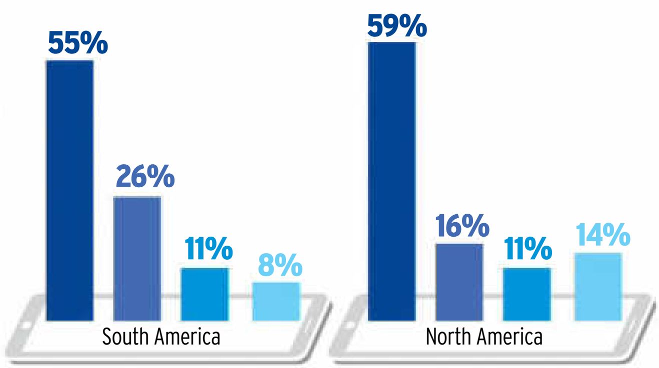
- Communication Tool
- Personal Companion
- Social Media Tool
- Entertainment Device

Number of people surveyed: 3,065
Source: Baidu Mobile Apps

### HOW WE USE OUR SMARTPHONES




### THE ROLE OF SMARTPHONES - BY REGION



top of the page (and the really popular content goes to the coveted front page). What you get is a potpourri of the web's most interesting, weird and controversial content.

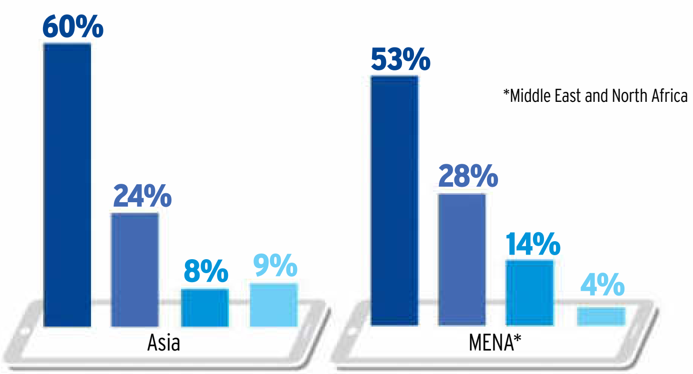
Reddit is organised into several tens of thousands of categories or 'subreddits', each of which is a community in itself, comprising folks who share a common interest. Take a walk down a subreddit lane and you will be amazed at how different one subreddit is from another – in terms of tone and quality of content. You can subscribe to as many subreddits as you like, and creating a new one takes only minutes. You can befriend other Redditors; users have publicly visible profiles on which are listed all their comments and submitted posts. Best of all, Reddit allows for truly anonymous conversations, and no real names or even e-mail addresses are required!

Of course, while this undeniably leads to vicious diatribes and ad hominem attacks, the Reddit moderator system – people who maintain each subreddit – and the self-policing voting mechanism ensure that meaningless vitriol gets downvoted into obscurity, and candid opinions and quality conversations thrive. Think about it, when was the last time you saw quality conversation on real-name networks such as Facebook? Redditors I have spoken to profess to being closest to their real self on Reddit, when expressing opinions on anything even remotely controversial.

Redditors are known to be fiercely protective of their subreddits and notoriously resistant to self-promotion. They can smell marketers from miles away, and if you invade their conversations, they will brazenly let you know that they hate you. Try using vote-buying services or paid shills to increase your visibility, and they will downvote you, humiliate you and try to get you banned. They may also attack your brands on other platforms such as Amazon and Yelp.

Yet, marketers cannot ignore the siren song of Reddit. So, what is an honest marketer to do? Rule number one is to be a Redditor first and a marketer later. Promote less; listen more. Interact with the community by encouraging discussions around complaints about your current and future products and service quality. If you run your own brand's subreddit, encourage user submissions and link the top-voted results in your other marketing collateral. You could also use the subreddit for AMA, and funnel the questions and feedback into product development and customer channels for appropriate action. Many marketers, having burnt their fingers on Reddit, dismiss the network as the hot-headed brat of the social media world. However, if your target is trendsetters and you are not afraid of criticism, this is the place to be. ◆

*@2shar*




# LISTENING POST

## Almighty Hack

Hackers on the Internet seem to have shifted their attention to Twitter these days. Recently, a bunch of Twitter accounts, including two with 'God' in their handles, were taken over by hackers. Followers of @God and @TheTweetOfGod were bombarded with NSFW (Not Safe for Work) tweets. Alhough the handles were recovered after a while and the objectionable tweets deleted, some reports say the hacked accounts are still facing technical issues. It is believed that a bug in 'password change reminder' of accounts enabled hackers to get hold of @ God, @TheTweetOfGod and other handles. So when users tried to change their password, their full e-mail address linked to the account was also visible, using which hackers got into these accounts. While @God has over 183,000 followers on Twitter, @TheTweetOfGod has 2.29 million followers.

## On Demand

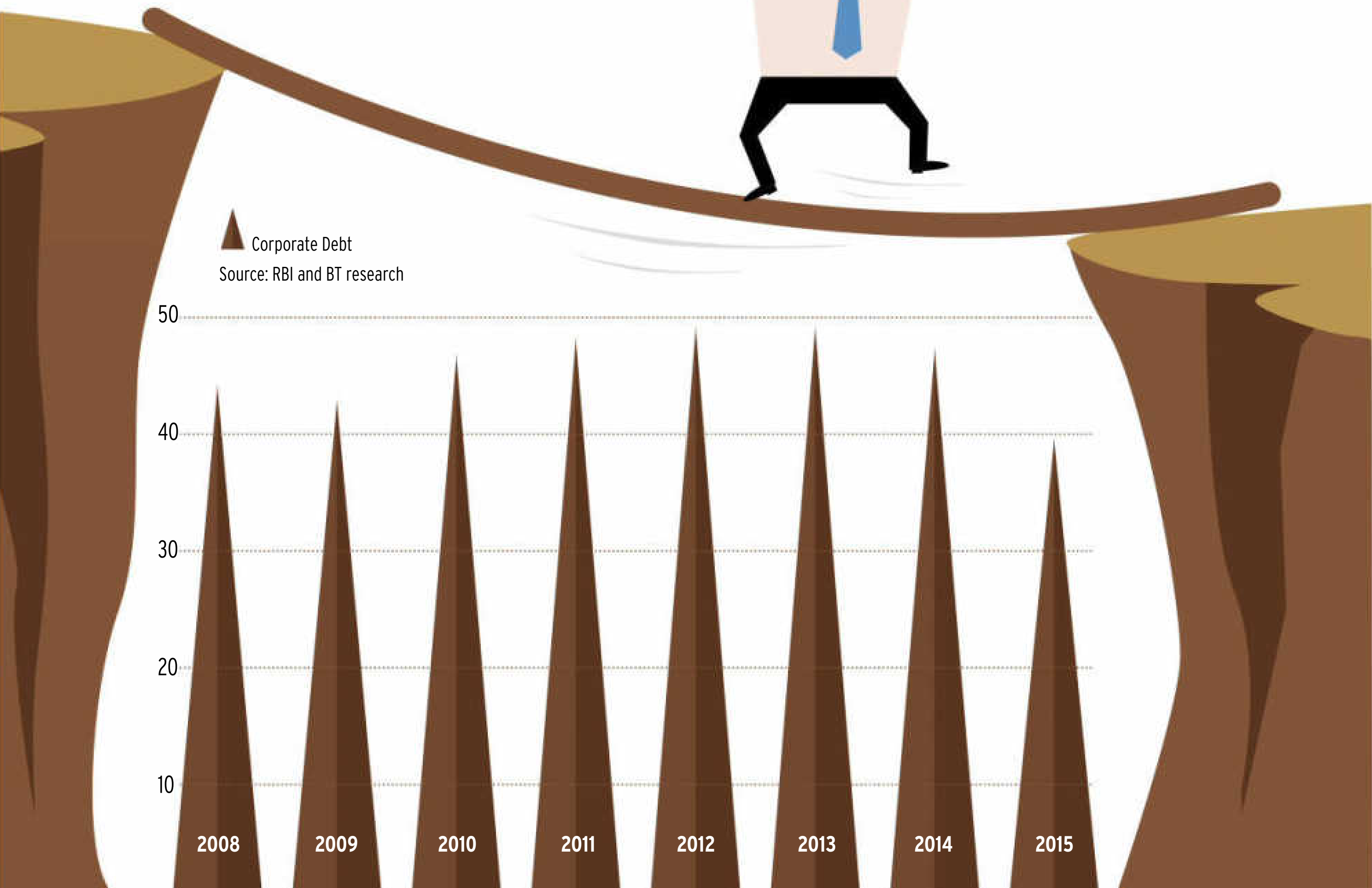
Video sharing service Vine has added new features based on user demand. In a blog post, Vine announced that users can view an account's vines in any order they want. For this, they need to tap on the icon next to the post and select either 'newest', 'oldest' or 'popular', depending on the order. Users can also edit the caption of a video after they have posted it; however, this feature is active only for a short duration and is available only on Android. It has also enabled 3D touch on iOS – users can now create a video or search for videos by pressing and holding the app icon.

# MOUNTING WOES

A sluggish economy, high borrowing costs and the rupee depreciation has taken its toll on India Inc. Falling profit margins and mounting debt remain key concerns. A closer look at the emerging trends in the corporate world.

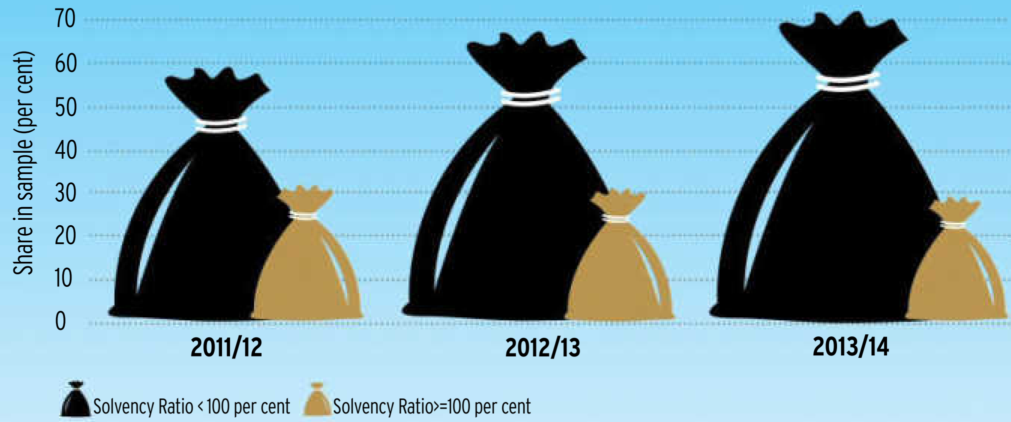
Graphic by: **Safia Zahid** Research by: **Niti Kiran**

**1)** Corporate debt as a percentage of GDP has averaged a high 40 per cent over the past eight years



## 2) The ability of corporates to service debt has deteriorated considerably

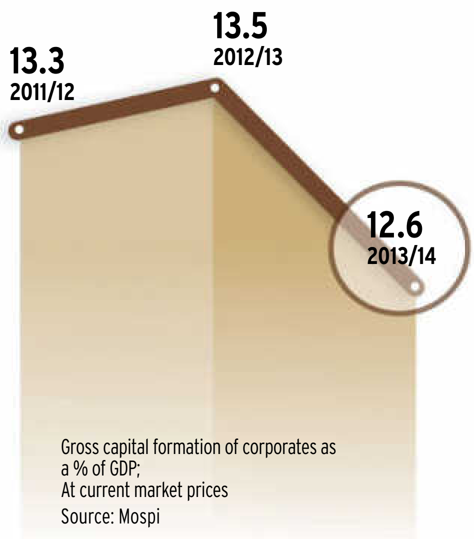
Solvency ratio




Solvency ratio is defined as the ratio of profit after tax (PAT) plus depreciation to total debt. It measures a company's ability to meet its long-term obligations. The higher the ratio, the better

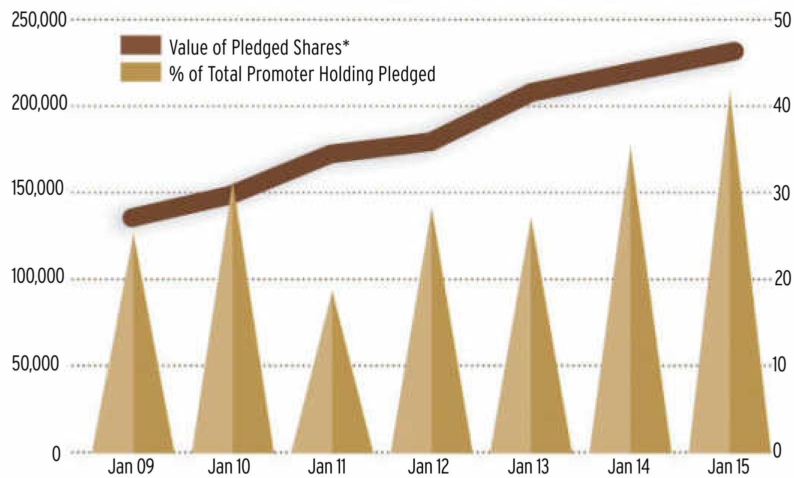
Data pertains to 4,388 non-government non-financial (NGNF) public limited companies, which account for 32 per cent of the total paid-up capital; companies with zero debt have been excluded     Source: RBI

## 3) The pessimism in corporate India is reflected in the lacklustre investment on capital assets




Gross capital formation of corporates as a % of GDP;
At current market prices
Source: Mospi

## 4) Pledging of shares by promoters in NSE-listed companies have hit a seven-year high. With the equity markets weak, it is another avenue for raising capital




* In ₹ crore; Source: PRIME Database

## 5) The number of companies witnessing a consistent fall in promoters' stake has grown in the past two quarters


Figures are number of companies; Data compiled for 1,738 companies whose December quarter data was available   Source: Ace Equity

RAJ VERMA

# Reducing the Cash Pie

**Cash reserves of Indian companies dipped in 2015, mostly due to debt repayment efforts.** By NITI KIRAN

**131**
**The number of cash-surplus BSE 500-listed companies in 2015 – the highest in over a decade**

India Inc. has been accumulating huge amounts of cash for a while, but it has drawn attention only now because of rising interest rates, which have put the brakes on cash hoarding. Here's a look at 389 BSE 500 companies, excluding banks and financial services companies, which saw an aggregated cash pile of around ₹2,98,709 crore. That is 6 per cent lower than last fiscal, and the first-ever contraction for over a decade.

But, where is this money exactly flowing? Cash flows in a company through operations, investments and financing activities. In 2014/15, cash flow from operations for the 389 companies grew around 4 per cent compared to 2013/14. However, cash outflows from financing activities were recorded at a higher rate at 83 per cent this fiscal compared to 74 per cent last year.

Here are some more encouraging numbers. After a spike in debt levels between 2008/09 and 2011/12, an element of sanity has now been witnessed – the pace of growth in debt is moderating substantially from the highs of around 40 per cent in 2008/09 to 3.6 per cent in 2014/15. The signal is clear. "That companies are paring debt was visible through cashflow statements. There is more cash from operations, but a negative cash flow from financing activities indicates more debt repayments by the corporates," says Rahul Jain, Assistant Vice-President, AnandRathi Financial Services, adding that this was also an effort to restructure their debt financing, clean their balance sheets and strengthen them.

Aggregate investments by these companies in mutual funds, government securities, equities, subsidiaries and overseas grew around 13 per cent in 2014/15 compared to 19 per cent in 2013/14. Says Madan Sabnavis, Chief Econo-mist, CARE Ratings: "The cash levels have come down due to drawdown for use for both working capital and investment purposes. This is so as conditions in the credit market are tough. Also, with rates being high, dipping into cash reserves is one effective way to lower interest costs. Some have also deleveraged by dipping into the cash reserves."

As we delved deeper, some interesting facts were unearthed. For instance, there has been a steady rise in the number of companies with more cash on their books than debt over the past two-three years. In 2014/15, the number of cash-surplus companies went up to 131, which is the highest in over a decade. "There have been profits made by these companies and they are accumulating the same. There have been benefits for companies due to falling input prices as commodity prices have come down globally," says Sabnavis.

The capital expenditure spending behaviour of India Inc. is also throwing up an interesting trend. The gross fixed capital formation (at a constant price) as a share of gross domestic product (GDP), which is a proxy for investment, showed serious downtrend in growth – declining around 3 percentage points over the last four fiscals and, according to advance estimates, will be 31.6 per cent in 2015/16. However, the government has managed to deliver well with respect to under-implementation of projects compared to private companies.

Says Sabnavis: "Private investment has slowed as there is surplus capacity with utilisation rates being 70 per cent on an average. The government has two advantages for projects: one, it has access to low-cost funds; and, two, it can go ahead irrespective of commercial considerations. For the private sector, projects have often become unviable or still are stuck due to issues related to land purchase or environment."

Dividend distribution also failed to make up to the corporations' priority list this time unlike 2014. The 389 companies witnessed dividend payout growth of just 11 per cent in 2014/15 compared to a robust 26.2 per cent growth in 2013/14. This is, more or less, correlated to the earnings growth of the companies, which deteriorated substantially in 2014/15, slipping into the red as opposed to a double-digit growth in the previous fiscal.

Most public sector companies have been historically cash rich but have seen some reduction in their cash levels in 2014/15. "They have been paying higher dividends as well as using some for investment purposes. This is why cash reserves have come down," says Sabnavis of CARE Ratings. Sectors such as information technology (IT) and pharmaceuticals have also seen growth of over 15 per cent in their cash levels last fiscal. "IT and pharma companies delivered well last year and were consistent performers. On top of it, currency depreciation has also worked well for the sectors," says Jain.

Let's hope for the best as sanity appears to have returned. With corporates focusing on strengthening their balance sheets, the rest will follow. ◆

@niti_kiran

## PUT TO USE

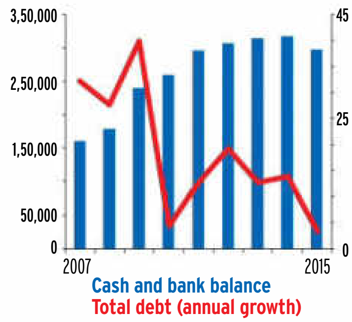
Tracking the cash flow of corporate India

### TOP FIVE CASH-SURPLUS COMPANIES

| TOP CASH SURPLUS COMPANIES | TOTAL DEBT | CASH AND BANK BALANCE |
|---|---|---|
| Infosys | 0 | 27,722 |
| NMDC | 0 | 18,443 |
| Tata Consultancy Services | 273 | 16,503 |
| Bharat Heavy Electricals | 118 | 9,813 |
| Wipro | 6,103 | 15,668 |

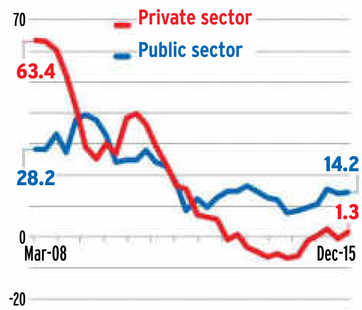
Infosys and NMDC are zero-debt companies; in ₹crore; Data for 2014/15; Source: Ace Equity

### CASH LEVELS & TOTAL DEBT GROWTH




Cash and bank balance of the 389 entities in ₹crore; Source: Ace Equity

### UNDER-IMPLEMENTED PROJECTS




Year-on-year (%) growth in under-implemented projects; Source: CMIE

# The MAT Riddle

## Even as the chorus for its removal gets louder, it looks like MAT is here to stay for some more time. By DIPAK MONDAL


RAJ VERMA

**COLLECTIONS FROM MAT**

2014/15
**₹36,009 CRORE**

2013/14
**₹33,351 CRORE**

2012/13
**₹21,439 CRORE**

2011/12
**₹27,881 CRORE**

2010/11
**₹25,416 CRORE**

Source: Union Budget

With the government deciding to phase out exemptions and reduce the corporate tax rate from 30 per cent to 25 per cent by 2018/19, there have been calls for simultaneous removal of minimum alternate tax (MAT), levied on book profits of companies whose tax liabilities as per the income tax laws are either zero or very low. Among those that have made such a demand are the Confederation of Indian Industry and Assocham.

However, the odds of this happening are low. Many experts say MAT is levied not because of exemptions but because of the different approach under the Income Tax Act to calculate the income of companies. Those in favour of removal say that with the phasing out of exemptions, the income (as calculated under the Income Tax Act) of companies will anyway go up, making MAT irrelevant. "With reduction in tax rates and removal of exemptions, the average tax rate would go up, reducing the need for high MAT rates," says Mohandas Pai, Chairman, Manipal Global Education, and a member of the Kelkar Committee on tax reforms.

Rohan Shah, Managing Partner, Economic Legal Practice, says the government should remove MAT and move to a unitary and simple tax system so that there is less litigation.

### Far fetched

Those who believe MAT is there to stay seem to have a stronger case. The need for MAT arose not because of exemptions but because of the different accounting approaches under the Income Tax Act and the Companies Act. Due to this, some companies end up paying no tax or less tax even if they have healthy profits on their books (calculated as per the companies law). MAT was brought in to remove this anomaly.

"Exemptions are not the only reason for MAT. If you see the Income Tax Act sections, there are prescribed adjustments, and those adjustments are not only exemption-driven," says Anil Kumar Chopra, Head, Direct Tax Committee, PHD Chambers of Commerce and Industry.

Besides, the benefits of corporate tax exemptions are not uniform and some sectors gain more than others, which is why effective tax rates vary across companies and sectors.

Arijit Chakravarty, Senior Principal, Advaita Legal, says while corporate tax exemptions are not universal, MAT applies to all companies. "Many companies not getting exemptions may still be paying MAT. Therefore, it may not be entirely true that with exemptions gone, MAT will become irrelevant," he says.

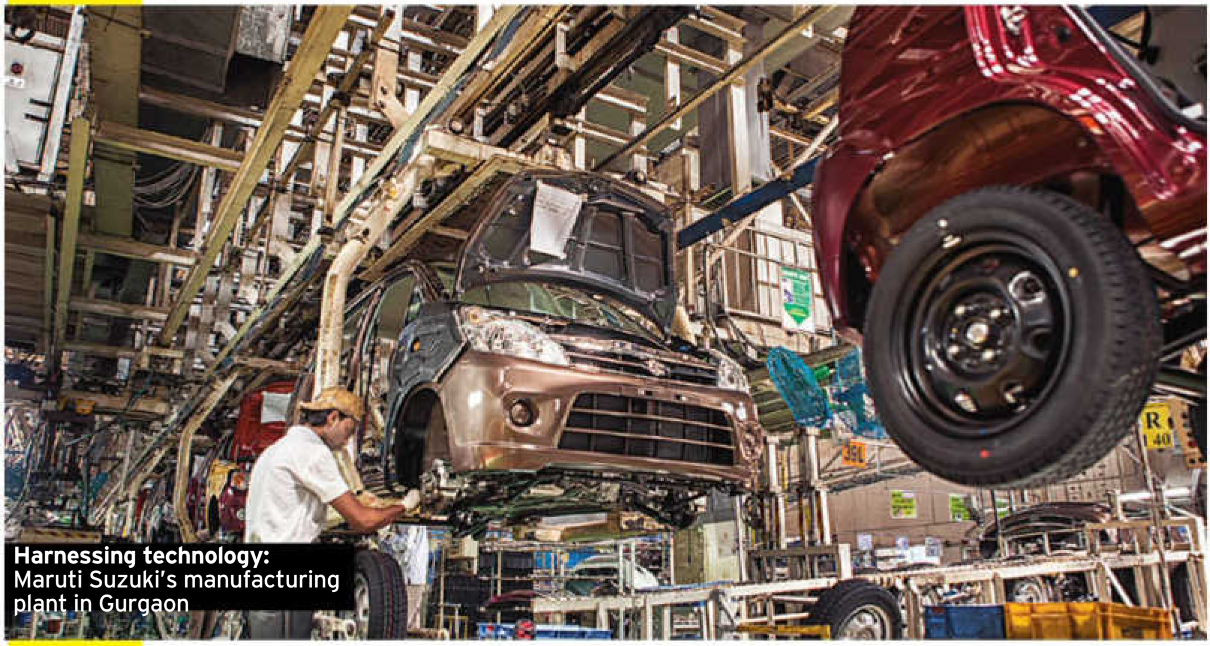
The government also has to assess if it can make good the loss of revenue due to MAT removal. In 2014/15, it had collected ₹36,000 crore through MAT. The net revenue loss (after adjusting for MAT collections) due to corporate tax exemptions during the year was ₹62,400 crore. Besides, it is unlikely that all exemptions will go, says Chopra of PHD Chambers. "They will be rationalised because there are priorities on which countries focus. Those priorities will be incentivised," he says.

All one can hope for is either removal of MAT on companies in special economic zones or reduction in the MAT rate from 18.5 per cent to 10-15 per cent. ◆

@Dipak_Journo

# Manufacturing ≠ Jobs

**Indian policymakers should not assume that all manufacturing industries will generate lots of jobs.** By PROSENJIT DATTA



VIVAN MEHRA

**Harnessing technology:** Maruti Suzuki's manufacturing plant in Gurgaon

The Make in India jamboree that just ended in Mumbai apparently attracted \$222 billion (₹15.2 lakh crore) of investment pledges, though cynics say more than a few of them are old announcements that have been dressed up and trotted out once again by industrialists who want to curry favour with the government. Studies by different organisations estimate that only about 13 per cent of pledges made at such investment fairs actually materialise into projects on the ground, though Amitabh Kant, Secretary, Department of Industrial Policy and Promotion (DIPP), told reporters that he expected 80-85 per cent of the pledges to come good.

Even if half of what Kant estimates actually gets invested over the next five years, it is an impressive number. The Make in India programme is supposed to fulfil the twin goals of Prime Minister Narendra Modi. One, make India a global manufacturing hub, which will drive India's growth over the next two decades. He expects manufacturing to contribute to 25 per cent of India's GDP in a few years' time. The second goal, which follows from the first, is to create 100 million jobs in the Indian economy within six years.

**ONCE UPON A TIME, MANUFACTURING COMPETITIVENESS AND AVAILABILITY OF CHEAP LABOUR WERE ALMOST SYNONYMOUS. AUTOMATION, A ROBUST SUPPLY CHAIN, PROXIMITY EITHER TO RAW MATERIALS OR TO MARKETS, AND OVERALL INFRASTRUCTURE HAVE ALL BECOME MORE IMPORTANT THAN LABOUR IN DOZENS OF INDUSTRIES**

The focus on increasing manufacturing's share and getting more manufacturing investments into India stems from the government's belief that the service revolution that drove growth in the initial years of the UPA regime did not create enough jobs for those who were not engineers. And given that an estimated one million youth in India will join the workforce every month for the next 15 years, most of whom are both ill-educated and poorly skilled, the demographic dividend that the country boasts of will soon turn into a demographic curse. The government believes that a manufacturing revolution of the kind that China saw in the past two decades would create enough jobs to meet India's needs. Currently, though the economy is supposed to be growing at 7.5 per cent per annum, it is barely creating 5.5 million new jobs in a year, according to most estimates. In many industries, labour statistics show that jobs have actually been lost over the past few years.

Unfortunately, what the government's

policymakers do not seem to realise is that a manufacturing revolution in India may not automatically create lots and lots of jobs. For the country, both manufacturing competitiveness and jobs are equally important but the two will not necessarily move in sync with each other. That is because today manufacturing competitiveness no longer depends on inexhaustible supplies of cheap labour. Modern manufacturing is far more technology focused.

It is true that once upon a time, manufacturing competitiveness and availability of cheap labour were almost synonymous. Higher labour costs saw manufacturing move out of the US and other developed countries to developing countries with cheaper labour such as Mexico (initially) and then Brazil, Taiwan and then, of course, China. The growth of our north-eastern neighbour was powered by manufacturing shifting to it because of its cheap and highly productive labour.

But of late, cheap manpower supplies are taking a backseat to other factors when it comes to manufacturing competitiveness. Automation, a robust supply chain, proximity either to raw materials or to markets, and overall infrastructure have all become more important than labour in dozens of industries. In fact, at the Make in India event, that point was made by two of the country's most prominent manufacturing tycoons – Kumar Mangalam Birla and Anand Mahindra. Both pointed to the need to adopt technology to make India globally competitive instead of just depending on cheap labour.

More industrialists should have made that point with the government. With the rise of automation and the improvements in robotics, more routine jobs that were earlier being done with cheap labour will be replaced by technology substitutes. Robots in factories are becoming both cheaper and more sophisticated. Some estimates in fact point to a bleak future of robots taking over almost 50 per cent of the jobs being currently done by humans, especially jobs in factories, within the next three decades.

**AS INDIA ALSO NEEDS TO CREATE A LOT OF JOBS, IT NEEDS TO LOOK AT OTHER SECTORS IN SERVICES WHERE NEW JOBS CAN BE GENERATED AND START THINKING OF POLICIES TO BOOST THOSE AS WELL**

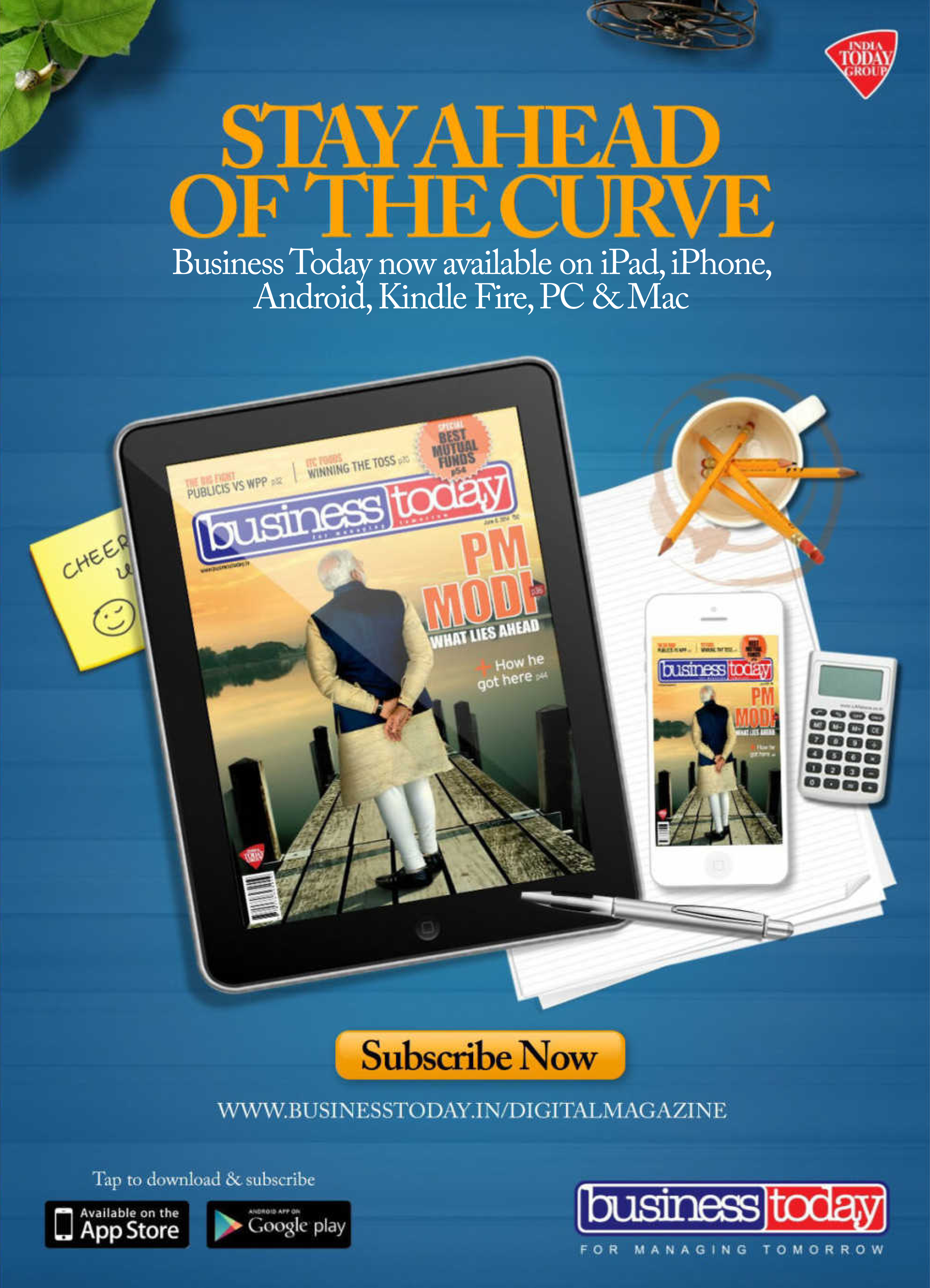
Already, a McKinsey study shows that while manufacturing's share of global GDP is about 16 per cent, its share of jobs in the global economy is lower at 14 per cent. It will reduce even further as technology is adopted even more in tomorrow's high tech factories. Some developed countries such as the US, which saw manufacturing flee to other cheap labour countries, are finding that times are changing. Manufacturers are returning because of a combination of high-tech manufacturing practices that lower need for cheap labour, and also because of lower energy costs (shale oil) and proximity to customers.

Equally importantly, modern factories are looking at hundreds of ways to improve productivity of even the humans they employ. So, in the future, even for human only jobs, what needed hundreds of people earlier to accomplish is likely to require only a couple of dozen.

The point is that countries which think that cheap labour is their sole advantage in the global manufacturing landscape are losing their edge within the next two decades. In fact, even in services, automation is rapidly taking over many jobs that were done by low cost workers. But in services, there are still plenty of jobs that are being created even as low end jobs are vanishing.

The policymakers would do well to recognise this. India needs to become a manufacturing powerhouse and policies need to be created for that. But those policies should not assume that all manufacturing industries will generate lots of jobs. But as India also needs to create a lot of jobs, it needs to look at other sectors in services where new jobs can be generated and start thinking of policies to boost those as well. Old style thinking will not serve any longterm purpose. ◆

*@ProsaicView*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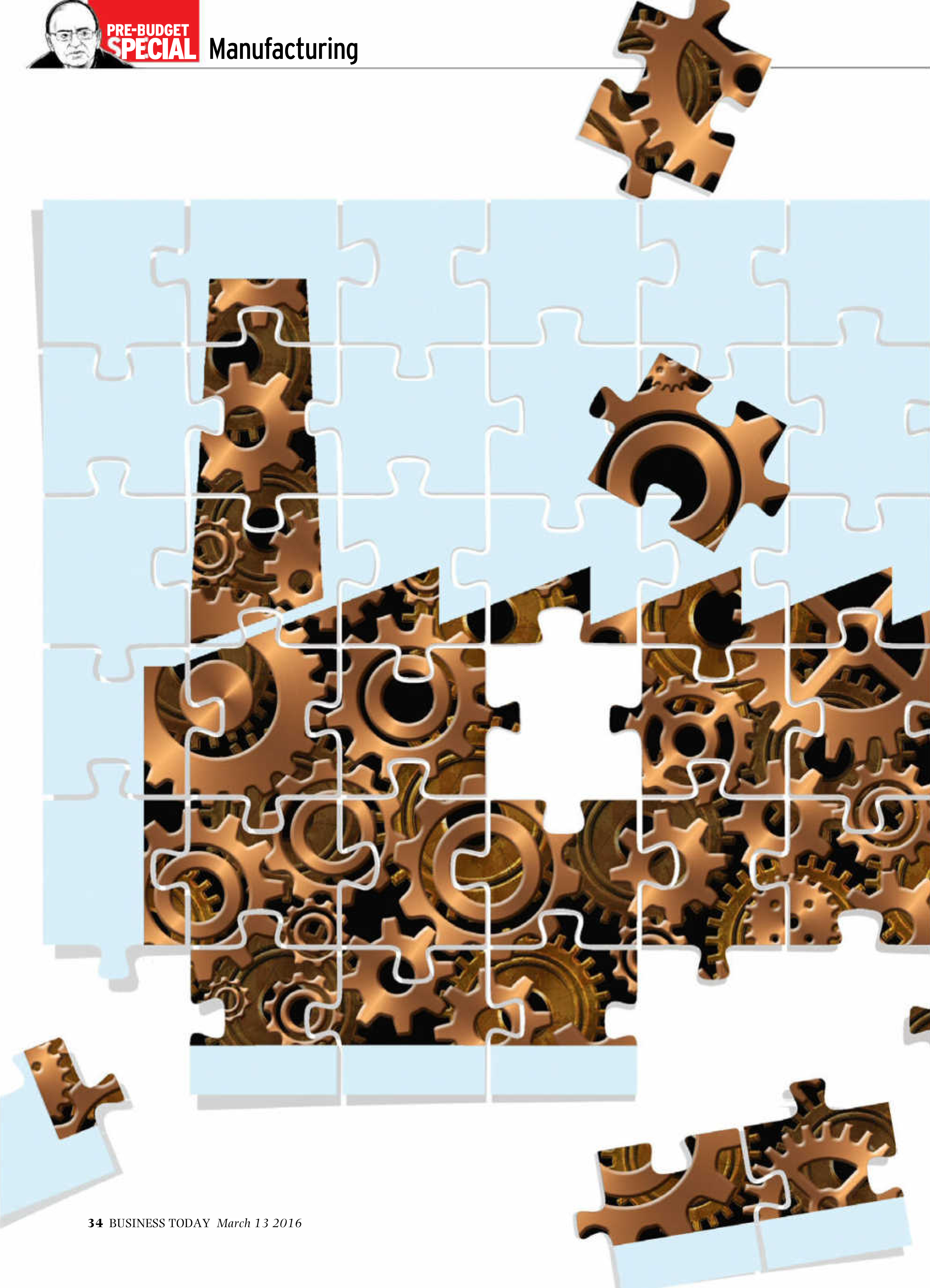
ANDROID APP ON Google play
business today
FOR MANAGING TOMORROW




# Joining the Pieces

## India's plan to become a manufacturing hub is beset by a host of problems. The Budget is expected to provide little succour. By SUMANT BANERJI

Last year, Tata Steel started the first phase of its steel plant in Kalinganagar, Odisha. Spread over 3,741 acres, at full capacity, it will be India's largest single-location greenfield steel plant. But what is more telling is that it is just one of the few greenfield steel plants to be built in India in the last 20 years. It sure did take some time coming.

Planned at a cost of ₹15,000 crore, it was to start in 2010, but got bogged down by an agitation by locals who claimed they owned a part of the land given to the company. After January 2, 2005, when 13 agitators were killed in police firing, the work stopped.

This took the company by surprise. Tata Steel had, after all, built Jamshedpur, then one of India's most modern cities, around its steel plant. Surely, the plant would help Kalinganagar, it thought. However, the sense of injustice among the locals, who were offered just ₹37,000 an acre by the government in 1993, overrode everything.

"Till January 1, 2005, we thought the land was ours, as we had paid for it," says Rajiv Kumar, Vice President, Operations, Kalinganagar project, in *Tata Review*, the Tata Group's in-house magazine. "We did not foresee any problem. We had the Tata name, we had been in Odisha for 100 years, and we believed we had built social equity with the community. But some stakeholders did not see it that way, there were others who were fiercely opposed to us, there was local politics. We were just not aware of the factors at play," he says.

The Tatas were being fed this bitter medicine at another place too. Around the same time, Tata Motors' Nano project in West Bengal was facing a similar problem. Unlike Kalinganagar, though, it was resurrected at Sanand in Gujarat. Critics said Kalinganagar would meet the same fate.

"We ignored the naysayers, went to work and, slowly, bit by bit, got the project back on track," says T.V. Narendran, Chief Executive Officer, Tata Steel.

The work started in 2010. A


Figures in per cent

Source: World Bank

generous relief and rehabilitation package that included a higher price for land, jobs, money for building houses and monthly allowance won over the agitators. But the extra payout and time overrun spiked the project cost by 75 per cent to ₹26,000 crore. By 2025, when the project reaches its terminal capacity of 12 mtpa, the cost is estimated to swell to ₹50,000 crore.

Few companies have the bandwidth to take this kind of risk. One needs to only look at Korean steel major Posco's 12 mtpa steel plant at Jagatsinghpur, a mere 120 km away. After trying for 10 years, the company, six months ago, shelved what was to have been the biggest foreign direct investment in the country.

Building a factory in India is not for the faint hearted. Even if a company is fortunate and manages to buy land — which, by the way, is becoming more and more difficult, expensive and time-consuming due to complex laws, people's rising expectations and local politics — that is just a start. A manufacturing company in India, on average, has to comply with nearly 70 laws and regulations. Apart from the multiple inspections, it has to file around 100 returns in a year, according to a 2013 report by consultancy firm Deloitte. Then there is the double maze of tax and labour laws that can be a big pain even in the best of times. Poor infrastructure does not help either.

Will the NDA government, whose economic programme hinges on boosting the manufacturing sector, be able to bring about the required change? Will it be able to debottleneck the process of setting up and running a factory in the country so that its plan to create millions of new jobs in manufacturing sees the light of day? The coming Union Budget may provide some of the answers.

## Cost of Compliance

Despite a high-decibel campaign to cut the red tape in manufacturing and services, India ranks a poor 130 out of 189 countries in World Bank's Ease of Doing Business rankings. Its performance on some parameters is abysmal (see *Lagging the World*).

"Our compliance cost is huge. It has not come down," says R.C. Bhargava, Non Executive Chairman of Maruti Suzuki, India's largest car maker. "On the contrary, due to the new Companies Act, it has gone up. Industry has to become competitive globally. But we have the age-old socialist mindset. Everybody is scared of helping industry."

Problems in acquisition of land, delays in environmental and other clearances and infrastructure bottlenecks have taken a toll. In the past five years (2011 to 2015), new projects have seen a marked reduction of 44 per cent from the period between 2006 and 2010. The value of stalled projects more than tripled during the period (see *No Respite on Stuck Projects*).

Worse, straddled with huge distressed assets, core sector companies are more concerned about avoiding default rather than making fresh investments. As a result, India's investment-to-gross domestic product ratio has fallen for five straight financial years now. The NDA government has tried to correct this through a massive increase in investments to build infrastructure. It is likely to follow this policy in the coming Budget, too.

"Investments have not picked up significantly across the board. The number of proposals and announcements has risen only in specific sectors. Industry is still taking a wait-and-watch approach given its subdued performance in the first three quarters of the financial year," says Madan Sabnavis, Chief Economist at

## LAGGING THE WORLD

WORLD BANK'S EASE OF DOING BUSINESS RANKINGS (FOR 189 COUNTRIES) SHOW INDIA IN POOR LIGHT

Ease of starting a business rank: **155**
Number of procedures required: **12**
Time taken: **29 days**

Dealing with construction permits rank: **183**
Number of procedures required: **33**
Time taken: **191 days**

Getting electricity rank: **70**
Number of procedures: **5**
Time required: **90 days**

Registering property rank: **138**
Number of procedures required: **7**
Time taken : **47 days**

## NO RESPITE ON STUCK PROJECTS

| Year | Total fresh investment (₹cr) | Number of fresh projects | Value of projects completed (₹cr) | Number of projects completed | Value (₹cr) of projects stalled | Number of projects stalled |
|---|---|---|---|---|---|---|
| 2006 | 4,61,366 | 1,270 | 54,271 | 589 | 7,740 | 37 |
| 2007 | 3,96,937 | 968 | 81,554 | 731 | 22,703 | 74 |
| 2008 | 4,99,857 | 672 | 30,054 | 612 | 1,06,629 | 132 |
| 2009 | 4,70,200 | 580 | 1,07,756 | 581 | 1,19,145 | 197 |
| 2010 | 5,21,344 | 722 | 1,37,497 | 515 | 34,430 | 116 |
| 2011 | 3,14,721 | 579 | 1,04,560 | 452 | 2,48,957 | 142 |
| 2012 | 2,38,497 | 390 | 1,44,467 | 410 | 1,57,808 | 118 |
| 2013 | 2,50,270 | 255 | 70,544 | 316 | 2,86,760 | 81 |
| 2014 | 1,84,908 | 334 | 1,40,344 | 283 | 2,55,112 | 151 |
| 2015 | 3,31,702 | 394 | 1,05,544 | 215 | 90,848 | 107 |

Source: CMIE

credit analysis and research firm, Care Ratings.

Growth in the manufacturing index has been above 5 per cent only in five out of the 35 months between January 2013 and November 2015. On 12 occasions, the index has contracted (see *Manufacturing Under Pressure*). "Lower interest rates should help, though the real challenge is subdued demand, given that there is huge spare capacity. Infrastructure could be a starting point for investment, which is separate from the issue of demand," says Sabnavis.

### Employment Boost

Right now, manufacturing accounts for 17 per cent of India's GDP. This compares unfavourably with other Asian economies such as Thailand, Indonesia, South Korea and China (see *Share of Manufacturing in GDP*).

For a country whose workforce swells by 12 million every year and where 65 per cent people are below 35, fast manufacturing growth is a must for job creation. "For India, employment generation and skill development are the top priorities," Prime Minister Narendra Modi had said while launching the National Skill Development Mission in New Delhi last July.

Yet, industry says not enough has been done. Surplus manpower is estimated to be 40-50 million over the next decade, even though 110 million workers will be required in 25 select sectors, including textiles, automobiles and construction. Plans to plug this gap remain mostly on paper.

"It is strange that little attention is being paid to labour-intensive sectors," says Sudhir Dhingra, the owner of Orient Craft, one of India's largest garment exporters. "Too much attention is given to revenue generation. Employment generation at the lower echelons is neglected. The government can give industries a 10-year tax holiday and link the benefit to how much additional employment they generate."

**44%**

This is the fall in the new project launches in the past five years

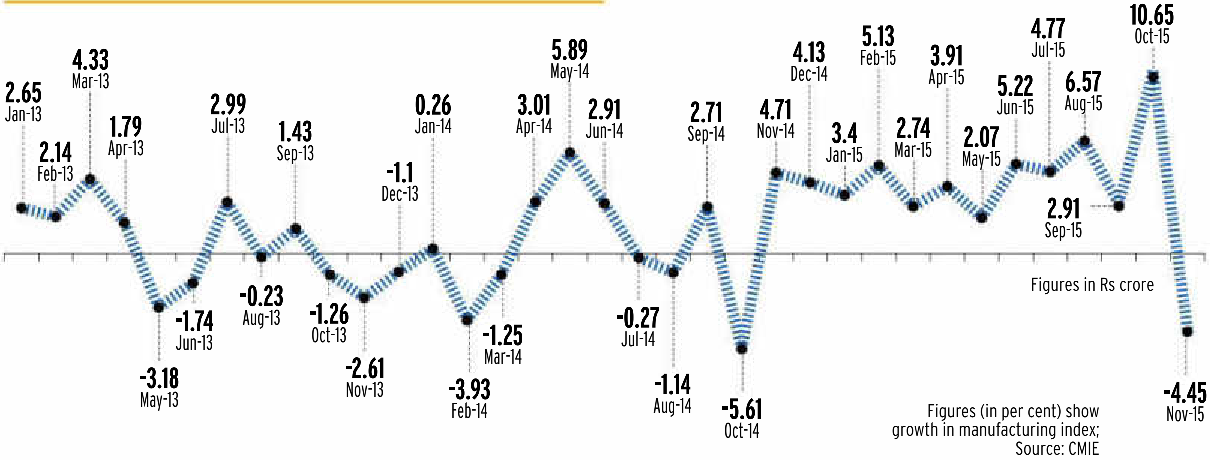
The textile and garment sector, the second-highest job generator in the country after agriculture, is a good example of what is wrong with India's manufacturing. Looked at as a sunrise sector after the phasing out of global quotas in 2004, it lost out to relative upstarts such as Bangladesh and Vietnam that had lower labour costs and duty-free access to some of the biggest global markets such as Europe.

"Simply put, we are not competitive on price....we cannot be at zero duty for Bangladesh," says Dhingra. "The India-EU FTA would have benefitted us but the work of powerful automobile and wine and spirits lobbies went against us. With all its factories, how much employment does Maruti generate? Just 15,000-17,000. Orient Craft alone employs 32,000 people directly and twice this number indirectly."

### Infrastructure Gap

If there is one handicap that is affecting India's manufacturers the most, it is lack of quality infrastructure. Most Indian ports and highways are congested and dilapidated, while railways are

## MANUFACTURING UNDER PRESSURE




inefficient and expensive. At the same time, power is costly and, in some areas, unavailable. These are the areas where India's competitors, such as China, have a clear edge.

Industry says if these additional costs are not offset, India will forever remain dependent on imports, even for things such as basic engineering products. Over 60 per cent demand in the estimated $100-billion electronics hardware industry, which makes a wide range of products from LED/LCD panels and mobiles to semi-conductors, is met through imports. The potential for growth is high. Demand is projected to be $400 billion by 2020 but domestic production is expected to top off at $75-100 billion. The $300-billion gap means the bill for electronics hardware imports could be more than the country's oil import bill by the turn of the decade.

"We are not seeking protection. What we want is that some of these additional costs be offset. Give us power at a competitive rate or lower finance and logistics costs," says Vinod Sharma, Managing Director, DEKI Electronics.

"This is one sector where you cannot say that China is strong so let's import from there. Electronics are used in a wide variety of industries. If we do not become competitive here, our manufacturing as a whole cannot be competitive," he says.

### Beyond GST

The delay in implementation of a unified goods and services tax, or GST, has dismayed industry, though it remains on top of everybody's wish list. The tax would do away with a lot many inter-state taxes, simplify procedures and bring down the cost of many goods and services, giving a boost to manufacturing. It, though, is stuck in Parliament, and is unlikely to see the light of day soon. "It is a perfect example of how India is a noisy democracy. The opposition party opposes a reform just because the ruling party opposed it when it was in opposition. It does not help anybody," says Wilfried Aulbur, Managing Partner, Roland Berger Ltd, a consultancy.

Will the coming Budget change the trajectory of India's manufacturing? Unlikely, as given the many constraints the government is working under and an uncertain global economy, overall expectations from the Budget are low. Besides providing some succour to the acutely depressed sectors such as steel, and increasing infrastructure spending, industry is of the view that the government cannot do much.

"A dull budget is good news. We don't want radical changes every now and then. It is disastrous," says Maruti's Bhargava. "There should be certainty in policy. Nobody wants duties to go up or down every year."

A consensus on the GST Bill during the Parliamentary session would perhaps cheer industry more than the Budget. ◆

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## ISSUES THAT STIFLE MANUFACTURING

**FRIEGHT COST:** Majority of freight moves on road. This is expensive and time consuming

**LAND ACQUISITION :** Acquiring large tracts is a herculean task due to complex laws

**TAXATION :** Multiplicity of taxes such as sales tax, VAT and octroi makes compliance cumbersome

**INFLEXIBLE LAWS :** Outdated laws and slow judiciary act as major speed breakers. Litigation adds to the cost of doing business

**CLEARANCES :** A manufacturing firm has to comply with 70 laws and regulations, apart from multiple inspections, and file 100 returns in a year

**SKILLS GAP :** Low-cost labour is abundant but lacks the necessary skills. Training costs time and money.

# Is India a Soft

By JAYATI GHOSH

## [redacted]es, despite reasonably high tax rates

India provides a classic example of the dilemma faced by a country whose elites want direct and indirect benefits of public spending, such as improved infrastructure, more public amenities, better public health and sanitation, and educational facilities, but is simply not willing to pay more taxes for the services.

Even if we add the tax revenues of central and state governments, India has one of the lowest tax-to-GDP ratios in the world. At less than 18 per cent, it is also the lowest among BRICS countries. Brazil leads with 34 per cent, South Africa is next at 27 per cent, followed by China at 22 per cent and Russia at 19.5 per cent.

Ironically, this is not the result of low tax rates. In fact, the tax rates on personal and corporate income (at 30 per cent, which may be reduced) are reasonably high by global standards, although they are much lower now than they were. It is, instead, the result of allowing far too many exemptions that can be exploited by corporations and individuals who can afford to hire clever tax lawyers. This is combined with a tax administration that apparently allows wilful default in cases of powerful agents, even as it cracks down or harasses smaller tax payers.

This is only too evident from the central government's own fiscal data. According to the Union Budget document, "Statement of Revenue Forgone", presented in 2015, while the rate of tax on corporate profits in 2013/14 was 33.2 per cent, the average effective tax paid by 90 per cent of corporates was only 23.2 per cent. In other words, a full 10 percentage points less. Moreover, the larger corporations – those with profits before taxes of ₹500 crore or more – actually paid an even lower effective rate (20.68 per cent), while smaller companies with profits before tax of less than ₹1 crore paid an effective rate of 26.9 per cent, almost approaching the statutory rate.

Even the finance ministry admits that the incentives and tax preferences that allow for lower effective rates may be "viewed as an indirect subsidy to preferred taxpayers". They are provided in various ways: as concessions on direct tax payments to companies and individuals, as well as reductions or rebates in customs and excise duties. It is ironic that the companies and elites who decry any form of subsidy that affects the well-being and material life of poorer sections have no problem in garnering the benefits of this tax subsidy.

Indeed, this is why, even though corporate profits were rising both as a share of national income and in absolute terms for a number of years, corporate taxes did not show equivalent increases. And, a similar story has been ongoing for rich individuals.

In addition to tax avoidance strategies that enable the rich to reduce their personal income tax burdens, there are other legal ways in which they are spared the burden of much taxation. Unlike in most other countries, capital gains tax in India is only applied on investments traded within the year, so selling assets even after 366 days attracts zero tax on capital gains. Death duties have been abolished and so inheritance tax (which can be a reasonably effective way of reducing excessive personal inequality) does not exist. Taxes in luxury consumption are few. Taxes on undesirable forms of consumption (diesel cars, for example) are also far too low to make any difference to government revenues. And of course, the feeble attempt to impose some kind of taxes on speculative activity – through the financial transactions tax – was speedily reduced to an infinitesimally tiny rate and enfeebled to the point where it was negligible and serves no real purpose.

Ultimately, therefore, we have a regressive tax system where the poor are disproportionately burdened because of the heavy reliance on indirect taxes, and where the rich benefit from a soft tax regime. Society as a whole loses so do the elites, but only if they could realise this. ◆

***Jayati Ghosh*** *is Professor of Economics, Jawaharlal Nehru University*

# Tax Regime?

By RICHARD REKHY

## No, taxman is most agressive

I have no hesitation in saying that India's tax laws have never been complex. In fact, tax legislations of many other countries, particularly in the US, have been far more complex. However, the manner in which it has been implemented, especially over the past decade, has been the subject of critiques at the global level, and surveys conducted by leading journals have recognised the fact that the Indian tax administration is among the most aggressive, globally.

To begin with, we had inherited our tax legislation from the UK; and as India emerged as a socialistic democracy, we started building sufficient checks and balances in our domestic tax laws as well as international tax treaties. The most notable change was the introduction of "source-based" form of taxation, instead of "residence-based", which is prevalent in most developed economies, particularly OECD member nations. To that extent, no taxpayer could complain, since India was merely exercising its sovereign rights to enact laws that would suit its socio economic needs as a developing economy. However, despite the checks and balances, tax administrators felt that the legislations were not enough to bring the different types of transactions within the tax net, and some entities were taking advantage of complexities in cross-border transactions to escape taxation in India.

The case that stands out was the indirect transfer of shares by Vodafone. When the attempt by the revenue officer to tax the capital gains arising out of indirect transfer reached the apex court, the matter was decided in favour of Vodafone on the ground that the Indian tax legislation did not provide for imposing tax on such indirect transfer of shares. However, the government introduced a retrospective amendment, which resulted in a lot of people questioning the stability and arbitrariness of the Indian Tax regime. This affected many companies that would have done similar transactions. There were also a host of other laws that met with retrospective amendments, relating to taxation of cross border remittances on account of license of software, being a copyrighted product, as opposed to license of copyright; and also connectivity charges, namely transmission of data and images through cables, transponders, etc. There have been several other instances, particularly in the fields of international transfer pricing; asserting the presence of, and the manner of attribution of profits to permanent establishments of foreign companies; where the Indian tax administrators have clearly travelled in opposite directions to global best practices; and that too without being able to justify with cogent reasons, the unduly aggressive stands taken. Many of these cases went to the tax tribunals and high courts, but the demands were reversed. While this was a good reflection on the Indian judicial system and its fair way of functioning, India Tax authorities were not seen in good light by the international investor community. Subsequently, the world at large lost faith in the Indian tax system.

Now what we need is a fair and predictable tax regime. And, the government of the day is making efforts to make the tax regime less adversarial. The directions given by the finance minister to the Revenue Board to accept favourable rulings of the high courts and committees formed for specific purposes, namely in the contexts of making transfer pricing adjustment on share capital and levying MAT on FIIs, respectively, and not unnecessarily continue to litigate with references to tax demands raised without much of rationale, were unprecedented. This gave taxpayers significant rays of hope for better days ahead. The formation of another panel for simplification of tax laws is also a step in the right direction. These actions on the part of the government augur well for India. It is expected to usher in a stable tax regime, which all investors are asking for. ◆

*__Richard Rekhy__ is Chief Executive Officer, KPMG in India*

BY SUMANT SINHA

# Think Beyond E-commerce

India is in the grip of start-up fever. From Start-up India, launched by Prime Minister Narendra Modi, to the daily obsessive headlines we see in the pink papers, to the fêting of start-up entrepreneurs, we are surrounded by this new-found excitement. And for the most part, correctly so. After all, isn't it wonderful that young Indians with dreams in their eyes and ideas in their heads are able to come up with innovative customer propositions around the new internet world, and are able to fund these ideas with capital from third-party investors and build rapidly growing businesses?

But it will take time for this brave new world to emerge. I think that, as with all things in our country, in our minds, we have already fast-forwarded to the final act. This is certainly being reflected in the valuations of some of these companies. It is also being reflected in the near frenzy that surrounds the space. And, unfortunately, this has also led us to become narrow in our definition of start-ups as only companies operating in the e-commerce space.

There are many other sectors where we need to create new businesses to build a new India and where we need entrepreneurs. Take the renewables sector. Between 2008 and 2014, about 15 entrepreneurs started businesses and raised almost $2 billion from private equity investors. Now, there are various good sized, free cash generating companies with wind or solar power assets of between 200 MW and 1,000 MW, and that too with reasonable growth prospects. In addition, in the distributed solar space, many new companies are being set up. However, this sector does not find much mention in our start-up narrative. Similarly, many companies in education and health are largely neglected.

We need to find more sectors their place in the sun. This is for a couple of reasons. As a country, we need to ensure broad-based development, and there are huge opportunities in many areas. But if we point our young people only in one direction, if we publicise successes only in e-commerce or tech areas, that is where the new entrepreneurs will head. Additionally, just because e-commerce has been successful in the US, does not mean that the same will be the case in India. Given that India is at an early stage of development, we will have unique opportunities in many other sectors also.

Second, the more crowded the field, the more the chances of failure. We are setting up our young entrepreneurs for a fall. Wouldn't it be better if our entrepreneurial talent and energy were spread out across more sectors?

It does not help that internet-based sectors are easier to handle as they don't involve regulatory issues or dealing with the government machinery. These are always difficult in the Indian context but are not impossible to handle. However, unless we genuinely improve the ease of doing business in India, this perception will not change, and we will not get more start-ups in brick-and-mortar sectors. Again, this is an area that does not figure in the Start-up India programme, which is mostly centred around starting and closing companies, tax rules, funding, and so on. The government should also focus on improving the ease of working with the bureaucracy, making the regulatory environment more transparent, increasing judicial access and making the tax environment better. And these are required for all businesses.

We need entrepreneurship in all sectors, not just in e-commerce or tech, and the current focus is limiting entrepreneurship. To propagate more start-ups, the government does not need to come out with schemes geared only towards a class of companies called start-ups, but for all companies. Only then will we have true proliferation of new entrepreneurs and companies that can change the Indian corporate landscape. ◆

*The writer is Chairman and CEO of clean energy major ReNew Power*

> To propagate more start-ups, the government does not need to come out with schemes geared only towards a class of companies called start-ups, but for all companies

BY ONNO RUHL and FREDERICO GIL SANDER

# Women Hold the Key to Growth

Amid concerns over the global economy's recent lack of stamina, India has emerged like Rahul "the Wall" Dravid to stabilise the batting line.

In 2015, global growth slowed to 2.4 per cent and, for 2016, the World Bank has predicted a modest pick-up to 2.9 per cent. Against this backdrop, the Reserve Bank of India has reaffirmed its forecast that India's GDP would grow 7.4 per cent in 2015/16. It has also marked down its 2016/17 forecast to a still-respectable 7.6 per cent. We at the World Bank have made similar forecasts, suggesting India will grow 4.5 to 5 percentage points faster than the global economy!

This doesn't mean that the challenging global conditions will not impact India. In the short term, the game will undoubtedly be a difficult one. But we would like to focus on the longer term. The changes in the global economy can be positive provided India focuses on two key areas boosting the competitiveness of its manufacturing and services sectors, and leveraging women's talent.

The sluggish international growth does not come as a surprise. In 2015, advanced economies mostly performed in line with expectations. The deceleration in the Chinese economy, on the other hand, has been more substantial than projected. What does this mean for India and its ability to sustain growth in the coming years?

In the short run, slower growth in China is associated with excess global capacity. For India, excess capacity in commodities is good news, while excess capacity in manufacturing helps explain why trade and private investment have fallen short.

> To seize this opportunity, India will need to continue its efforts to boost competitiveness and leverage the untapped talent of its women

Beyond the short term, the rebalancing of China's economy will open up big opportunities for India. Consumption growth in China remains strong, with the potential to create significant demand for Indian goods and services. Prospects for domestic demand in India are possibly even better than in China, and this, coupled with China's shrinking workforce and slower pace of investments, creates an opportunity for India to fill the gap.

India has recently given much attention to attracting investments. The success of its series of initiatives — Make in India, Skill India and Start-up India — will depend on the country's ability to increase its competitiveness. Importantly, 'competitiveness' doesn't only mean improving the country's standing in the 'Doing Business' indicators. While a better regulatory environment is important, it will be equally important to improve transport and communications infrastructure; ensure reliable and clean electricity; and enable the financial sector to finance investments. Also, as the World Bank's latest India Development Update highlights, implementing the national Goods and Services Tax is likely to lead to a leap in India's competitiveness.

Most importantly, the role that women play in boosting growth is often overlooked. Researchers David Cuberes and Marc Teigner estimate that India could boost its per capita income by 33 per cent if it closes the gender gap in economic participation. These gains would come from two sources — about two-thirds from closing the gap in labour market participation and the remaining from eliminating barriers to entrepreneurship.

According to the 2015 Female Entrepreneurship Index, India ranks 70 out of 77 countries surveyed for conditions that foster women's entrepreneurship, suggesting ample room for improvement. Getting more women into the labour force requires investment in girls' education, better child-care options, and attention to women's safety in large urban areas. As our colleagues Urmila Chatterjee, Rinku Murgai and Martin Rama argue in a recent paper, Indian cities face a critical jobs deficit that affects women disproportionately. More flexible and part-time jobs need to be created to match women's needs – and a big part of the solution is to have more women creating those jobs.

To seize the opportunity to grow faster than the rest of the world, India will need to continue its efforts to boost competitiveness and leverage the talent of its women. ◆

*Onno Ruhl is World Bank Country Director for India; Frederico Gil Sander is Senior Country Economist for World Bank in India*

*"The realty sector needs clarity on foreign investments; SPV structures on a par with equity mutual funds; more clarity on DDT and reasonable withholding tax"*

**Rajeev Talwar,** *CEO, DLF Ltd.*

"An incentive package with direct tax benefits for capital expenditure, a 10-year tax holiday for hospital projects, and exemption from GST could galvanise significant investment in the expansion and creation of healthcare infrastructure"

**Malvinder Mohan Singh,** *Executive Chairman, Fortis Healthcare*

VIVAN MEHRA

VIVAN MEHRA

*"Moves towards ensuring clear, transparent, simplified procedures with time-bound accountability for approvals will go a long way in driving growth. Need to move from 'controlling to enabling' environment"*

**G.V. Prasad,** *Co-Chairman and CEO, Dr Reddy's Laboratories*

*"I hope we will see increased public healthcare spending from the current abysmal 1 per cent level to a more credible 2.5 per cent of GDP. Also, the 200 per cent weighted deduction for expenditure incurred on scientific research must be retained to foster science and technology-related research and innovation in the country"*

**Kiran Mazumdar-Shaw,** *CMD, Biocon*

*"The Budget must set right all the inverted duty structures, especially in fertilisers where the duty on raw materials like phosphoric acid and sulphur is the same or higher than the end product"*

**A. Vellayan,** *Executive Chairman, Murugappa Group*

*"The FM must continue to take steps to deepen the debt market, like introducing municipal bonds, as it will also lower the burden on the banking industry. The country needs long-term funds and it is important that the market be opened up for pension funds"*

**Kaku Nakhate,** *Country Head, Bank of America*

"Focus on boosting financial savings, adequate performance-linked recapitalisation for public sector banks, and a well-rounded Bankruptcy Code will set the stage for a quick revival in economic growth"

**Rana Kapoor,** *MD & CEO, Yes Bank*

RACHIT GOSWAMI

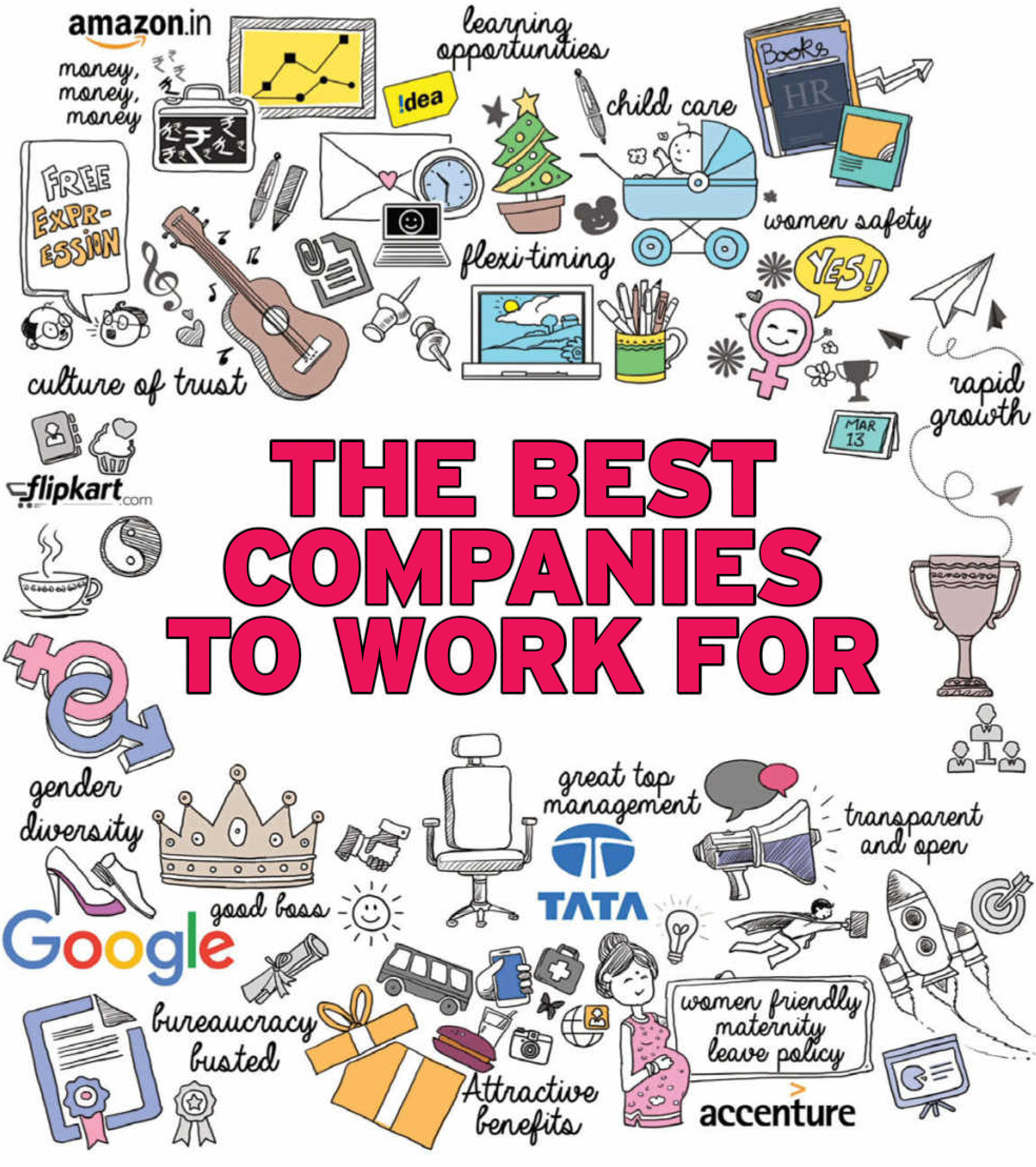
***"I feel that we need a major reform like the GST for demand and investment to rise and I expect that it will happen by July 2016"***

**Adi Godrej,** *Chairman, Godrej Group*

**THE TOP 20**

1 Google India
2 Accenture
3 TCS
4 Amazon India
5 Microsoft India
6 IBM India
7 Infosys Technologies
8 Bharti Airtel
9 Hindustan Unilever
10 American Express
11 Flipkart
12 Capgemini India
13 Abbott India
14 Idea Cellular
15 Tata Steel
16 State Bank of India
17 HDFC Bank
18 Wipro
19 Vodafone India
20 CitiBank

# THE BEST COMPANIES TO WORK FOR



# SHAKING UP THE WORKPLACE

The annual BT-PeopleStrong survey, in association with Naukri.com, finds that agressive Internet-based companies are fast catching up. BY E. KUMAR SHARMA

AJAY THAKURI

The connect between the stats thrown up by the *Business Today Best B-school* survey three months ago and the results of the *Best Companies to Work For* survey is hard to miss – perceptions at B-school campuses were, in fact, a precursor to what young minds admire about companies they would like to work for.

When *Business Today* visited the campuses of India's leading B-schools for its annual survey in 2015, it found that technology and Internet-based companies were the flavour of the season. Students were fired up by the prospects of working in a challenging and hierarchy-neutral world. Three months on, the entry of Internet-based companies, such as Amazon and Flipkart, in the coveted list of *Business Today Best Companies to Work For* confirms that Internet-based and hierarchy-neutral companies are moving up the aspirational ladder.

In many ways, the survey also lends support to the argument that brand-related perceptions are still important as much as the challenging roles the youth are so excited about, besides attractive compensation packages, workplace diversity, ethical practices and work-life balance. The case of Amazon employee Chirag Kohli and his efforts leading to the launch of *Project Udaan* gives an insight into how companies are responding to the requirements of the bright young minds (see *Amazoining Talent*).

While respondents looked up to start-ups primarily because of the increased on-the-job learning opportunities and a hierarchy-neutral work environment, the survey also revealed that the reward and recognition system, including the prospect of getting employees' stock options, influences their decision. "Companies where employees are allowed to experiment with new ideas add a lot of fun and provide job satisfaction. Today, the young look at these opportunities to not only boost their leadership capabilities, but also to enrich their resumes for future jobs," says Amit Mehra, Associate Professor, Information Systems, Naveen Jindal School of Management, University of Texas at Dallas, and a former associate professor of Indian School of Business (ISB).

The one constant from our earlier survey was the rankings of the top three companies. Google topped the list with Accenture and TCS right behind at second and third position, respectively. The three apparently have built on their earlier perception. For instance, during the past year, Google created a culture of innovation by enabling a collaborative environment and transparency across the organisation, while Accenture, which has a headcount of 130,000, is focused on enhancing its gender diversity, reviewing its employee performance mechanisms and focusing on skill building. TCS, with its even larger employee base of 344,000, focused on learning opportunities and enhanced channels of communication with employees, to counter the bad press following allegations of employee dissatisfaction.

This year, the survey saw eight new entrants in the top 25, which included a bunch of players from a cross section of sectors – banking, financial services and insurance (BFSI), telecommunication,

## TOP 25 BEST COMPANIES TO WORK FOR

| RANK | COMPANY | RELATIVE INDEX |
|---|---|---|
| **1** | **Google India** | **100** |
| 2 | Accenture | 80.96 |
| 3 | TCS | 37.65 |
| 4 | Amazon India | 32.96 |
| 5 | Microsoft India | 32.66 |
| 6 | IBM India | 26.36 |
| 7 | Infosys Technologies | 23.94 |
| 8 | Bharti Airtel | 21.07 |
| 9 | Hindustan Unilever | 19.19 |
| 10 | American Express | 18.95 |
| 11 | Flipkart | 17.58 |
| 12 | Capgemini India | 16.73 |
| 13 | Abbott India | 16.60 |
| 14 | Idea Cellular | 15.47 |
| 15 | Tata Steel | 14.88 |
| 16 | State Bank of India | 14.53 |
| 17 | HDFC Bank | 14.53 |
| 18 | Wipro | 12.66 |
| 19 | Vodafone India | 11.91 |
| 20 | CitiBank India | 11.75 |
| 21 | Genpact | 11.73 |
| 22 | Aditya Birla Financial Services Group | 11.59 |
| 23 | ICICI Bank | 10.36 |
| 24 | Axis Bank | 10.08 |
| 25 | Larsen & Toubro | 9.98 |

## SECTOR TOPPERS

| RANK | COMPANY | RELATIVE INDEX |
|---|---|---|
| **BFSI** | | |
| **1** | **HDFC Bank** | **100** |
| 2 | Axis Bank | 88 |
| 3 | State Bank of India | 81 |
| 4 | Citibank India | 71 |
| 5 | American Express | 70 |
| **BPO, KPO and ITES** | | |
| **1** | **TCS BPO** | **100** |
| 2 | Genpact | 97.66 |
| 3 | IBM Global Process Services | 69.92 |
| 4 | Wipro BPO | 68.24 |
| 5 | HCL BPO Services | 44.79 |
| **Core Sector*** | | |
| **1** | **Tata Steel** | **100** |
| 2 | ONGC | 50.82 |
| 3 | SAIL | 45.89 |
| 4 | NTPC | 41.26 |
| 5 | IOC | 32.9 |
| **Engineering and Automotive** | | |
| **1** | **Mahindra & Mahindra** | **100** |
| 2 | Tata Motors | 90.96 |
| 3 | Ford India | 64.79 |
| 4 | Toyota India | 63.17 |
| 5 | Larsen & Toubro | 58.8 |

* Note: Includes oil and gas, power, steel, minerals, etc.

consulting and Internet-based companies with companies such as Flipkart, Capgemini, Idea Cellular, Citibank and Genpact among them.

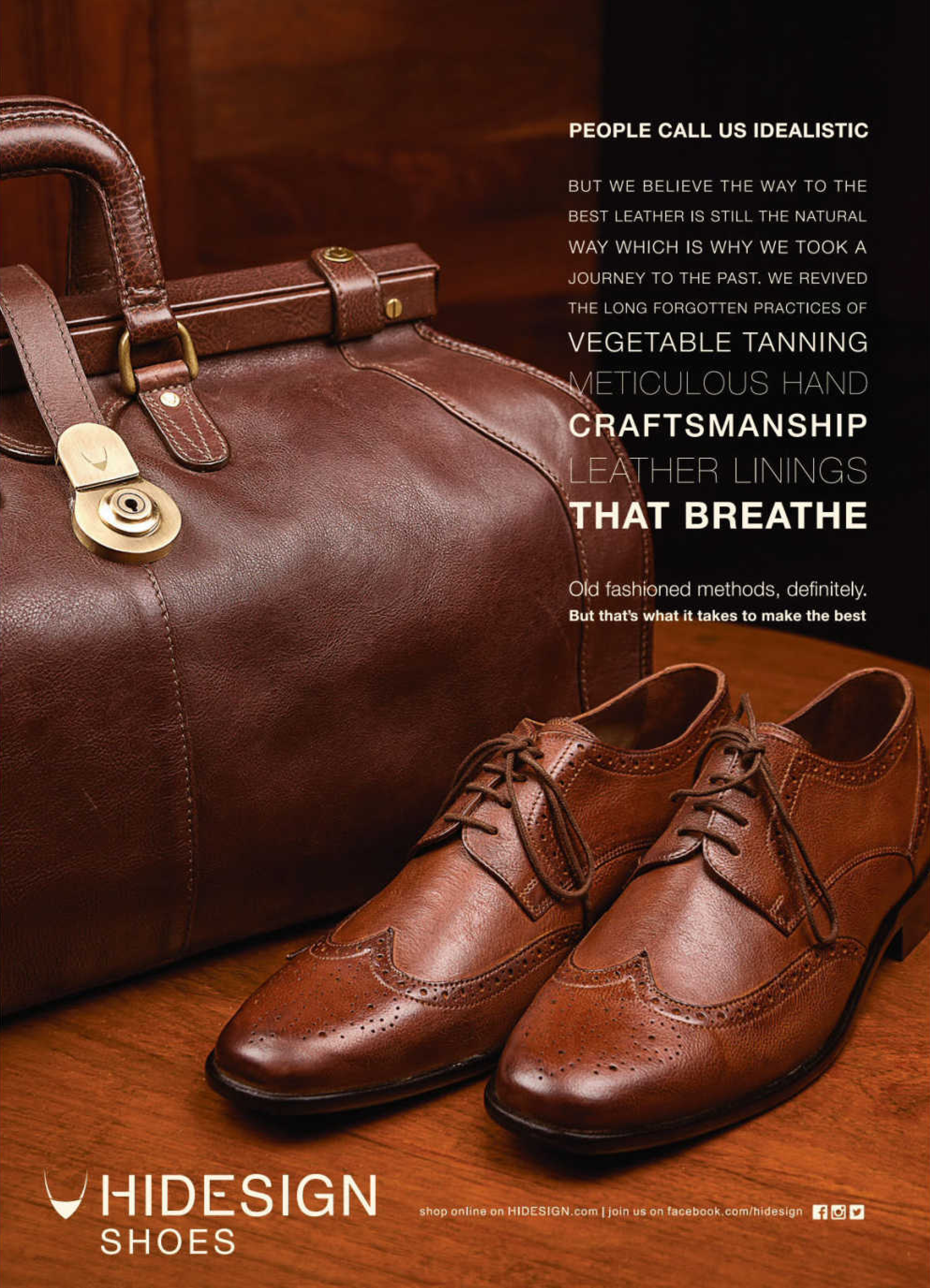
However, two big companies, Larsen & Toubro and Reliance Industries, moved out of the top 10 this time. In fact, Reliance does not figure even in the top 25 and L&T is down to 25 from eight. HR veterans say, on the condition of anonymity, that the main problem with Reliance could be its inability to retain some of the top-notch talent. For instance, its HR head Prabir Jha, who was credited with a few significant people -friendly policies, left the company in July 2015. He had introduced a five-day work week while overhauling the company's people policies. The company has seen a few other high profile exits, too, including that of Sandip Das, the former managing director of Reliance Jio Infocomm. Even in its sports business, attrition levels were on the rise with the exit of Prakash Iyer, the CEO of Mumbai Indians, who left within a year of joining.


RACHIT GOSWAMI

**TCS BPO: Going beyond the usual to include the physically disabled and the LGBT community**

Such developments, in fact, could have an influence on the brand perception and could end up aiding arguments within HR circles of a possible coterie culture at work. According to HR experts, the inability of L&T's leadership to allow top talent to grow within the company is making both prospective and existing employees look away.

Besides Reliance and L&T, the other heavyweights that dropped out of the top 25 were Bharat Heavy Electricals (BHEL), Mahindra & Mahindra, ABB, ONGC, ITC, Coca-Cola and Air India. It was also apparent that companies representing sectors that are under stress, including manufacturing and auto, could not make it to the top 25 list. Overall, top companies across most sectors have more or less remained static with minor changes in positions. "Companies today need to constantly figure out ways to keep employees excited, empower them to make their own decisions and have a sense of ownership," says Mayank Tivary, Lead Recruiter at Facebook India, adding: "Compensation and benefits are



PEOPLE CALL US IDEALISTIC
BUT WE BELIEVE THE WAY TO THE BEST LEATHER IS STILL THE NATURAL WAY WHICH IS WHY WE TOOK A JOURNEY TO THE PAST. WE REVIVED THE LONG FORGOTTEN PRACTICES OF
VEGETABLE TANNING
METICULOUS HAND
CRAFTSMANSHIP
LEATHER LININGS
THAT BREATHE
Old fashioned methods, definitely.
But that's what it takes to make the best
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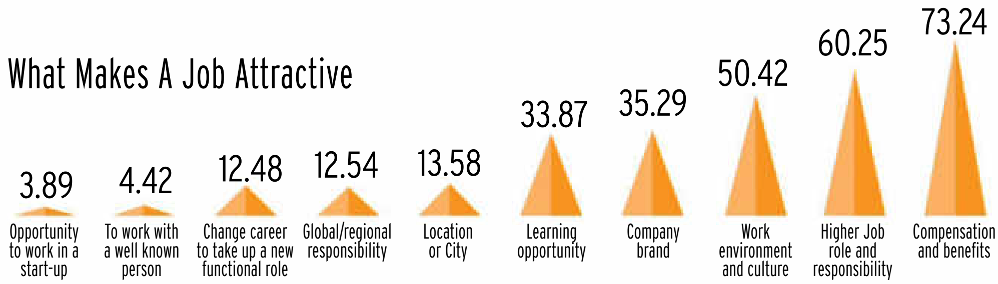
THE BEST COMPANIES TO WORK FOR

# Overview

## What Makes A Job Attractive




Figures in %

## SECTOR TOPPERS

| RANK | COMPANY | RELATIVE INDEX |
|---|---|---|
| **Other Manufacturing*** | | |
| **1** | **Hindustan Unilever** | **100** |
| 2 | Nestle | 61.94 |
| 3 | Colgate Palmolive | 57.24 |
| 4 | ITC | 56.87 |
| 5 | Asian Paints | 53.36 |
| **Pharma and Healthcare** | | |
| **1** | **Abbott India** | **100** |
| 2 | GlaxoSmithKline Pharma | 63.63 |
| 3 | Johnson & Johnson India | 48.96 |
| 4 | Pfizer India | 33.77 |
| 5 | Novartis India | 32.19 |
| **Software, Hardware and IT** | | |
| **1** | **Accenture** | **100** |
| 2 | Google India | 80.77 |
| 3 | Microsoft India | 58.70 |
| 4 | IBM | 48.54 |
| 5 | TCS | 37.01 |
| **Telecom and Allied** | | |
| **1** | **Bharti Airtel** | **100** |
| 2 | Idea Cellular | 99.50 |
| 3 | Vodafone India | 98.44 |
| 4 | Uninor India | 43.87 |
| 5 | Ericsson India | 36.38 |

* Note: Includes FMCG, durables and other non-engineering

important, but so are opportunities to learn and grow very fast."

His thoughts were in line with the expectations of the respondents compensation and benefits, higher job role, responsibility, work environment and culture were the key factors that made a job attractive. But, what prompts employees to be on the lookout for a job? Well, the survey revealed that lack of career growth was a more important parameter compared to compensation levels. The survey also threw up some sector-specific findings. For instance, while employees from pharma and healthcare were of the view that their rewards matched their performance, engineering and auto sector employees complained about lower skill enhancement opportunities. However, sectors such as telecom, pharma and healthcare showed the highest level of satisfaction over skill enhancement opportunities. The survey also found that leadership skills were not up to the mark, with one out of every five respondents dissatisfied with their bosses. In fact, employees in start-ups seemed more satisfied with their bosses. Another important finding of the survey was the fact that ethical practices and stability emerged as the top two important factors for employees.

RACHIT GOSWAMI

**Abbott India:** It has a comprehensive talent grooming process and 85% of its front-line and senior vacancies are filled internally

Perhaps, the *Business Today Best Companies to Work For* survey will have important takeaways for business leaders across companies. ◆

# Pilot, Fail or Conquer

The freedom to pursue your dream to make a difference to humanity keeps Google a vibrant organisation. BY RAJEEV DUBEY

If you've interviewed for a job with Google, depending on the role, you've probably faced five to seven people one-on-one: a reportee, an immediate superior, a vertical specialist, a specialist from another vertical, an HR person and a director. But if you did not get hired, it is likely that one of them vetoed you. Each one of them is empowered to reject the potential Googler on parameters such as cognitive ability, leadership, collaboration, role-related knowledge and Googliness – fun-loving and chilled out.

Hiring by committee – where the potential manager has little role in the hiring – is just one of the ways in which Google ensures transparency in hiring and consistency of talent across geographies. "Companies look for role-related knowledge. For us, it's not the most important. I didn't have experience of Internet," says Rajan Anandan, Managing Director, Google S-East Asia and India, who worked with McKinsey, Dell and Microsoft.

No. Don't get fooled by the simplicity. Google's processes require each interviewer to write lengthy notes to explain the decision – either way. It is then examined by a regional committee. The company believes the process makes employees mobile across geographies and businesses. "We follow the same standard, whether we hire in India or in the US. He or she can pretty much do the job in any part of the world," says Kodukulla Suryanarayana, Director, People Operations, Google India, who himself moved from SMB sales to HR.

That's just the first taste of a culture that makes Google one of the world's most evolved employers of the 21st century. Stanford students Larry Page and Sergey Brin founded Google in 1998 with a simple mission statement: "to organise the world's information and make it universally accessible and useful." As uncomplicated as it is, the mission is equally implausible as Google's head of people operations, Laszlo Bock, writes in 'Work Rules!': "...there will always be more information to organise and more ways to make it useful".

But the idea was to focus the entire organisation's energies on what the founders call 'moonshot' thinking, which delivers at least 10x results – as opposed to incremental results. "I never heard in my previous companies that this idea caters to 15,000-20,000 people. Come up with an idea that addresses 10 million. I have heard this five to 10 times over eight years at Google," says Anand Rangarajan, Engineering Director, Tech Site Lead - Bangalore, Google India. "Moonshot thinking is very real. Most of the world is enamoured with 20 pc. We have no interest, appetite, excitement of growing 10 or 20 pc," says Anandan.

Google's distractions, such as the driverless car, the delivery drones, the Internet beaming 'Loon' project and drones, the 'Nest' smarthome technology or a host of other 'moonshot' projects, they have been spun off into Google's parent 'Alphabet'.

One of the ways in which Google creates a culture of innovation to bring such ideas to fruition is by a

VIVAN MEHRA

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collaborative environment and transparency across the organisation. The founders go to great lengths to keep Google transparent. If an employee wants to look at presentations from the Cloud team, the search team, the apps team, the YouTube team, he has access to all of them. "We encourage people to share documentation, code, presentations, videos with the whole company. It encourages people to solve problems,"says Suryanarayana. Alphabet Chairman Eric Schmidt, for instance, shares notes of board of directors meetings with all Googlers.

But the toughest thing in such an environment is treading the fine line between transparency and information deluge. A common challenge engineers face is how to absorb all of that and yet be productive.

Till date, the founders, and now CEO Sundar Pichai, address Googlers every week in a webinar called TGIF (Thank God It's Friday) held every Thursday where they field questions. "Googlers question the founders why are you thinking this way. It happens all the time," says Anandan, "It's encouraged."

"People take a lot of passion in questioning. Not just authority, peers, but status quo," says Rangarajan. "An employee fresh out of college questions HR director about a policy and HR says that's how it's always been. And he gets back saying that but that's 'Stupid', and this is how it should be. I've generally not seen this," he adds. By the way, 'Stupid' is accepted as Parliamentary, though name-calling is discouraged by HR reminding ever so often about the supreme principle of respect for co-workers.

In general, Googlers are trained to reject bureaucracy. "In 'bureaucracy busters'. we invite Googlers to say whether the process helps or it's there for the sake of it ," says Jayashri Ramamurti, Head of People Operations, Engineering and Products, Google India. Leaves are 'deemed' approved, even as an employee logs it in the system. The Boss's approval is not required, except when it's a sabbatical. For that matter, Google does not lay down rules, except on the code of conduct. "We provide guidelines, not rules. Rules can become constraints in how managers think," says Kodukulla.

The guideline that employees value the most is empowerment backing the '20 pc rule'. As long as the Googler is meeting her OKRs (objectives and key results), for 20pc of time she is free to pursue any project she believes can make a difference to millions of humans. Google excels in spotting and empowering such ideas through pilots. The company thrives on amplifying such ideas into global offerings. "We are a porous and collaborative organisation. Good ideas spread fast. We bring in empowerment and speed," says Anandan. The most noteworthy '20 pc' project being Gmail, which was an internal productivity tool but was launched globally in 2004.

Google India's 1,700-odd employees have made notable contributions such as YouTube offline to address the challenge of low bandwidth. It has not just rolled out to several low bandwidth geographies but the technology has also morphed into maps offline, search lite, Google docs and Google Drive offline. Even Google Chrome has a browser compression technology developed at its India centres. "How do you build user experiences in a way the app is meaningful? Locally inspired, globally useful and locally inspired, locally useful," says Jay Kota, Engineering Director, Tech Site Lead - Hyderabad.

Two and a half years ago, an Initiative called 'Helping Women Get Online' was a "20 pc" project of an executive from Google India's marketing team. She noted that Saudi Arabia had more women online than India. "She came back with the initiative and in a month we launched it. Now, it's in its new avatar with Tata Trusts. We are taking 'Internet Sathi' to villages on bicycles for ground-level activities. That initiative has rolled out across Asia and many other parts of the world," says Anandan.

Yet, thousands of such ideas die prematurely. That's to prevent anarchy', as one of the tenets at Google is: 'Fail Fast'. "The ideas that make it are the ones where someone has the passion and the motivation to see how far it goes," says Rangarajan.

The biggest challenge of dealing with people with smarts is managing their career growth and aspirations. "When you bring these super talented people in, it's challenging to keep them happy," Rangarajan says. In management there's probably 15-20 pc of innovation and challenging work and then there is 80 pc of drudgery. Work that needs to happen, even for this 15-20 pc to reach the masses," says Anand.


A. PRABHAKAR RAO

> Innovation happens when there is meeting of minds, informal discussion and catching up on problems. These are best achieved either through breakout areas or informal workspaces
>
> KODUKULLA SURYANARAYANA, Director, People Operations (Sales) - Google India

In many ways, Google is an antithesis of a new trend of organisations-without-offices. Google prefers employees work out of offices. Work from home is an exception, rather than a rule. "Innovation happens when there is meeting of minds, when there is informal discussion, there are catching up on problems. These are best achieved either through breakout areas or informal workspaces we have, besides meeting rooms and these are best achieved when you have the person around and therefore having a person in office usually helps," says Kodukulla.

About two years ago, as part of constant re-evaluation of its policies from data emerging from Googlegeist (an internal annual survey to measure Googlers' happiness quotient), Google India began studying team behaviour to ask a fundamental question: are managers relevant at all? People analytics team studied a number of different teams over time with the question: are managers relevant? What's the role of managers? Why do you need managers? Do they add value?

To the survey, Google concluded that managers are relevant. But analytics also threw up reasons why certain teams did better than the others, and that led to a company-wide programme to coach managers, who, in turn, coach their teams. It also spawned a platform called 'Guru', where Googlers are encouraged to explore who to go to for help as a mentor or a coach. And Google's quest for 'data'-based decisions goes on... ◆

@rajeevdubey

Parag Pande, Managing Director, Human Resources, Accenture India, with employees

NILOTPAL BARUAH

2 RANK

ACCENTURE

# Programmed To Deliver

Parag Pande knows that he has struck the right chord with the employees. Pande, Managing Director, Human Resources, Accenture India, became aware of this on May 1 last year, when the company announced an increase in maternity leave benefits for women employees to 22 weeks of paid leave. Soon after, Pande's mailbox was choked with 'thank you' notes and congratulatory messages. Greater inclusivity and gender diversity have been among the top three areas where Accenture has been working over the past one year, says Pande, adding "we are also making it easier for our women alumni to rejoin".

The other initiative that has kept Pande occupied over the past one year is equipping the talent with what Pande calls "next horizon skills".

"The third is the rejig of the performance review system to real-time and forward-looking conversations where employees discuss priorities with supervisors and their career counsellor to align with the expected outcomes," he says. These are the practices it may want to suggest to its clients as well.

By E. Kumar Sharma

TCS

# Open & Connected

3 RANK

With 344,000 employees, bulk of them from Gen Y, TCS is using the digital medium to not just connect internally but also for talent development.

The effort is led by Ajoyendra Mukherjee, or Ajoy, as he known to many, who has been with TCS for 36 years. He is today Executive Vice President and Head of Global Human Resources.

And mind you, managing such a large and diverse workforce in a company that works in the ever-changing world of technology is not easy. TCS' employees, after all, are spread over 46 countries, and belong to 127 different nationalities. Incidentally, one-third are women, says Mukherjee, making the company "the largest employer of women in India". The company is a rage with young graduates. "This year (2016/17), we will give 45,000 offers (for technical jobs)," he says. So, how did the company deal with reports of unfair termination last year? The company found the answer in continuous engagement with employees.

Ajoy says as part of its attempts to engage with employees, especially the younger ones, TCS is building a number of online communities. It also has a platform, Know Me, the equivalent of Facebook, for employees. The company also engages early on with students, who could be its future employees.

E. Kumar Sharma

RACHIT GOSWAMI

Ajoyendra Mukherjee, Executive Vice President and Head of Global Human Resources, TCS, with employees in Mumbai

# Talent Incubators

Companies that made it to the top 25 for the first time have been focusing on inclusive growth and nurturing future leaders.

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**Talent Pooling:** Rajgopalan Raghavan, Director, HR, Amazon India, plays ball with Amazonians

NILOTPAL BARUAH

AMAZON

## The Amazoning Story

During a trip in 2014, Amazon India employee Chirag Kohli realised that erratic power supply and limited battery life were a bane of most mobile phone users in rural Rajasthan. He knew that powerbanks were the answer to their woes. But at the same time he also learnt that the region lacked basic infrastructure to shop online. He went back to his superiors at Amazon India and suggested a business model that would serve India's rural markets. Soon enough, when the company launched *Project Udaan*, the 30-year-old was made its business development head.

Kohli tied up with small traders in remote Rajasthan to build a network of Amazon brick-and-mortar stores. “With our skill training, it was a win-win for everybody. Customers got products of their choice and small traders earned a commission,” he says. Amazon has been encouraging out-of-the-box thinking right from the time it set foot in India to take on competition in a hyper competitive e-commerce market. Rajgopalan Raghavan, Director, Human Resources, Amazon India, says the staff count has been growing at a CAGR of 40 per cent over the past five years. “We are a company with interests across several segments, including e-commerce, cloud computing, app stores, advertising technology, Kindle, customer services and fulfilment centres. Our portfolio helps us attract and grow diverse talent,” he says.

Twice a year, Raghavan and Amazon India MD Amit Agarwal meet the employees to hand out cowboy hats for those who did outstanding work – whether it be an engineering product, marketing ideas, category management or just for solving a customer problem innovatively. Sipra Sahu, a site merchandiser, says while the awards might not carry cash rewards, they are highly prized among the Amazonians. The *Door-Desk* award, a miniature desk with a small door carrying Amazon founder Jeff Bezos signature, for instaqnce, is a much coveted trophy that everyone wants to lay their hands on. Similarly the *Juggad* award is handed out to those who come up with simple, but innovative solutions to complex problems. “For us awards are not merely a token of recognition for good work, the end-result should impact customers and enhance their experience,” says Raghavan. “People who are self-driven and motivated do very well here. It is a fast-paced and dynamic environment. I also like the enormous flexibility I get. As long as I get it done, it doesn’t matter where I am and what I am doing. This helps in better work-life balance,” says Sahu. Amazon has also been growing its leadership ranks using India as a talent pool for its global operations. With 40 per cent of its workforce being women, Amazon says it is an equal opportunity employer. “We invest and hire with an eye on the long-term and India is a very important for Amazon,” says Raghavan. And the talent seems to agree.

VENKATESHA BABU

AMERICAN EXPRESS

## Harnessing Talent

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SHEKHAR GHOSH

Employee-focused: Sanjay Rishi, Regional President (standing, right) and Vishpala Reddy, Head, Human Resources

Manish Kapoor, 44, joined American Express in 1992. With a hotel management background, he joined the travel division -- only he did not know much about travel. “The opportunity and culture enabled me to learn travel pretty quickly,” he says. There was no looking back. Kapoor subsequently went on to handle several other assignments including a stint with the sales department as he desired. He has spent more than 20 years with the organisation now and is one of the seniormost leaders.

“We have many such stories,” says Vishpala Reddy, Head of Human Resources at American Express India. She says that these stories differentiate American Express from other workplaces. Broadly, the company hires people for technology, finance, customer servicing, risks space and traditional consumer-facing roles. “We have a diverse set of businesses. We cut across many lines of services. Employees who want to make career on the cards side, customer servicing, underwriting or fraud businesses ... can navigate across these lines of businesses. They can grow in their career by moving across," she adds.

In order to promote migration from one function to another, American Express organises career fairs. "We have the luxury of having careers that are so different. We had one week [of fair] where the focus was on promoting awareness around different jobs and skill sets. We had external speakers and business leaders. We covered all locations," says Reddy. Currently, American Express is operating out of 14 cities in the country with a headcount of over 10,500.

With a strong focus on employees, American Express has come out with a set of tools and programmes to keep them motivated and create an open environment. For instance, it has partnered with an agency that offers online counselling to its employees for free. Similarly, to attract best talent, the company has adopted new methods to hire fresh graduates from campuses. For some types of businesses, it goes to management and engineering institutes. A special mobile app is being made to engage with potential candidates. The mobile app has games based on analytics designed in a way that they test the required skill sets of the students while giving them insights into how things are done at American Express. "A lot of credit goes to business leaders who are committing their time because they want the right demographics to walk in," says Reddy.

With an average age of below 30, one of the toughest tasks of the company is to keep attrition low. Its attrition is above 20 per cent, which the company claims is below industry level. "In today's age, we believe that our brand is strong enough to attract talent," says Reddy.

MANU KAUSHIK

**Talent Kart:** Fun time at work is more of a norm for Flipsters

FLIPKART

# Putting the Flip Before the Kart

In October 2015, when Indian e-commerce major Flipkart held the second edition of its Big Billion Day sale, every employee worked round the clock for five days to ensure seamless operations. And to keep the energy levels high during the 120-hour marathon sale, some even broke into a flash dance. "It was more like the Rio Carnival with balloons festooning the office and employees chattering away as they helped customers in a shopping frenzy," says Saikiran Krishnamurthy, Chief People Officer, Flipkart.

What's more, the employees, or Flipsters, took it upon themselves to make the event a success because the inaugural edition had attracted criticism for not being able to handle the never-before-seen buyer traffic. "Working here does not feel like a job. People who thrive on uncertainty and love the challenge to build something special, something new and innovative, enjoy working here," says Chandini Atmakur, a product marketing manager. And, all this raw energy and ambition from the 20-somethings have not only put Flipkart well ahead of its peers, but has also put it in a 'position of privilege' in attracting talent.

The low average age of employees – the average Flipster is 25 – has also set the tone for growth. The company realises that a top-down command structure would not work with millenials, who do not accept an authoritarian approach. Even the founders' views are not sacrosanct and, more often than not, their ideas are also challenged when top managers assemble for *Flipout Fridays* to take questions from Flipsters. "This culture of openness is what is ingrained in the DNA of the organisation and we will continue with it,' says Krishnamurthy.

Seniors also take time out to talk to team members over 'brown-bag' lunch sessions to discuss any topic that would help empower them. "We are an opportunity-rich and resource-constrained company. We don't try to manage leadership and outcome through programmes. We just get out of the way and smart employees take the initiative and


NILOTPAL BARUAH

arrive at solutions, evolving into leaders," adds Krishnamurthy. Currently, Flipkart has 23 per cent women in its workforce, and hopes to take it up to "at least 50 per cent". "Reviews are not time-bound and a few high achievers have even been promoted as many as six times in three years," he adds. Flipkart's employee-friendly rules have also helped retain talent. "While most organisations provide three months of paid leave for an expectant mother, we give six months (three before and three after) and an additional four months of flexible work hours. I have personally taken advantage of this," says Sarah Jemima Samson, a Senior Talent Acquisition Partner, adding that even new fathers get 10 days of paid leave. The same rules apply even if a child is adopted, while daycare cost is subsidised to the extent of 50 per cent. The company is also attracting talent from across the world. Says Eric Lange, a Google and Yahoo veteran who joined as Vice-President, Product Development at Flipkart six months ago: "My ability to make an impact here is much greater. The opportunity to strengthen a world-class company from India is huge."

For now, Flipkart seems to be making all the right moves in the high-growth Indian e-commerce market.

VENKATESHA BABU

CAPGEMINI

# It's People, People and People

The elevation of Srinivas Kandula as Chief Executive Officer of Capgemini India a month ago shows the importance the company attaches to people. Kandula was earlier the chief people officer of iGATE, which was acquired by Capgemini, the technology services and consulting company based in France, in a $4-billion deal last year.

After joining Capgemini, Kandula was leading the integration process. While the integration was still on, Kandula moved to a bigger role, replacing Aruna Jayanthi. He had also played a key role in the acquisition of Patni by iGATE and its integration in 2011.

Capgemini Group Chairman and CEO Paul Hermelin says Kandula's diverse experience, notably in iGATE, will help the India division play an enhanced role in the group. The division has about 88,000 employees, 50 per cent of the group's total strength. It caters to over 800 customers globally.

Capgemini provides consulting, technology, outsourcing and local professional services to clients. In addition to increased focus on cloud, digital and analytics, its traditional strongholds are testing, enterprise solutions, application testing and maintenance. People matter in each of these verticals.

Capgemini started operations in India in 2001 with 200 people. Some of those who joined as software engineers about 15 years ago are now at director and vice president levels, which indicates the opportunities the company provides, says Kandula.

Capgemini has its own distinct HR framework, known as the 5C model --- which stands for compensation, camaraderie, career, culture and competency. "We give importance to all the sub-systems of HR --- hiring, reward and performance management and employee communication and engagement," says Kandula.

Capgemini, with people from 80 nationalities, has built an ecosystem that can accommodate people from all walks of life. "We have a consensual and participative work culture. We respect people. Employees get enormous opportunities to learn. They have access to everybody in the company," says Kandula.

The growth of the company also helps it attract quality talent, says B.L. Narayan, HR Head (India). "The IT industry has young people and they are aspirational. Since Capgemini is growing in double digits, attracting talent is not an issue," he says.

"We stay connected with students and engage with the top institutions throughout the year. We have a structured programme for absorbing students. After onboarding, we keep skilling, reskilling and upskilling employees," says Narayan. Despite a better compensation system, Capgemini's attrition is on a par with the industry standard of 18-20 per cent. "We have been driving specific interventions for the past two months after studying the reasons for attrition," says Kandula.

For training, Capgemini has a corporate university in Pune and a leadership training university at Les Fontaines near Paris. It also has a training and development division.

NEVIN JOHN

RACHIT GOSWAMI


Capgemini India CEO Srinivas Kandula (second) & B.L. Narayan, HR Head (fourth)

IDEA CELLULAR

# Making the Right Calls

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Every year, Idea Cellular relocates almost 1,500 employees within the company. That's roughly 10 per cent of its permanent workforce. For any organisation, this kind of movement can be highly burdensome, but not at Idea, where it is planned well. A small proportion of these relocations, within cities or between two cities, are for filling up vacancies, but a vast majority, 90 per cent, have a different purpose.

"The intent is to bring freshness, to give people higher challenges, and to expose them to different teams, bosses and market conditions. We ensure that people keep adding value as they spend time in the organisation," says Vinay Razdan, the company's Chief Human Resources Officer. Every movement is thought through, discussed and planned.

Typically, people focus on vertical progression and rewards during performance appraisal. But Idea also focuses on career progression of employees. So, as during the performance appraisal discussion, the dialogue around career progression takes a back seat (the entire focus is on ratings), the company has created a separate process to talk about career progression. Once a year, employees talk to managers about skills they would like to acquire or projects they would like to undertake. "The organisation has multiple job profiles. If an employee doesn't plan, he or she could get lost in the same job and same vertical for 10-15 years, which means he or she doesn't get an opportunity to broad-base skill sets by moving across verticals,

RACHIT GOSWAMI

**Connecting Well:** Vinay Razdan (centre), Chief Human Resources Officer, Idea Cellular, with employees in Mumbai

locations and roles," says Razdan.

Razdan says human resources interventions in Idea Cellular are immune to market conditions. He says in 2008, when the economic downturn happened, and when most companies decided to put their programmes on hold, Idea continued its high-cost initiatives. "It's an investment that you make in people. It takes years to build that trust," he says.

In order to create a robust performance appraisal system, the company uses scientific tools even at the lowest level. In other organisations, says Razdan, such techniques are usually employed for top 5 per cent talent, as it's an intensive process.

"Most companies get three-four people around to discuss about an employee and take a call whether the person should be promoted. Not many companies have diagnostics available to them in which case studies, in-basket examples and various tools are used to assess competencies of a person in a scientific manner. Our performance management and career growth engine is completely transparent and objective. If an employee has talent, he does not have to worry about being on the right side of people in life," he says.

As a result, employee engagement at Idea has been impressive. For instance, in one of the employee engagement surveys conducted at the Aditya Birla Group, including Idea, a record number – 99.3 per cent – employees participated. "We picked a day and told people across the company [to participate]. The purpose was to test alignment. It was like a thousand-piece orchestra playing the same melody. We had record levels of participation," says Razdan.

Nevertheless, the high attrition rate over the past 12 months seems to be bothering the human resources department. In the past, the company has claimed to have the lowest attrition rates in the industry. But with the entry of Reliance Jio, which is building everything grounds up, poaching has shot up. "This year, the whole industry base has shifted. The kind of people we are losing to competition are not highly rated, though. We are losing average performers," he says.

MANU KAUSHIK

CITIBANK

# Citi 2: A Trendsetter in Many Ways

When Pramit Jhaveri, the India CEO of Citibank, was mentored by a team member 15 to 20 years his junior, the interaction proved to be an enriching experience. And, he was not alone. Reverse mentoring is, in fact, a norm at Citibank, where young employees connect with seniors and share their views on the business, career development and workplace culture. "Our policies are dynamic and constantly evolve, considering the average age and aspirations of our young talent pool. Several such programmes exist, including reverse mentoring, career week, women's networks, extended paternity leave, child care, etc. All of this is rooted in a strong philosophical desire to build and foster an entrepreneurial, yet open, culture, says Jhaveri.

For Citibank, the global financial crisis of 2008 was an opportunity to rediscover itself. "Between 2010 and 2011 there was a huge transformational change in India. Apart from the new management team, we also saw some plumbing in our processors, governance and controls. We were building a culture we wanted and rebuild a legacy which we would feel proud of," says Anuranjita Kumar, Managing Director (Chief Human Resources Officer), Citi South Asia.

Apart from the quality of leadership, the focus is also on talent development. "We had to change mindsets. We had to make ourselves more agile and needed to follow processes, but at the same time not get constrained by them," says Kumar, adding: "The idea was how we keep on innovating and keep renewing ourselves and not get off the treadmill." One of the things that Citi successfully implemented was the integration of captive and local operations, including salary, which was brought on a par for people with similar roles.

Citi also formed a diversity council and an innovation council to encourage participation from all. Says Pramod Rao, General Counsel at Citi India: "Diversity council has become one of the key mechanisms to address employee welfare. We receive insights from employees and address them. For instance, flexible maternity leave or a 20-day paternity leave are both unique to Citi." Within the Citi network, the Indian subsidiary was also the first to introduce an annual childcare allowance of up to ₹1.32 lakh, over and above their salary, which the new mothers could spend on daycare services to pursue their careers, uninterrupted. Says Jhaveri: "At Citi, it has always been our endeavour to build a meritocratic culture in order to attract and retain the best talent. In the same vein, we work hard at developing policies and

RACHIT GOSWAMI

**Making Light:** Chief HR Officer Anuranjita Kumar (second from right) during an informal session

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RANK

programmes to help our employees find work-life balance, which in turn will allow them to develop as well-rounded professionals and human beings."

The career week, which was an India-specific initiative, generated so much goodwill that it was recently adopted by another Asian subsidiary. "Meet-the-CEO and mentorship opportunities help the young engage with the senior management, which even includes informal discussions while playing on Xbox and playstation," adds Rao. Citi also has a sponsorship programme to identify obstacles in the career of an employee and find ways to conquer them. Similarly, the leadership programme is also unique in many ways. "We believe in giving early responsibility and offer various training programmes to help them grow. At the executive level, we ensure a leader has the requisite support through mentoring, coaching and other relevant exposures they may require," says Kumar, adding: "We also ring fence the ratings of women who take maternity leave, which helps us retain high-potential performers in the organisation."

Citi India has constantly endeavoured to make employees experience the best, but it is still on the job to Wow its Citizenry!

MAHESH NAYAK

VIVAN MEHRA

**Empowering Women:** Daycare facilities at Genpact have helped returning moms

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RANK

GENPACT

# Striking the Right Balance

Most women find it difficult to strike the right balance between work and parenting, primarily because they bear the burden of childcare and housework. But what about a workplace that enhances the careers of returning moms?

Sunanda K. Malik, Assistant Vice-President, Talent Marketing and Corporate Communication, Genpact, puts it in perspective: "Of all the opportunities the company has provided me, the joy of bringing my one-year-old twins to work is the greatest. It's difficult to express how much it means to me to strike a balance between raising children and having a flourishing career."

For Genpact, which evolved into an integrated IT services player from being a pioneer in the Indian BPM space, this was a serious issue. With 40 per cent of its 70,000-plus workforce being women, ability to attract and retain was a key focus area. Unlike some of its peers, Genpact decided to do something about women dropping out or hesitating to return by starting a programme called 'Returning Moms', starting off by opening creches at five facilities in India.. It was not just women – like Malik –who have benefited. Nitin Bhat, Vice-President,

Sales Operations, says: "My wife and I both work. We decided to put our daughter in a good day care, and getting this facility at the workplace surely helped."

Piyush Mehta, who leads human resources at Genpact, says such practical solutions have helped the company emerge as an employer of choice. In the Returning Moms scheme, Genpact assured them of "no night shifts, complete flexibility on their shift choices and even the venue", says Mehta. These assurances were crucial as nearly 78 per cent of its annual revenue of $2.5 billion still comes from BPM (contact centres) kind of work.

## Legacy and leadership

Genpact was started by GE as provider of back-end operations in India. Eventually GE exited and Genpact became an independent listed entity. Mehta says the company carries GE's heritage and legacy of doing things by adopting robust systems and processes.

The company does not necessarily want to be seen as the best paymaster, though Mehta is quick to clarify that it pays competitively. "The goal is to be an attractive employer who provides a career rather than just a job. For instance, our aim is to promote from internal ranks for three-fourths of leadership opportunities."

Genpact also recruits from campuses. Attrition of 24 per cent is high, but Piyush points out that it is lower than peers and the industry average. Since a large part of the workforce is in the mid-20s, it provides assistance in university graduate programmes, MBA programmes and other technical studies. About one in five of its employees have taken advantage of this, says the company.

To grow the next generation of leaders within, it runs Global Operations Leadership Development (GOLD), which is an 18-month experiential training programme seeking to enhance the operations management capabilities of managers. Candidates are put through job rotation, classroom sessions and mentorship by Genpact leaders as well as industry experts. GOLD participants hardly leave the organisation, claims Mehta.

Such policies have helped the company grow faster than the market. Over the past five years, its revenue has grown at a CAGR of around 17 per cent, compared to industry average of 12 per cent. N.V. 'Tiger' Tyagarajan, President and CEO of Genpact, says, "Recruiting, developing and leveraging a global and diverse talent pool has always been core to Genpact. Our key leaders including myself spend more than a third of our time on this."

While very few pure-play BPM companies have been able to make the shift to offering integrated IT services, Tyagarajan says the reason for Genpact's continued success is due to the talent of its employees who work at the leading edge of domain depth and lean digital and analytics capabilities. "This winning culture of generating impact where people feel empowered and are constantly developing into better professionals is what makes Genpact a truly exciting place to work."

The numbers seem to agree.

VENKATESHA BABU

ADITYA BIRLA FINANCIAL SERVICES

# The Hand Holder

A Balasubramanian, CEO, Birla SunLife Asset Management, was not keen to join the Birlas when, in 1995, he was offered the job of a trader and fixed income fund manager. One reason was that he did not want to leave GIC Mutual Fund as it was government owned. But his parents convinced him otherwise.

After that, he says, the company has not given him any reason to complain. "Most of the time I got responsibilities before I could ask for them. This has kept me motivated," he says. It is this ability to invest in people that makes Aditya Birla Financial Services Ltd, or ABFSL, the financial services arm of the Aditya Birla Group, one of the best places to work.

For instance, when Bala, as he is fondly called, was nominated as the CEO, he was assigned a coach for help in time management and communication with employees. After that, he got another coach on strategic thinking and building the business. In fact, Bala, who had no clue about marketing and sales, also got help from Pankaj Razdan, Deputy CEO, ABFSL.

It's not just Bala. Nurturing talent across all levels is ABFSL's USP. Rahul Parikh, Head, Aditya Birla Money MyUniverse, an online money management business, says faith shown in individuals is one reason why he has been with the company for the past eight years."


Aditya Birla Group Financial Services CEO Ajay Srinivasan (in pink tie) & CHRO Subhro Bhaduri (in red tie), in Mumbai

RACHIT GOSWAMI

## Boosting Morale

Most of the credit goes to Ajay Srinivasan. When he took over as the group CEO of ABFSL in 2007, it wasn't easy for him. The entity had five businesses — mutual fund, life insurance, insurance advisory, non-banking finance and financial distribution — which were making a loss of ₹100 crore a year. Since then, he has been able to diversify into 12 businesses. The company posted a profit of ₹850 crore last year.

"I had a clear mandate from Mr. (Kumar Mangalam) Birla to build a significant leadership business in line with the group's DNA," says Srinivasan. "When I came, what I found was that we had good employees, but there was lack of self-belief. It was a question of building confidence than anything else."

Among the first things he did was to choose four people in areas of risk & compliance, HR, marketing and operations & IT. "The aim was to follow best practices across functions and businesses so that every business we set up benefited from the standards we follow," he says.

While integration allowed ABFSL to grow much faster, it also helped it manage talent. "In the financial services space, people look for growth on a continuous basis both in terms of roles and knowledge. So, any company that provides such opportunities is a great place to work from the employee's perspective. It is simple," says Chief Human Resource Officer Subhro Bhaduri.

Therefore, the company has created a talent council that looks after talent at the senior management level across verticals. "This has opened a new horizon of growth for people not only in terms of hierarchy but also in terms of exposure to the different lines of businesses," says Bhaduri. Last year, the group shifted around 950 people from their roles. While some were assigned a role within their existing area, many were transferred to a different business, a few were even shifted to the group (Aditya Birla Group). "We are definitely ahead of the curve in providing opportunities across our platform to employees," says Srinivasan.

MAHESH NAYAK

DIGITAL CBEC

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# INDIAN CUSTOMS FACILITATING


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- Digital Signature implemented for filing of Customs declarations by importers/exporters/shipping lines/airlines etc.
- Mandatory documents for imports and exports reduced to only 3.
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- Scope of Advance Ruling Scheme enlarged to include resident firms.
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- Revamped CBEC website provides for one-stop shop for taxpayers information, duty calculator & compliance requirements.
- Customs App launched to guide international passengers.

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- Export Incentive Disbursal
- E-mail-1.43 lac in 2014-15
- Acknowledgements
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# And the Leaders Are...

## Companies that set high benchmarks in nurturing talent

RACHIT GOSWAMI

**Forging a bond:** Paresh Sukthankar (seated, third from right), Deputy Managing Director, HDFC Bank with his team

BFSI: HDFC BANK

## Demanding Caregiver

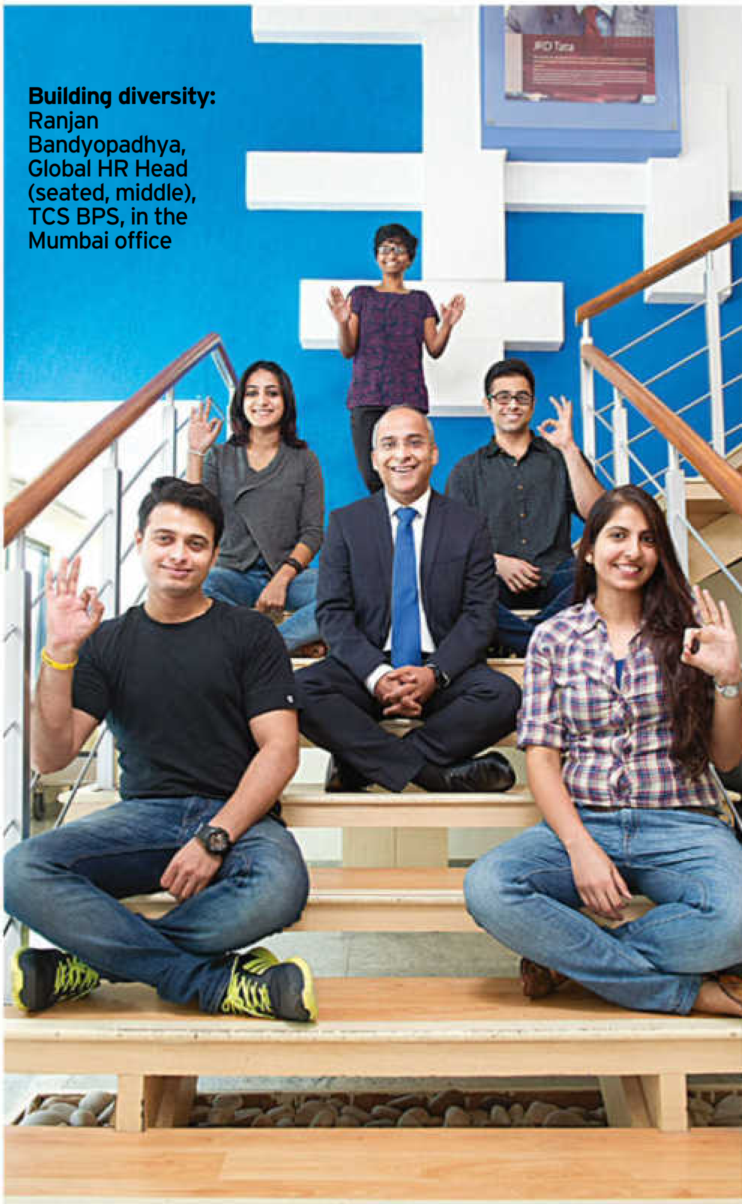
HDFC Bank constantly challenges its employees, but also goes the extra mile in accommodating them. "My husband has a transferable job, which has required us to move four times across three cities," says Soumi Sengupta, Mumbai-based Head of High Net Worth Business Development. "HDFC Bank has accommodated my request every time for transfer to whichever place my husband was posted." Nor have the transfers she sought impacted her professional growth

At the same time, HDFC Bank is a demanding employer, insisting its staff get better and better. "We work like a start-up," says Priyanka Bakshi, Vice President. "The bank continuously throws challenges at us. Despite having spent 12 years in retail banking, I don't find my job monotonous."

Rewards for excelling can be much more than the salary earned – the bank offers employee stock options (ESOPs) to all employees, irrespective of rank, who perform above a certain benchmark. "We are among the few companies in india to have created wealth for our employees," says Philip Mathew, Chief People Officer. ESOPs are certainly one reason why attrition at HDFC Bank, above the rank of Assistant Vice President, is just 2-3 per cent.

"There is a sense of ownership among our employees ... because they feel they are building the business," says Paresh Sukthankar, Deputy Managing Director. And success feeds the desire to do even better – HDFC Bank is now India's largest bank by market capitalisation (yes, even bigger than State Bank of India), having grown consistently for the past two decades. Such growth – and the resultant expansion has ensured that there are always plenty of avenues for promotion. "The long and consistent track record of the bank in a volatile environment has made a big difference," says Sukthankar.

MAHESH NAYAK


**Building diversity:** Ranjan Bandyopadhya, Global HR Head (seated, middle), TCS BPS, in the Mumbai office

RACHIT GOSWAMI

BPO/KPO & ITES: TCS BPS

## All About Inclusion

Baisakhi Deb, HR Lead at TCS BPS (Business Process Services) in Kolkata, met with a horrifying accident in 2006. The state-level badminton player lost a leg and injured her spinal chord irreparably. But after being confined to bed for eight long years, Deb not only found herself heading an important HR function at TCS BPS but was also able to get back to her passion, badminton. This time as a para badminton player. Currently, the world number six in para badminton, Deb has recently been awarded the Khel Ratna Award. She gives full credit for her achievements to her organisation, TCS, which never discriminated against her because of her physical disabilities. "This gave me immense confidence to turnaround," she says. As its manpower strategy, the 67,000 employee strong company has made diversity its mantra. "Diversity for us goes beyond gender," says Ranjan Bandyopadhya, Global HR Head, TCS BPS. The company already has over 800 employees with physical disabilities. "It is busy integrating the LGBT community into its workforce. TCS is an extremely open organisation," says Indira Parekh, management consultant and former dean of IIM Ahmedabad

Bandyopadhya proudly claims that the attrition rates at TCS BPS is as low as 18 per cent. The industry average is 40 per cent. Bandyopadhya says that the reason for this is the rich work profile it's able to offer. "We are highly focused on domain centricity. People join us as business analysts and that helps us retain talent. "

AJITA SHASHIDHAR

SUBIR HALDER

**Men of steel:** Suresh Dutt Tripathi (standing in front), VP-Human Resource Management at Tata Steel, with staff

CORE SECTOR: TATA STEEL

## Future Ready

One of India's oldest corporates is changing with the times. In February, Tata Steel changed something that had been continuing for 108 years. It reduced the nearly two-hour lunch break for 28,000 non-shift workers to 30 minutes. In return, the employees got an extra day off every Saturday.

"This has improved productivity and reduced costs related to vehicles going out and coming back six days a week during lunch hours, and reduced carbon footprint and traffic congestion in places such as Jamshedpur," says Suresh D. Tripathi, Vice President (HRM), Tata Steel.

Tata Steel employs about 89,000 people across the globe. In India, many of its workers are third or fourth generation employees. Though it is difficult to do justice to every employee's aspirations, it is managing well. Attrition is as low as 4 per cent. Tripathi says the figure for the steel industry is over 11 per cent.

The company has devised several programmes for employees to educate themselves and nurture their talents. In Europe, for instance, it delivered 96,000 training interventions for its 30,000 employees. It also offers certificates and assistance for higher studies, besides providing quality social and cultural environment at its townships. Even though it is going through a bad phase, the company has not laid off people, says the HR executive. "We have been following the 1956 pact with the unions on not retrenching people during bad times," says Tripathi. Unions are key to the company's success, believes the management.

P.B. JAYAKUMAR

ENGINEERING & AUTOMOTIVE: M&M

## A Helping Hand

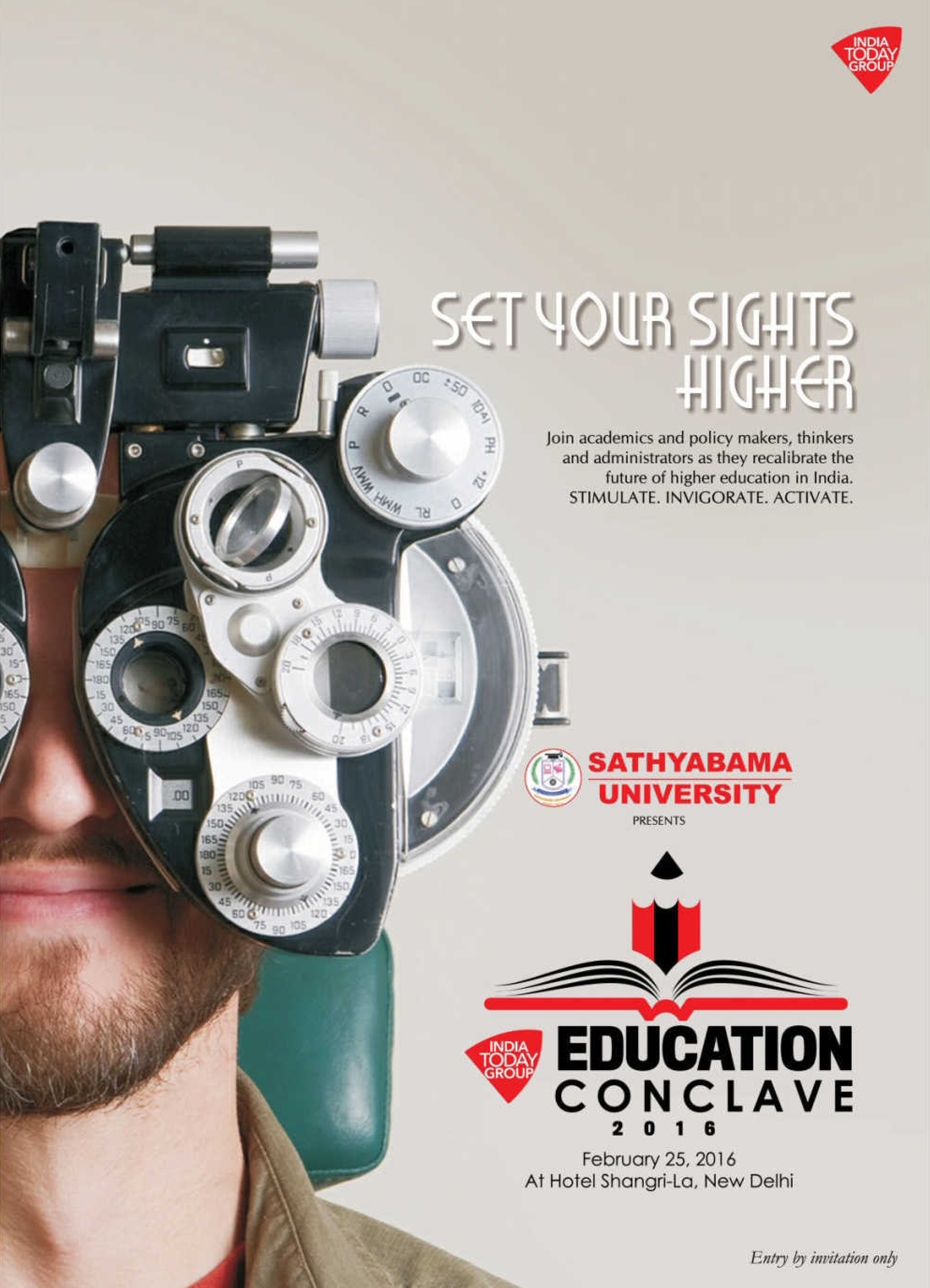
When it comes to human resources, Pawan Goenka, Executive Director, Mahindra and Mahindra (M&M), questions himself rather than others. "Why would somebody want to join us and stay and grow with the company?" So, in 2011, the automaker documented 'Employee Value Proposition'(EVP), on the lines of 'Customer Value Proposition' that others do.

M&M's expectations are aligned with its fundamental principles driving change, alternative thinking and accepting no limits. "We have done quite a bit in talent development and management," says Goenka. The M&M group has over 2,00,000 employees in 100 countries.

"The outcomes have to be sustained business outperformance, care for stakeholders and nurturing of organisational values," says Rajeev Dubey, Group President (Human Resources and Corporate Services) and CEO (after-market sector).

It is because of these things that Goenka says they have a fabulous relationship with trade unions. "We go out of the way to help employees and it is not just about financial support," he says.

NEVIN JOHN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RACHIT GOSWAMI

**Fun at work:** Bhasker Iyer (standing, third from left), VP at Abbott, letting his hair down with co-workers

OTHER MANUFACTURING: HUL

# In Sync with the Times

HUL for decades has been the dream job of every management graduate. Its intense people training processes and people - friendly policies are well known. Despite all this, the most sought after recruiter in the Indian corporate sector, like all manufacturing sector companies, has been finding it slightly more difficult to attract and retain talent.The year 2015 saw the manufacturing sector losing talent to e-commerce in a big way, and HUL was no exception. Be it marketplaces such as Flipkart or Amazon, verticals such as Urban Ladder, e-commerce became the sought after job destination for the manufacturing sector employees.

However, HUL, say head hunters, has lost the least number of people to e-commerce and that is because of its ability to respond to the situation fast. In the past couple of years, the company has been actively offering its high potential employees opportunities to take charge of a vertical and be completely responsible for its growth. So, not only has HUL started offering entrepreneurial opportunities, head hunters claim that it is even considering offering employee stock options to them.

HUL also has embraced the digital media in a big way. This again is a conscious effort of the company to be in sync with the changing times and thereby be able to attract the best of young talent. Digital advertising is the order of day. The country's largest FMCG company is leaving no stone unturned to keep in pace with the changing world.

AJITA SHASHIDHAR

PHARMA & HEALTHCARE: Abbott India

# A Nursery of Talent

It's a hat trick for US drug major Abbott India. The company has been ranked first for three years in a trot in the pharma and healthcare category of Business Today's annual survey.

"Abbott follows a 'Growth Oriented Culture' and we provide employees an opportunity to 'Grow with the Leader'," says Bhasker Iyer, Vice President of Abbott's pharmaceuticals business and Country Management Representative in India. .

Abbott is a diversified healthcare company with many leadership positions across nutrition, pharmaceuticals, devices and diagnostics verticals in India. This provides employees career opportunities across all of these businesses, says Bhaskar.

About 85 per cent of Abbott's front-line and senior sales management vacancies are filled through the internal assessment and development route. The company has a comprehensive internal talent grooming process.The end objective is to make Abbott a nursery of talent.

P.B. JAYAKUMAR

TELECOM AND ALLIED: Bharti Airtel

# Employee-Centric

More than 50 per cent people who quit their job at Bharti Airtel want to return. That's a startling figure for a company in a sector known for high employee burnout, work pressure and intense competition. Unlike other organizations, Bharti Airtel's exit interview takes place a few days after an employee leaves the organization. The idea is to find out how the employee feels in the new workplace. “We have a robust exit interview process. People say that they wish they hadn't done that,” says B. Srikanth, Chief Human Resources Officer, Airtel. Srikanth says that other telecom companies look at Airtel employees as finished products. “For people who want to build digital businesses, Bharti Airtel is a one-stop shop. We tell our people that start-up environment is available in Bharti Airtel itself. If you think of something, you have the power and ability to do execute it, implement it and see it come to life,” he adds.

The 'regretted' attrition at Bharti Airtel is less than 14 per cent. It refers to employees who have good performance ratings and whose exit is regretted by the company. The overall attrition is 17-18 per cent. “By joining Bharti Airtel, employees have a great opportunity to come and explore so many aspects of a business here,” says Srikanth.

MANU KAUSHIK

SHEKHAR GHOSH

**Retaining Talent:** B. Srikanth, Chief HR Officer, Bharti Airtel

THE BEST COMPANIES TO WORK FOR

Column

BY SHELLY SINGH

# Building a Dynamic Digital Workforce

India is on a roll. A 7.6 per cent GDP growth is forecast for the next year, and the 'start-up' buzzword has created a positive circle of influence in the overall ecosystem. As almost every segment throws up its own unicorns, the employer brand is experiencing interesting changes. And the same is visible in the *Business Today*-PeopleStrong *Best Companies to Work For* study.

For the past five years, the study has been bringing interesting insights on employee perceptions and aspirations, right from the need for differentiated HR strategy for employees of different genres and geographies (2010), to driving coherence for the employer and the consumer brand (2011), casualty of the bosses (2013), and relationship between ethical leadership and employer brand (2014). This year provides a glimpse of how the start-up and digital agenda are impacting the employee psyche, as entrepreneurship goes mainstream and college pass-outs want to venture out and experiment.

It's not just the challenge that drives the pull towards start-ups, or because it is cool. Since the roles in start-ups are complex and need understanding of not only how an organisation works, but a deep understanding of the market as well, an individual gets to perform roles in the initial two years that one would otherwise get after 10 years of hard work.

This opportunity along with excellent compensation and a fun work environment are driving the attractiveness of start-ups. The hidden message from these young people: de-layer the organisation, give us more accountability, we are okay to do a hands-on job, but make it meaningful and with the right compensation. This new reality has to be carefully mapped by organisations to bring in parity in roles and growth that are offered to campus hires and millennials as well.

**Leverage technology to enable continuous, two-sided communication**

Diversity is another issue that organisations have worked on globally and in India, with gender being the primary thread. But what is heartening to see is that companies across all industry verticals have this on the agenda. This is good news. But the bad news is: employees are saying this is not enough. They want concrete measures around both diversity – gender or ethnicity – and inclusion. In short, companies with a culture in which differences of all sorts are recognised, accepted and respected, are the ones considered successful in nurturing a truly diverse workplace.

Communication is never enough, and this is true for all times when the message has to travel to the last mile. There is a clear correlation between this dimension and the overall satisfaction scores with HR practices. What's interesting is that it's not about top-down communication, but about two-way channels that are available.

Clearly, the mandate is to leverage technology like never before. It's the only way a continuous, two-sided communication can be sustained. But ensure that you don't stop at social media and collaboration. Organisations have to go beyond and look at each interface of the employee on a regular working day – for example, can the reimbursement option be completely automated, can we make attendance process intuitive through an HR app, etc.

The future of the workplace is going through some fundamental changes as the nature of work and preferences evolve. Part-time working, multiple jobs and making the work more complex, and the experience of the employee through mobile and digital are realities.

So, go simple! Go digital! ◆

*The author is Co-founder and Chief Business Officer of PeopleStrong*

# How We Did It

**This web-based survey is open to all salaried employees, anywhere in India, in any company, any sector**

This is the 14th edition of the annual *Business Today* 'The Best Companies to Work for in India' survey. The survey is anchored by our knowledge partner PeopleStrong. The data is sourced from our survey partner Naukri.com.

The basic purpose of the survey is to understand the perceptions and aspirations of India's employees across industries, and map these against what they see in their companies, sectors and even across sectors. The key differentiator for BT's survey, compared to some other surveys of this nature, is that it is a web-based survey open to all salaried employees, anywhere in India, in any company, any sector. The survey does not take into account any company data, including HR metrics. The idea is to put forward how the employee community rates different companies as employers, across a set of specific parameters.

This year's survey was carried out between September 28, 2015 and December 18, 2015. Naukri.com divided its active database into different slices based on age, experience, salary levels, etc. Targeted questionnaires were sent to four million respondents registered with Naukri. In all, 13,000 people came to the survey page.

PeopleStrong's team then thoroughly scrutinised the entries. After the scrutiny, we got a final reportable sample of 5,143 respondents, of which back-checks and verifications were done of about 10 per cent.

## The Ranking Process

Respondents are asked to rank companies – across industries first, then within their own industry – across these parameters:

- Growth oriented – career and growth prospects
- Compensation and benefits
- Learning opportunity
- Workplace diversity initiatives (child care, women safety)
- Work-life balance & flexibility
- Ethics – Standards of fairness, objectivity and transparency
- Stability – Scale and diversity of operations
- Other HR practices (recognition, workplace atmosphere, administrative facilities and other perks)

The overall and sectoral rankings are computed separately, but using the same methodology. Overall rankings are based on how respondents across sectors rate companies, whereas sector rankings are computed only from the ratings given by respondents within each sector.

Rank 1 has higher weight as compared to rank 2, and so on. This difference is implemented by using the 90 per cent rule, wherein rank 2 gets 90 per cent of the weight as rank 1, and rank 3 gets 90 per cent of the weight given to rank 2, etc. Once rank scores are computed, the top-ranked company is given an index score of 100 and the scores obtained by the other companies are indexed to the score of the top-ranked company. ◆

## RESPONDENT PROFILE

| | |
|---|---|
| BFSI | 1,587 |
| Software, Hardware and IT | 923 |
| BPO, KPO, ITES | 890 |
| Telecom and allied | 495 |
| Pharma and Healthcare | 422 |
| Core sector* | 236 |
| Others and Diversified | 212 |
| Engineering and Automotive** | 148 |
| Other Manufacturing | 140 |
| Hospitality*** | 90 |
| **Total respondents** | **5,143** |

* Includes oil and gas, power, steel, minerals, etc.
** Automotive includes vehicle and component manufacturers
*** Includes aviation, tours and travels, hotels; the sector was not considered for ranking as it fell short of the sectoral cut-off of 90 per cent Confidence Interval and 6 per cent error rate

## AGE-WISE DISTRIBUTION

| | |
|---|---|
| 24 or less | 9% |
| 25-30 years | 33% |
| 31-35 years | 27% |
| 36-45 years | 25% |
| 46-55 years | 5% |
| 56-65 years | 1% |

## SALARY-WISE DISTRIBUTION

| | |
|---|---|
| ₹4 lakh and below | 28% |
| ₹4-8 lakh | 29% |
| ₹8-12 lakh | 19% |
| Above ₹12 lakh | 24% |

BY POONAM BARUA

# What Women Want

In the fast changing dynamics of the global marketplace with wide and diverse stakeholders – it is becoming increasingly clear that women define 'Best Employer Companies' quite differently from their male counterparts. Companies that wish to attract, retain and nurture women for advanced management positions in their companies will need to take a hard look at 'what women want in their organisations' – rather than use minor interventions to keep women engaged in the vision of the company for business success.

While most enlightened business leaders and companies fully understand the compelling need to address women's aspirations and bring a vast talent pool of women into their organisations, there is a critical need to articulate how this translates into the corporate code of conduct, best HR practices in the organisations and policies for employee engagement. Companies still continue to rely on the conservative metrics of traditional 'Best Employer Surveys' that do not place a high premium on the dynamic, diverse, innovative and cross-cultural stakeholder demands that need to be brought into the survey dashboard.

**Best employers for women will strive to have 40 per cent women in the total workforce, spread across levels**

The first rule of understanding 'Best Employers for Women' is for companies to stop viewing the whole leadership paradigm through the narrow view of 'supporting women' or 'women as talent buckets' and visibly demonstrate the 'value of wealth creation' that women bring to the organisation, which is clearly different and complementing to the men. This value is 'sigma-correlative' with the distinctive advantage of women in customer relations, supply-chain management, decision making, strategic overview, rational expectations, risk aversion, public spiritedness, democratic leadership, collegiality, sensitivity to external business influencers and sales drive – to mention only some of the metric components.

Companies that are 'Best Employers for Women' will commit to validating 'equal opportunity in the workplace' for the advancement of women across the board as a critical component of meritocracy. This is based on the fundamentals of a gender-sensitive leadership that is committed to having diverse top management and corporate board directors, where promotion policies are gender neutral, and there are clear metrics on corporate disclosures for advancing women for building 'balanced leadership' organisations. Genpact, MSD Pharma, Sodexo, Capgemini are some companies that have put these corporate disclosures into place for being employers of choice for women.

Companies will also need to go beyond the softer areas of 'enabler policies' of work-life balance options, internal networks for women engagement and women-friendly policies – and focus instead on the open opportunities being provided for women to make a 'step-change' in their career, with cross-industry exposure, distinction and front-line assignments. These will be the 'new-age companies' that will reject homogenous executive workforce and who will make the transition to building inclusive, sensitive and sustainable companies, where the CEO and Board are visibly committed to scaling up on the 'Gender Maturity Curve'.

The best employers for women will strive to have 40 per cent women in the total workforce – spread across different levels depending on the 'Gender Maturity Index' of the company – and at least 30 per cent in senior management and board levels.

Corporate India still has more than 80 per cent companies showing a low level of 10- 20 per cent women in the total workforce – and for the few companies that have managed a high percentage of women in the organisation – their numbers for women in senior management and boards remains a dismal 5-10 per cent.

The 500 million women of India are going to have a larger 'voice' in defining the 'Best Employer Companies' going forward – and being certified as the 'Best Employer for Women' will increasingly become a critical component of being the most-admired and most-respected company.

"Ask not what you can do for the Women
Ask what the Women can do for you!" ◆

*The writer is Founder Chairman, Forum for Women in Leadership; CEO, WILL Forum India, and author of the book 'Leadership by Proxy'*

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# INDUSTRIAL ESTATES DOT THE STATE

**The industrial estates in Haryana, with state-of-the-art infrastructure, offer lowest rate per sq metre. These are well-equipped with roads, water supply and sewerage disposal system and also offer provision for residential plots, group and industrial housing.**

Industrial estates facilitate rapid industrialisation, help generate employment opportunities and bring significant productivity in small industrial enterprises. Haryana is dotted with industrial estates which attract investments from across the globe. The state government, led by the Chief Minister, Mr Manohar Lal, is making all-out efforts to develop these estates further to pump up industrial activity in the state. Also, in line with the Enterprise Promotion Policy-2015, a simplified Estate Management Procedure has been formulated for regulating the management of industrial plots and sheds.

An industrial estate is an area, especially zoned for industrial activity, with the required infrastructure and utility services to facilitate the growth of industries. In India, these industrial zones have been used as an effective tool to decentralise industrial activity to rural and backward areas. The Haryana State Industrial and Infrastructure development Corporation Limited (HSIIDC) is the nodal agency for development of industrial infrastructure in the state.

"The industrial estates, with state-of-the-art infrastructure, offer lowest rate per sq metre. These are well-equipped with roads, water supply and sewerage disposal system and also offer provision for residential plots, group and industrial housing," says the Chief Minister, Mr Manohar Lal.

IMT Rohtak is located on National Highway-10 linking Delhi with Rohtak and Hisar, covering an area of 3,680 acres. It possesses all-weather metalled roads with provision for institutional sites such as schools, hospitals and skill development centres. The major allottees are Asian paints, Maruti Suzuki, Aisin Seiki, Suzuki motorcycles amongst other big investors. Another fully-developed industrial estate is located in the city of Panipat. This covers an area of 922 acres having well-equipped facility of electric distribution system and internal road network.


The sites for industrial estates can broadly be divided into commercial and institutional sites. The investors can associate themselves with big-ticket projects in IMT Manesar, IMT Gohana, IMT Madina, IMT Kharkhoda and various industrial clusters which are proposed to be developed in Panipat. There are many projects in the pipeline with IMT Kharkhoda, Biddhal Lath and IMT Madina, covering nearly 10,000 acres of land.

The HSIIDC has a number of commercial, residential and institutional sites in various industrial estates for development of hotels, convenience shopping complexes, schools and hospitals. The opportunities for private sector participation in managed services in the industrial estates by the HSIIDC include the establishment of the STPs/CETPs with overall water supply along with distribution of electrical power, subject to the regulatory approvals. These estates offer provision and operation of transport system within the industrial areas alongside horticulture and plantation services.

"In line with the Enterprise Promotion Policy-2015, we have formulated the simplified Estate Management Procedure for regulating the management of industrial plots and sheds allotted. The Procedure provides a transparent procedure for allotment of industrial plots with transfer of vacant unimplemented project permissible," says the Chief Minister. This would involve relaxation in permission for change/ mortgage of plots as well as relaxation in exit route for prestigious projects.

For the development of world-class infrastructure, the Haryana Government plans to develop the 'Global Corridor' along Kundli-Manesar-Palwal (KMP) Western Expressway, a 135-km 4/6-lane road around Delhi linking all major highways passing through the state. This Global Corridor is expected to have facilities of international standard, serving not only the investors but also the inhabitants living here.

Small wonder that given the provision of world-class facilities under one roof in industrial estates, more and more industries are getting drawn towards Haryana.

# The Complete Man Is Changing

**It may not have thrived, but the 90-year-old Raymond has survived, unlike many of its contemporaries. Now Gautam Singhania wants to make it soar.**

**By P.B. JAYAKUMAR**

PHOTOGRAPHS BY RACHIT GOSWAMI

Gautam Singhania's passion for fast cars is well known. The 50-year-old Chairman and Managing Director of the Raymond Group owns several of them. An avid racer, he became the first Indian driver to win a race in the Ferrari Challenge Europe Championship 2015. He had 10 podium finishes in the series despite two accidents one, a gear box failure while rounding a corner at 160 km per hour, and the other when he was caught between two competitors outracing each other. Both times, thanks to the high level of safety in the vehicle, he escaped unhurt.

"Motor racing keeps me physically fit and agile, and mentally disciplined, focused and capable of split-second decision making," he says. What about the accidents? "Like many other sports, motor sport is also dangerous," he adds. "I believe in taking calculated risks, but not stupid risks." The same philosophy seems to drive his business. Having taken over Raymond from his father Vijaypat Singhania in 2000, he has, in five years, brought many changes into the 90-year-old company, all risks of a kind, adding new verticals and introducing new varieties. He has also recruited a number of talented professionals at senior levels, led by Sanjay Behl, CEO of the Lifestyle Business since 2013.

And now, in a burst of action, the 90 year old organisation is undergoing unprecedented changes. It's being restructured to make it more nimble. Singhania is creating new business streams to convert cyclical revenue flow to round-the-year business. A digital initiative raymondnext.com is meant to counter the threat from e-tailers. And there is a new thrust on exports via its first international manufacturing plant

“TEXTILES IS **A DIFFICULT BUSINESS** TO BE IN”

**GAUTAM SINGHANIA,** CMD, Raymond Group

in Ethiopia to avail export benefits to US and Europe.

Raymond, always a heavyweight in the worsted (wool-based) fabric and suiting market, in which it still has 60 per cent market share, has also moved into shirting, bed linen, bath linen and custom tailoring – the last under the tag lines 'Made to Measure' (MTM) and 'Made to Fit' (MTF). Its suiting range is staggering, ranging from ₹300 a metre to ₹3,00,000 a metre. "Ours is the only brand in the world that transcends 1,000 times in price points," says Singhania. "We take pride in the fact that from a taxi driver to Ratan Tata, everyone wears the Raymond brand." He devotes a good deal of his time to overseeing research and development (R&D), examining the quality of Raymond's fabrics to make them even better. Raymond is the only company in the world to make Super 250 count wool, where each fibre is 11.4 microns thick, or one-third as fine as human hair.

"THE FUTURE OF RAYMOND LIES IN ITS CORE TEXTILE AND APPAREL SPACE... AND THERE WILL BE DRAMATIC GROWTH IN THE READY-TO-WEAR STORES AS WELL"

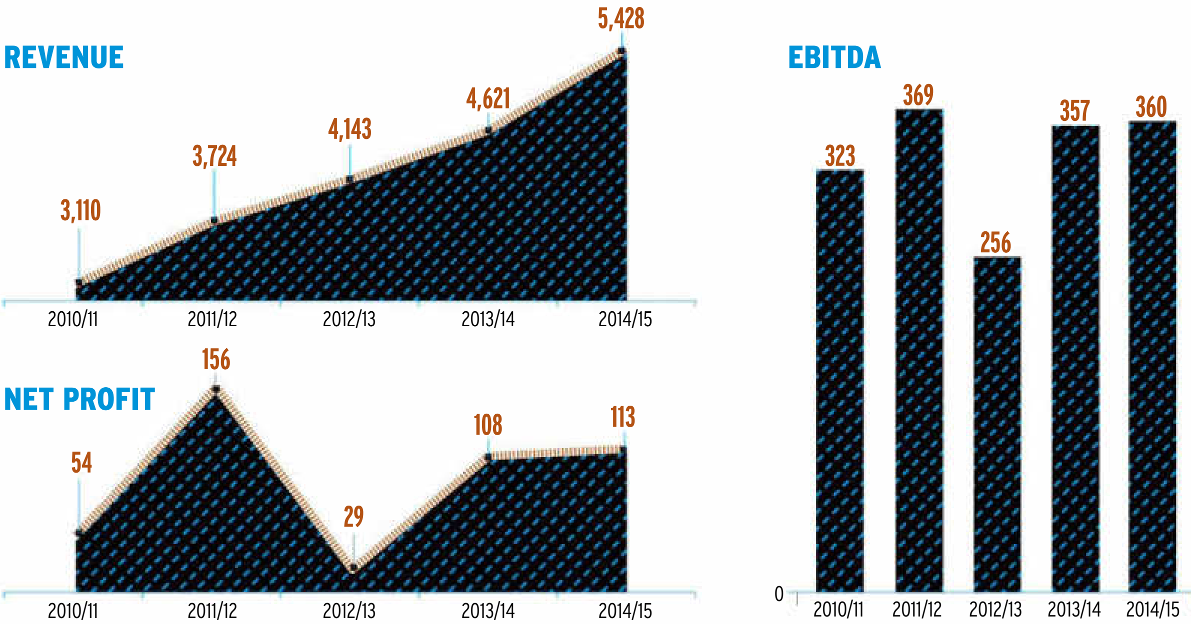
**SANJAY BEHL,** CEO, Lifestyle Business

But are the steps Singhania has taken enough to grow the Raymond legacy, especially, given the disruption caused by e-commerce? "Textiles is a difficult business to be in," Singhania admits.

## Pluses and Minuses

First, the pluses: Raymond is still going strong while many of the rival textile companies and brands from its heyday have either disappeared, or are in serious trouble. Names such as Mayur, Gwalior, Khatau, Binny, Dinesh, Dhariwal, Ambiking, Shakti, Vinar, S. Kumar, Bombay Dyeing's Cezari, Reliance Industries' Vimal and more, may resonate with people of a certain age, but millennials would not have heard of them. But they all know Raymond. The company also inspires great loyalty in its staff, mainly because it has a long record of treating them well. In an industry going through tough times and known for paying workers poorly, often on daily or weekly wage basis, it has made almost all 30,000 workers at its 10 plants permanent, with entry-level salaries at around ₹14,000 a month. Many, both workers and executives, have been with the company for decades and have risen through the ranks. Harish Kumar Chatterjee, Vice President, Manufacturing,

## IN BLACK & WHITE: Raymond has made significant strides in the last three years




Figures in ₹ crore; consolidated data ; Source: Company

for instance, began as a trainee in the instrumentation department 30 years ago.

Raymond has also tried to respond to the changing environment. "I think our competitors failed to invest regularly in modernising," says Singhania. "We brought in the latest available technologies and thereby grew the brand." Chatterjee provides an example. "At our worsted fabric manufacturing plant in Chhindwara, Madhya Pradesh, which was started in 1990, we produce 45,000 metres a day with 3,600 workers," he says. "At a similar plant in Vapi, Gujarat, which we started in 2006, we make 65,000 metres a day with 1,100 workers, because we installed the latest machines."

Sanjay Behl sets forth more reasons. "The competition failed to understand how the market rapidly shifted from stitched fabric to readymade garments, how the retail environment dramatically changed and how the advent of international brands created a hyper competitive brand-centric market," he says.

But there are also minuses: some analysts feel Raymond could have done better. "Textiles is a volatile business and the Raymond management has traditionally not been aggressive, transparent and focused enough to leverage the brand potential and market opportunity," says Arafat Saiyed, analyst with equity research company Quant, in a research report. In particular, the company has not been able to make any of its other brands as big as Raymond. It did try with the brand 'Makers', for a range of fabrics, but this did not take off.

Indeed, the two other branches of the Singhania family, which broke away in the course of Raymond's long history, have done better. Raymond belonged to the JK Group, named after Lala Juggilal Singhania and Lala Kamlapat Singhania, who founded it in 1918. The Group took over the The Raymond Woollen Mill, started in 1925 to make cheap woollen blankets, in 1944. By the 1960s and 1970s, the JK Group had become the third biggest in the country, after the Tata and Birla groups. But thereafter it broke up into three – one headed by Gaur Hari Singhania, based out of Kanpur (JK Cements, JK Technosoft, etc.), one by Hari Shankar Singhania, out of Delhi (JK Tyre, JK Papers, JK Lakshmi Cement, Fenner India, etc.) and Vijaypat Singhania's Raymond group, based out of Mumbai. The Kanpur and Delhi cousins still run multiple businesses with large turnovers and many group companies. At Raymond, Vijaypat Singhania took over in 1980, followed by Gautam two decades later.

### Continuity and Change

Gautam Singhania had to take some risks when he took over in 2000 as well. A host of legacy businesses – cement, steel and synthetics – started over the years as unrelated diversifications were funded through debt. The servicing of that debt was already exerting pressure on the financials of the profitable textiles business. "We had huge debts and I had a tough time," he says. "I thought, 'Let us sit down and focus and we'll get answers.'" The answer was to divest many of the non-core businesses and concentrate on textiles and apparel. He sold off Raymond's cement plant to Lafarge, the synthetics business to Reliance Industries and the steel business to German firm Thyssenkrupp. "Altogether we raised about ₹1,500-1,600 crore. We cleared our debts and reinvested the rest of the money," he adds. Some of the surplus went into buying the Chennai-based apparel retail brand ColorPlus and setting up the new manufacturing facility in Vapi. He also shut down the manufacturing unit at Thane and began a new shirting plant in Kolhapur in 2008.

Revenues have climbed steadily in this period, but profits have been low – even plunging to losses for two consecutive years, 2008/09 and 2009/10 – with operational expenses high. After selling off one set of non-core businesses, Raymond moved into another – engineering, auto components, even condoms – but the diversifications have not yielded much. Investments in brand building and store renovation have continued to chip away at its margins.

Still, the new recruits are making a difference. Indeed, Behl's mandate on his induction was to make the company future-ready. "What attracted me to the job was Raymond's potential," he says. "It is one of the strongest and yet most underleveraged brands." Formerly a top marketing executive in the Anil Dhirubhai Ambani Group (ADAG) involved with Reliance DTH, Reliance Communications and Reliance BIG Entertainment – and before that with Hindustan Unilever and Nokia – he began by overhauling the company's structure.

Earlier, Raymond's business comprised two broad verticals – textiles and apparel – each headed by a president who controlled every aspect and reported to Singhania. Textiles included all kinds of textiles – Indo-Western, shirting, denim and sportswear – while apparel comprised Raymond's four brands – Raymond, Park Avenue, Parx and ColorPlus. Behl recast the business into five strategic business units (SBUs) – shirting, suiting, apparel, garmenting and exports, and custom tailoring – each headed by a president, while finance, IT, e-commerce, HR and branding for all five were unified. IT solutions were entirely outsourced to Accenture. "The new structure helped drive each of these functions to the level of excellence," he says. "It also helped manpower rationalisation."

Behl also brought in a wave of new talent – Shantiswarup Panda from Hindustan Unilever (HUL) was appointed Chief Marketing Officer; Gaurav Mahajan from Trent made President, Apparel; Mohit Dhanjal, also from HUL, came in as Retail Head and Vijay Basrur from Quikr as E-commerce Head. He relocated ColorPlus's office and factory to Mumbai, shutting down the Chennai operations. He is trying to reduce raw material costs as well by searching for new markets to source wool. Currently, 36 million metres of woolen fabric is produced annually. Of all of the wool Raymond buys, 3,600 tonnes per annum come from Australia and South Africa; Uruguay is also now being considered.

Finally, it is the IT platform that is Behl's most important focus. "The plan is to make Raymond a digitally immersed company, recast the manufacturing and supply chains, which are our biggest assets," he says. The entire supply chain has been brought under a common ERP SAP system. Stock keeping units (SKUs) in suiting have been reduced by 20 per

## WIDE UNIVERSE: Raymond's multiple businesses

**RAYMOND:** One of the largest integrated makers of worsted fabric in the world with over 60 per cent market share in India

**SILVER SPARK APPAREL:** Makers of suits, jackets and shirts for international brands

**RAYMOND LUXURY COTTON:** Makers of hi-value fine cotton / linen shirting fabric

**JK FILES (INDIA):** Largest maker of steel files in the world with over 30 per cent market share (division of Raymond)

**RING PLUS AQUA:** Auto parts company making flywheel starter gears and integral shaft bearings for water pumps (subsidiary of Raymond)

**J.K. HELENE CURTIS:** Makes perfumes, deodorants; market leader in room freshener and Eau de Cologne

**J.K. INVESTO TRADE (INDIA):** JK Group's investment company

**J.K. ANSELL:** Joint venture with Ansell International to make 'KamaSutra' brand of condoms and toiletries

**RAYMOND UCO DENIM:** Joint venture with Europe's UCO NV

**J.K. TALABOT:** Joint venture with MOB Outillage SA of France, maker of farming and construction tools

**RAYMOND AVIATION:** Runs air charter services with three helicopters and one executive jet

"AT OUR VAPI PLANT, WE MAKE 65,000 METRES A DAY BECAUSE WE HAVE INSTALLED THE LATEST MACHINES"

**HARISH K. CHATTERJEE,** VP, MANUFACTURING

cent and in apparel by 30 per cent, to clean up the supply chain and eliminate product overlaps.

## Results So Far

It is just over three years that Behl has taken charge and the results so far have been mixed. Total revenue improved from ₹4,143 crore in 2012/13 to ₹4,621 crore in 2013/14 to ₹5,428 crore in 2014/15. Net sales grew 17 per cent in 2014/15 over the previous year, net profit rose 5 per cent from ₹108 crore in 2013/14 to ₹113 crore last year, while the EBITDA declined by 6 per cent. Consolidated cash flow from operations went up from ₹193 crore in 2013/14 to ₹365 crore in 2014/15.

Looked at segment-wise, branded textiles which contribute nearly 50 per cent to Raymond's revenues – did well, with sales growing 24 per cent and the EBITDA margin 17.5 per cent. Branded apparel sales rose 15 per cent, but the EBITDA margin was only 1.2 per cent, due to rising expenditure on brand building and store roll outs. Among the brands, Park Avenue sales contributed 47 per cent, ColorPlus 24 per cent, Raymond Ready To Wear 17 per cent and Parx 12 per cent, as of December 2015. MTM provided another 3 per cent of apparel sales.

**13 %** is the revenue contributed by exports

The garmenting business had sales of ₹533 crore in 2014/15, with EBITDA margin at 9.7 per cent due to higher branding costs. Silver Spark Apparel Ltd (SSAL), a wholly-owned subsidiary of Raymond, acquired a new garment-making unit, Robot Systems, from Gokaldas Exports Ltd in September last year, to add another 1.26 million garments per annum to Raymond's production. The high value cotton shirting fabric business showed 17 per cent growth last year with sales of ₹393 crore. The denim business remained flat at ₹962 crore, with EBITDA margin of 9.7 per cent. Overall, it was the auto and engineering business which dragged down performance. As for the first half of 2015/16, net sales have improved by just 2 per cent to ₹2,601 crore over the corresponding period the previous year. Net loss was ₹4 crore, due to an exceptional cost of ₹32 crore a provision made for impairment in the carrying value of the forging business assets held by auto component segment.

But analysts are hopeful about the long term. "We believe high discretionary advertising expense and retail expansion will impact margins," says Aliasgar Shakir, analyst with Elara Capital. "However, there is likely to be strong scale benefit available in four to six quarters, which will drive up EBITDA sharply in 2017/18." Similarly, Sharekhan analysts note: "The Raymond management will continue to invest in brands and retail set-up, and thus margins will continue to be affected in the short to medium term. But the benefits will be visible after six quarters."

## Biggest Challenge

Traditional brick-and-mortar retailers are feeling the pinch of e-tailing and Raymond's retail business is no exception. Raymond, too, sells its wares online, having launched the site RaymondNext.com as well as separate websites for specific brands. But so far, online sales con-

## "OUR OMNI-CHANNEL STRATEGY WILL BE READY IN THE NEXT 12 TO 18 MONTHS"

**VIJAY BASRUR,** E-commerce Head

tribute just 3 per cent to its revenues. It also sells through leading e-commerce companies, where, to ensure its own stores are not disadvantaged, its operative terms include a price advice, which bars e-tailers from selling at less.

Singhania says e-tailing companies are "destructive" for the industry. Behl is belligerent, noting that at the end of 2015, Raymond had over 1,000 stores in 380 towns across the country. "All the top five e-players put together do not have this retail network strength," he says. "For me, every store is a warehouse and I can supply within two hours." But he knows the way the wind is blowing and the company is busy formulating an "omni-channel strategy" which will merge its physical stores and digital inventory. "This will be ready in the next 12 months," says e-commerce head Basrur.

The company has a large land parcel of over 125 acres in Thane – where operations have been shut down – which analysts expect Raymond to monetise by selling off as real estate. It is also widely expected that the non-core businesses will again be sold off. Singhania confirms the latter. "We will do so at the right time if we get the right valuations," he says. "On the land sale: no comment."

### Future Beckons

"The future of Raymond lies in its core textile and apparel space," says Behl. Raymond plans to add 10 million metres of capacity in shirting and garmenting in the next five years and open 40-50 new stores every year. "The highest growth will happen in the MTM stores," he adds. "And there will be dramatic growth in the ready-to-wear stores as well." He expects suiting contribution to sales to fall from 50 to 40 per cent as the other businesses grow. Singhania claims to not be worried that some verticals are not doing as well as others. He notes that MTM was run as a pilot project for three to four years, and only after getting it right did the company go into expansion mode. "Similarly, the other new verticals will also evolve," he says.

Exports is another area Raymond intends to focus on. Although it exports to over 80-90 countries, primarily in Europe, exports contribute only 13 per cent of revenues. Singhania and Behl want to raise this to 25 per cent. The company is setting up a plant in Ethiopia, which is likely to make a big difference, as there will be no export duty for the first 10 years for products going to Europe and the US. It will also be a gateway to all of Africa. Besides, Raymond has plans to set up a ₹1,400-crore manufacturing unit, spread over 500 acres, in Amravati district, Maharashtra.

The restructuring exercise will continue till 2017. By 2020, the focus will be on rebalancing the product portfolio as well as the company's manufacturing and procurement strategies. Some of the other objectives to be pursued are complete digital integration, automation of HR practices, and increasing the share of male grooming products, corporate wear for women, children's clothing, ethnic wear – both created in-house and outsourced – and accessories such as leather and natural fibres in the revenue pie. The company is also considering setting up a linen manufacturing unit. Raymond wants to improve operating margins to above 20 per cent and return on capital employed (ROCE) from11 per cent to 15 per cent.

Singhania knows distribution remains key to Raymond's growth. "Our distribution partners are our biggest strength," he says. "Many of them have been with us over three or four generations. This business is not only about products but also about relationships." Raymond's goal is to add still more partners, achieving 200,000 outlets in 500 cities within the next five years. "All companies go through tough times," says Singhania. "Tough times don't last, but tough men do. We're going to fight it out. We have a strong brand, market leadership, strong cash flow, low debt, a profitable company and big plans." ◆

@pb_pbjayan

# "Technology is the top end of our focus"

RACHIT GOSWAMI

*Gautam Hari Singhania and Raymond could be the models for the theory of Core Competency. Though he has many interests in life, Singhania is clear that the focus of his business has to be the growth of Raymond. And Raymond itself cannot move into unrelated areas, even if there are opportunities. In a conversation with Business Today's Editor Prosenjit Datta, Managing Editor Rajeev Dubey and Senior Editor P. B. Jayakumar, the Chairman of Raymond Ltd. explains his plans for the company. Edited excerpts:*

***Of late, Raymond's focus has been on improving efficiencies, market share and margins. When do you complete this transformation, and what is your long-term strategy?***

Our aim is to become a total lifestyle company. To move in this direction, we have started new verticals – shirting, linen, bed & bath, ethnic wear, etc. The Raymond brand can support the different verticals. Over the next five to 10 years, we plan to start many verticals. The opportunities are infinite. Made to Measure (MTM) was started five years ago and took time to stabilise because it is a unique product/ service. Now we are getting into the next level by introducing Made to Fit. Each new vertical takes time. Shirting took a few years to stabilise. Linen started last year and is already generating big business. Like this, we plan to expand the value of the brand.

***The Raymond brand encompasses some of the most affordable fabrics as well as some of the most expensive in the world. Have you stretched it too far between the affordable and premium? Would it have been better to have separate brands for low-end, mid-market and high-end fabrics?***

It is the only brand in the world that transcends a thousand times in price points. Other brands aspired to do it, but failed. Take Toyota – it could not stretch beyond a point and had to introduce 'Lexus' for luxury. Nokia, too, had to create 'Vertu'. Similarly, Ritz and Four Seasons...it is a matter of pride that a single brand can transcend to this level. There are no parallels.

***Which companies will you compete with five years down the line, when Raymond becomes a full-fledged lifestyle brand? Will it be***

***service-led companies such as Italian design houses Canali or Armani, or product-led companies that specialise in suiting fabrics?***

We are a product-led company. Today, the element of marketing in the sales price is low. Take a Canali or Zegna: there is high cost to marketing. We offer value for money at every price point – from ₹50 a metre to ₹3,00,000. In any brand research, Raymond stands for trust.

***Textile is a tough business. Warren Buffett bought textile company Berkshire Hathaway, but could not continue with it in textile. Were you ever tempted to move out of textile and get into new-age businesses?***

Textiles is our core business. Having predominant market share and profits, why should I move out? We know the business, and we have serious competitive advantage. We are very focused. We see tremendous opportunity in textile and still can do a lot more. Temptations and opportunities do come for investing in other areas – for buying businesses, funding start-ups or getting into non-related businesses. Let me answer in two parts. First, we have not done it so far because we have not needed to; and second, I have to differentiate between Raymond – the company – and Gautam Singhania – the promoter. The promoter could get into new businesses because the capital he might have is not adequately consumed. If Gautam Singhania decides to get into some other business, it will have nothing to do with Raymond, a professionally run company.

***What about digital plans? What technologies would you like to bring to the market in fabrics and in manufacturing?***

New breakthroughs are happening in textiles, some promising to change the textile industry forever. We have been doing a lot of things and many are on the drawing board. I cannot divulge details. At Raymond, technology is the top end of our focus. We are working on different fabrics and that requires newer technologies.

***How do you see e-tail as competition? Will you compete with them or do things differently?***

We have different strategies. We are keeping it close to our chest right now.

***What is core to Raymond's longevity?***

Quality, trust and excellence. Any company that delivers quality for 90 years will survive. We are a continuous product development company. MTM came because we strived to do the next level. We are the only company in the world to make 250s. We want to show to the world that we make the best...Super 250 is an outstanding fabric. In 1988, my father did that micro light flight, and to commemorate that we came out with a fabric called microlight. That time, the best was Super 120s. Then, we said why can't we make 130s and 140s? And so began the quest to create the best. We started using exotic fibres. You may be surprised how many different fabrics we use. Probably, this is the most complex textile company in the world. Nobody makes this quantity with this complexity. In Europe, all the mills are specialised, but in one product. We do everything, and that is a competitive advantage.

***So after 250s, are you looking at making 260s or 300s?***

You cannot. In fact, 250 is determined by wool availability. Wool for it is in the 11.3 to 11.8 microns range, imported from Australia. This is available only in extreme cold conditions. The last bale came three years ago. The wool for 250s is 11.6 microns, the fineness is one third of your hair, which is typically 35 microns. Manufacturing is determined by availability, and wool below 11 microns is very rare. Most of the 240s and 250s were sold in India. We do not export. We make 60 suit lengths or 80 suit lengths and sell only in India. Foreigners buy from Indian shops.

***What is the longer term plan with the brick-and-mortar stores? Has it slowed down with e-tailing?***

We have about 1,000 stores. Personally, I am not convinced about e-tailing. Right now, there is too much money chasing it. If you are buying my product for ₹100 and selling it for ₹60 and discounting ₹40, then I am not happy about it. But you are using my brand to bring customers to your e-tailing platform. I don't want to be there. Frankly, the valuations these companies are getting are really scary.

***How happy are you with the rate of growth of Raymond as a company and some of the businesses that haven't grown?***

Yes, you can always grow faster. But it should not just be growth for growth's sake. We want a good balanced growth and profitability, and most importantly, liquidity. We have dominant market share, strong brand, market leadership and strong cash flow, low debt and big plans ahead. ◆

*@ProsaicView; @rajeevdubey; @pb_pbjayan*

# New CEO, *Old Challenges*

## Among the Big Five of IT companies, Wipro has slipped from No. 2 to No. 4 in the past decade. Can new CEO **Abidali Neemuchwala** restore its past glory?

**By VENKATESHA BABU**

In June 2014, Wipro was competing for a substantial deal from a large banking client in the US. It expected to win because its strengths were well known to the client, with whom it had worked earlier. But just when the deal seemed a shoo-in, Wipro found itself ousted by Tata Consultancy Services (TCS). The man who led the late charge and swung the deal in TCS's favour was a Dallas-based two-decade veteran of the company, Abidali Z. Neemuchwala.

Today, the same Neemuchwala heads Wipro, having taken over as CEO in February this year. "Neemuchwala's chutzpah did not go unnoticed by Wipro boss Azim Premji," says an analyst who does not want to be identified. Neemuchwala, who worked his way up the ranks at TCS, was the one who built its business process services (BPS) business. When he quit, he was responsible for nearly an eighth of the company's revenue. "He was known as one of CEO N. Chandrasekaran's 'go-to' men," says Sudhin Apte, CEO of research advisory firm, Offshore Insights. So it was a coup for Wipro when Neemuchwala joined the company as Group President and Chief Operating Officer in March 2015. Almost a year later, he has taken over as CEO.

Neemuchwala inherits a company that has been struggling for the past eight years to keep up with its peers. From being the leader in industry growth rates in the early part of the 21st century, it has become a laggard. What ails Wipro, and can Neemuchwala fix its problems?

Abidali Z. Neemuchwala, CEO, Wipro

## Up, Then Down

Wipro, like other leading Indian IT companies, flourished in the wake of the opportunity that arrived at the turn of the last century. Indian software engineers earned a global reputation after neutralising the Y2K bug across thousands of networks in the late 1990s, which led to outsourced work pouring in from overseas, creating billions of dollars in wealth and millions of white-collar jobs. From a mere $5 billion in 2000, Indian software exports are now $100 billion annually.

A host of players rushed into the field – there were flameouts and fade-outs, there were mergers and acquisitions, and there was a clutch of unqualified, outstanding successes. Wipro, led by the likes of Ashok Narasimhan, Ashok Soota and Vivek Paul, qualified unreservedly for the last category, along with TCS, Infosys, HCL Technologies and a few others. It has had a succession of CEOs, but if any single person's vision has shaped its destiny, it is undoubtedly that of the man often dubbed its "permanent CEO" – a moniker he actually dislikes: Azim Hasham Premji. It helps that Premji owns close to 75 per cent of the company's shares.

In 2002, Wipro was the second-largest company in the country by market capitalisation. Since then it has fallen nine places, with its market cap now a quarter of that of TCS and half of Infosys. Even in 2005, when Vivek Paul moved on, it was regarded as the country's fastest-growing large IT firm – with revenues of $1.33 bil-

RACHIT GOSWAMI

"KURIEN INHERITED A FIRM THAT HAD FALLEN BEHIND **ITS COMPETITORS IN MAKING THE MOVE** TO INDUSTRY AND DOMAIN"

**PETER BENDOR SAMUEL ,** CEO of Everest Group

lion at the end of 2004 – and the one that had created the most wealth in the past five years. In comparison, Cognizant's revenue stood at $587 million. A decade later, Wipro is expected to end 2015 with revenues of around $8 billion, while Cognizant will do more than $12 billion.

Wipro built its reputation in three areas: R&D services as well as telecom and networking along with – though this happened later, after a series of acquisitions – energy and utilities. At the same time, it was also known to be relatively weak in banking, financial services and insurance (BFSI) compared to peers like TCS and Infosys. With BFSI constituting about 40 per cent of total global spend on IT outsourcing, this was a major chink in its armour.

For a couple of years after Paul's departure, Premji ran the show himself with a loose coalition of satraps reporting to him, each of whom were building individual verticals. In 2008, he had the idea of appointing joint CEOs: Girish Paranjape and Suresh Vaswani were named to take charge. In hindsight, it can be seen as a disastrous move, its consequences worsened by the downturn of 2008/09. Wipro responded to the global crisis with a cost-cutting frenzy, and by going into its shell, and failed to take advantage of the market upturn that followed, especially in the US. Scale and momentum are crucial to IT services, and its excessive caution at this stage, which curtailed growth, cost Wipro dear. (Other competitors were smarter – Infosys, for instance, abandoned its earlier insistence on high margins when it found Cognizant cutting into its business with lower margins.) By the time the joint CEO model was abandoned and T.K. Kurien given charge of the company, Cognizant had overtaken Wipro in revenue.

## Kurien's Crisis

Kurien inherited an organisational mess with powerful satraps running their own fiefdoms. He struggled to bring about change, but with only partial success. A former Wipro veteran ascribes his mixed record to both internal problems and bad luck. "There were a series of departures as Kurien tried to establish control," he says. "Some of the seniors would also go over Kurien's head and interact directly with Chairman Premji. Premji tried to discourage it, but these seniors saw themselves as Kurien's peers and were loathe to report to him." There was also the generational change brewing. "This was also the time when Premji began stepping back and his son Rishad started getting to know the leaders of the company," he adds.

The bad luck was the persistence of the global downturn. Wipro's R&D outsourcing business was impacted. The telecom action shifted from the West to Asia, where cost structures were different. Energy and utilities, another key strength of the company, was affected by the ups and downs in oil prices – going well over $100 a barrel in 2008 and again in 2011 and falling precipitously to below $30 a barrel at present. While Wipro earns 16 per cent of its revenues from this vertical, its peers are less exposed – TCS's exposure, for example, is only 5 per cent of revenues. "Global outsourcing contracts in this sector have not grown at all since 2013, remaining stuck at around $13 billion," says Dinesh Goel, India Head of research and consulting firm ISG.

Wipro acknowledges the adverse impact of the global changes in the telecom and energy and utilities markets. Though unwilling to meet *BT* despite repeated requests to do so, it responded in writing: "There have been unexpected external factors which have had a significant bearing on us. For example, we took a bet on energy and utilities but the sharp fall in oil prices was totally unexpected. Again, we have traditionally been strong in telecom but the industry has been struggling. We are looking at diversifying our portfolio so that we are in a better position to absorb shocks. We will now look at developing a more balanced portfolio."

Analysts are sympathetic to Kurien's efforts. "Kurien inherited a firm that had fallen behind its competitors in making the move to industry and domain," says Peter Bendor Samuel, founder-CEO of research and forecast firm Everest Group. "Although he made the necessary investments and organisational changes, Wipro had already lost the first mover advantage and struggled to catch up. Kurien has done the right things, but has suffered because of his late start. The changes also required him to improve the quality of his team's skills, which has taken time, and also faced some execution and moral issues."

Apte of Offshore Insights believes Wipro has an image problem. "It continues to be perceived as an old-style IT services company," he says. "Clients still recall Wipro's yesteryear image – a firm with superior technology and productivity capability. TK did try to make the firm more verticalised and business-focused. But I think he either could not transform it fully or failed to convince clients that it had changed. For many clients, there is a gap between what they want and what they think Wipro has to offer."

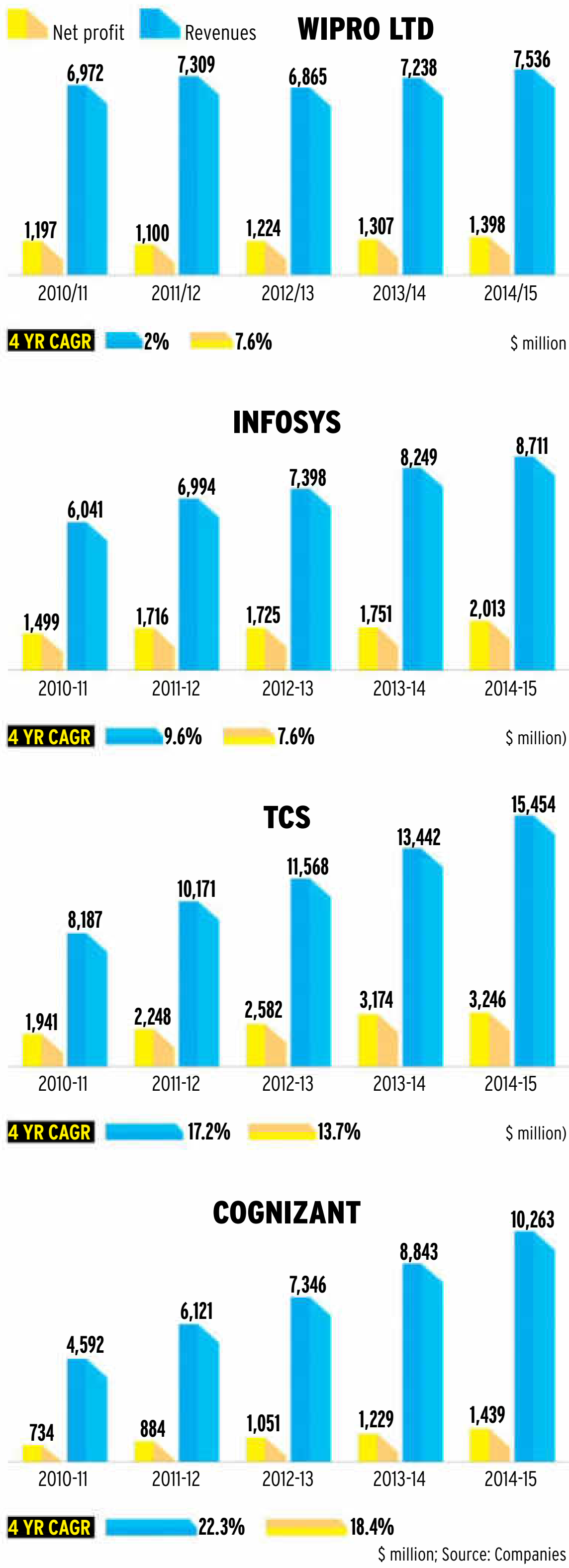
The problem of perception is acute because the market has undergone a structural shift in recent years with automation affecting traditionally outsourced services such as application development and maintenance, as well as testing. New opportunities have arisen in big data and analytics, cloud, mobile and social media, as well as artificial intelligence – to all of which Wipro has been slow to adapt. It has tried though, for instance, with its artificial intelligence platform HOLMES. "HOLMES is Wipro's cognitive solution and when applied both internally and to customers, it can bring about significant productivity gains as well as provide strategic client partnerships," says Ray Wang, CEO of consulting firm Constellation Research. But it may have been a case of too little, too late.

Wipro contests the charges of delay and insufficient commitment. "Over the past five years, we have been working on transforming Wipro from a traditional IT and BPO company into a next-generation technology and consulting firm, with defining differentiators in the market place," says its written response. "We believe Wipro is well positioned to capture an increasing share of the market owing to its diverse industry domain capabilities, service offerings, and the extremely talented team. We have built a stronger customer-facing organisation, increased our presence and wins in large deals, developed effective capability enhancement programmes for employees and been at the forefront of technology change. We believe that we have built a solid foundation and are now well positioned to seize emerging opportunities."

It also maintains that HOLMES has been a success. "Wipro HOLMES has already gained significant traction amongst our customers," the written response adds. "It is being applied across multiple IT and business processes and

## HOW THEY STACK UP

While Wipro has struggled, TCS has nearly doubled its revenues in the past five years and Cognizant has made spectacular progress.



NILOTPAL BARUAH

"THE NEW WIPRO CHIEF NEEDS **TO FOCUS ON THREE THINGS:** INNOVATION, EXECUTION AND IMPROVED MARKETING"

**DINESH GOEL,**
CEO of ISG India

is being offered across our key customer accounts. For example, we are using this to automate the Know-Your-Customer process in the financial services sector where HOLMES, as a learning system, uses multiple sources of information, both structured and unstructured, and drives significant reduction in effort and cycle time while simultaneously improving accuracy and scalability. Building IP and platforms is a key focus area for us."

## Neemuchwala's Challenge

Neemuchwala has a publicly confessed fondness for chess. He will have to use the kind of strategic thinking winning at chess requires to bring back Wipro's earlier growth rates. "He needs to focus on three things: innovation, execution and improved marketing," says Goel of ISG India. "Those apart, he needs to increase the revenue share of strategic accounts, to monetise platforms like HOLMES, bring sharper focus on specific verticals, communicate a clear, differentiated strategy for the business and motivate employees better."

"A new leader always brings in fresh energy as Chandrasekaran did at TCS, Francisco D'Souza at Cognizant and Vishal Sikka at Infosys," says Samuel of Everest. "But change will not be easy." On his part, Kurien, who has been elevated to Executive Vice Chairman, has tried to help by making key personnel changes ahead of Neemuchwala's takeover. B.M. Bhanumurthy has been made Chief Operating Officer, while two other seniors – Sangita Singh who ran Health and Life Sciences and Ayan Mukerji, in charge of Media and Telecom – both of them billion-dollar businesses – have quit the company. "While he may not have been very popular, Kurien has done the groundwork for Neemuchwala," says a former Wipro employee. "The company also retains some deep relationships with marquee clients." (Wipro denies the departures of Singh and Mukerji had anything to do with Neemuchwala's elevation.)

But there is another big question that many are loathe to discuss: how well will Neemuchwala get along with Rishad Premji? Rishad joined Wipro in 2007 and is currently Chief Strategy Officer and a member of the board. "He already drives mergers and acquisitions and meets large clients," adds the former Wipro employee. "He will eventually build his own team. Some changes have already been made in finance and HR. Rishad knows Wipro needs to change but to bring about change in such a large organisation, Neemuchwala will need his full support." Goel of ISG India notes that Rishad also runs the company's start-up fund. "Given the change we are witnessing in the industry, he will have an important role to play," he says.

Already, in the single year that Neemuchwala has been with the company, Wipro has made a series of acquisitions at a cost of around \$760 million. The new companies will add about \$371.5 million in revenue annually, which is significantly higher than the \$200-million-plus that Wipro is likely to gain through organic growth. It has around \$3,700 million in cash reserves and can afford acquisitions, but a wrong move could hurt it badly. There is a precedent – the US-based data service provider Infocrossing, which Wipro acquired in 2007 for \$600 million, but which failed to add much value. "Acquisitions may be critical to Wipro's growth plans, but ultimately its own business has to grow," says Apte of Offshore Insights. "You cannot perpetually keep buying growth."

Wipro will definitely have to take bolder bets on innovation. As IT services undergoes tectonic shifts, Neemuchwala will need to seamlessly execute, while at the same time earning the trust and confidence of his team and his clients to checkmate competition and win the game for Wipro. ◆

@venkateshababu

AJAY THAKURI

# Factory Alarm

## It is time for Indian pharma companies to brace for heightened scrutiny as the US drug regulator ups the ante on standards. By E. KUMAR SHARMA

*November 15, 2015: Dr Reddy's Laboratories, India's only New York Stock Exchange-listed pharma company and among the top three players from India, receives a mail from the US Food and Drugs Administration (USFDA) about an inspection the latter carried out of three Dr Reddy's manufacturing facilities in Andhra Pradesh and Telangana. "We identified significant deviations from current good manufacturing practice for the manufacture of active pharmaceutical ingredients," it says. It then gets down to details, which include some rather surprising specifics like: "Because the conveyor belt was not operational (at one of the units), an operator manually intervened.....Each of these manual interventions risk compromising the sterility of the product." And again: "During the inspection, the presence of an uncontrolled 'custom QC laboratory' was discovered by our inspection team. The existence of this laboratory was previously unknown to the FDA..."*

*December 17, 2015: India's biggest pharma company, Sun Pharma, gets a mail from the USFDA pertaining to an inspection of one of its largest units in Halol, Gujarat, and one of the observations in the letter is: "The floors, walls and ceilings in your aseptic processing area were not maintained as smooth, hard surfaces that were easily cleaned. Our investigator documented the presence of leaks in the form of water stains and ceiling damage in the parenteral (injectables or infusions) manufacturing area personnel corridor. The FDA investigator observed buckets with water collected from ceiling leaks and other leaks in this manufacturing area..."*

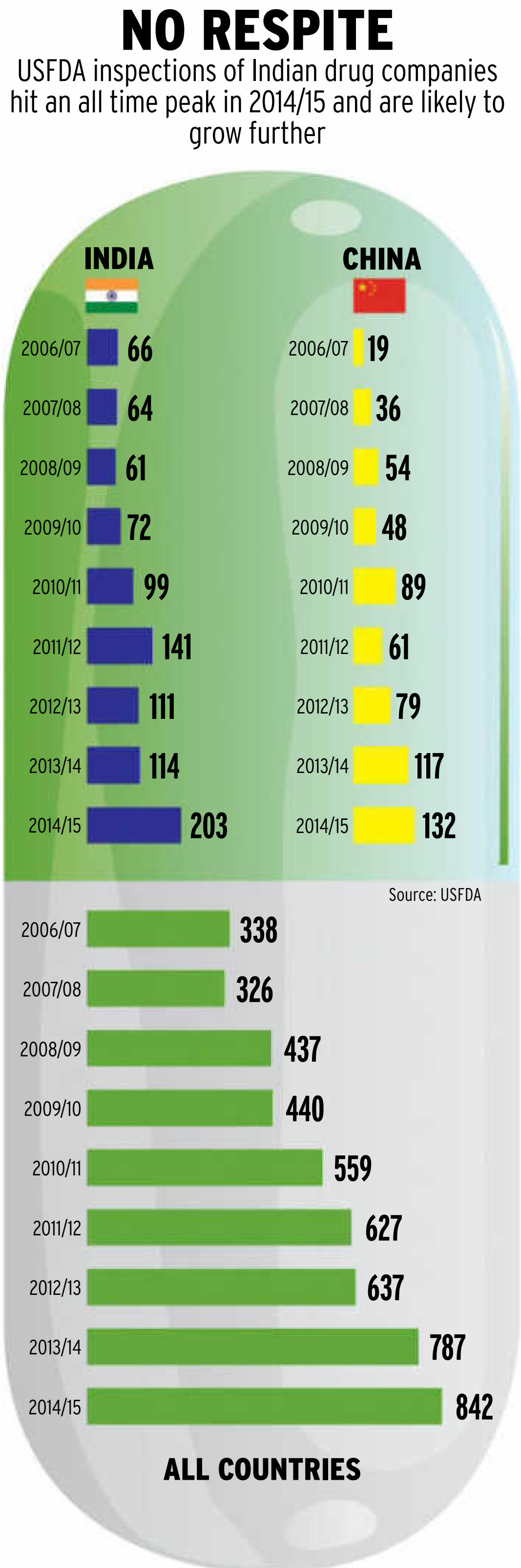
These are only the latest examples of the USFDA's laser-beam focus on the functioning of Indian pharma companies that export to the US. It is not only Dr Reddy's and Sun Pharma: in 2015 alone, eight other manufacturing units located in India got similar letters – those of Unimark Remedies, Pan Drugs, Mylan Laboratories, Sipra Labs, Mahindra Chemicals, Cadila Pharmaceuticals, Micro Labs and the Bangalore facility of the Canada-based Apotex.

These apart, in 2013 and 2014 as well, a range of top names in Indian pharma received warnings: Cipla, Lupin, Zylus Cadila, IPCA and Ranbaxy (which has since merged with Sun Pharma) among others. A

### INDIA MATTERS

Why the USFDA has increased its scrutiny of Indian pharma companies

- India-made generics comprise around 40 per cent of all US generics sales
- Filings for launch of generics in the US by Indian companies are increasing, as are the approvals
- More Indian companies are getting into high-margin areas such as injectables, which also require higher hygiene standards
- There is increasing pressure from US Senators and Congressmen to get tough on drugs coming from India and China




few even had exports to the US from specific units blocked. What makes the cases of both Dr Reddy's and Sun Pharma more curious is that both these companies had been communicating with the USFDA over the matters referred to in the mails for almost a year and were taking steps to improve. Apparently, the regulator is still not satisfied as is evident from the warning letters it has chosen to issue.

The warning letters of 2015 have another significant feature. Almost half of them relate to units manufacturing active pharmaceutical ingredients (APIs). A number of those pulled up also make injectables. Indian companies have lately been moving beyond generics in the US into these segments, which require higher levels of quality and sterility of the immediate environment.

Indian manufacturers are quick to see a conspiracy. Many believe that it is pressure from a section of the US pharma giants who see their market shrinking that has prompted the USFDA's excessively suspicious approach towards them. There is no doubt that the sale of India-made generics in the US has been increasing and, at present, comprises around 40 per cent of all US generics sales. APIs and injectables are making a dent. A widespread refrain is that vested interests are trying to impose curbs on the sale of Indian drugs in the US. Lending credence to such fears are also developments such as the mail sent in December by Fred Upton, Chairman of the US House Energy and Commerce Committee, to the Comptroller General, US Government Accountability Office, maintaining the USFDA was not being stringent enough!

"Import lines from emerging markets including China and India have grown more rapidly in recent years than lines from developed markets," the letter says. "China is now the world's largest supplier of active pharmaceutical ingredients (APIs) and has the largest number of foreign, FDA-registered drug making establishments, followed by India. The volume of imported drugs has... significantly complicated the FDA's ability to provide sufficient oversight."

Stories also proliferate about how USFDA inspectors examine even dustbins and urinals at manufacturing facilities in a bid to catch out Indian drug makers. Specific USFDA inspectors have been named, especially Peter E. Baker, for their excessively finicky approach. But does this absolve Indian pharma companies of the charge of having ignored their shortcomings till the USFDA took them to task? "If Indian pharma companies want to supply high value, high margin products, especially injectables, to the US, they have to focus more on cleanliness and sterile conditions within their manufacturing units," says a pharma insider who does not want to be named.

Indeed, Indian pharma companies cannot take the USFDA lightly, considering that over 40 per cent of their sales are in the US and many of them earn more from the

*"The letter underscores the need to reevaluate the work done in light of the observations made and continue to implement corrective and preventive actions"*

**G.V. PRASAD,** Co-chairman and CEO, Dr Reddy's Laboratories

NILOTPAL BARUAH

US market than from the domestic one. They have to reconcile to the fact that USFDA inspections are increasing and will continue to do so. For the past decade, for instance, there have been many more USFDA inspections of Indian drug makers' factories than of those in China and Canada, two other countries which, like India, supply a good number of drugs for the US market. (See *No Respite*.) In 2014/15, for example, Indian companies faced 203 inspections against 132 by Chinese companies and 52 by Canadian ones. Though China has been known as the largest global supplier of APIs, the USFDA has three full-time inspectors based in India who are often augmented by more inspectors flying in and just two in China.

While the total number of inspections in other countries carried out by the USFDA has increased from 338 in 2006/07 to 842 in 2014/15 about 1.5 times those of Indian drug manufacturers' facilities has risen from 66 to 203, or more than two times. But that is no excuse to fall short of USFDA standards. "More inspections should not mean more failures," says D.G. Shah, Secretary General, Indian Pharmaceutical Alliance (IPA). "This is something Indian pharma companies will have to introspect on, and correct."

*"More inspections should not mean more failures; companies have to introspect"*

**D.G. SHAH,** Secretary General, Indian Pharmaceutical Alliance

Dr Reddy's seems to have already done so. In an investor update conference call, G.V. Prasad, CEO of Dr Reddy's Laboratories, analysed the contents of the warning mail the USFDA had sent. "(The observations) are in four broad categories: documentation and control; practices and control; laboratory testing procedures; and adequacy of standard operating procedures and incident investigation practices," he said. "These are the buckets, but within them there are some nuances, some of them are computer controls, some of them are paper controls, some of them are how we handle chromatograms and all that." And what was Dr Reddy's planning to do about it? "The letter underscores the need for us to reevaluate the work done in light of the observations made and continue to implement the corrective and preventive actions fully, assess the impact of FDA's observation on our products as well as enhance our overall quality management system," Prasad added.

Other pharma exporters, too, will have to get down to enforcing good manufacturing practices more rigorously. ◆

*@EKumarSharma*

# BUILDING INDIA BRICK BY BRICK

In the recently held Mail Today Build India Conclave, **Venkaiah Naidu, the Union Minister for Urban Development, Housing and Urban Poverty Alleviation and Parliamentary Affairs,** reassured that the Indian economy is at growth.

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He also highlighted the challenges being faced by the government and how they plan to tackle these issues. The urban development minister was welcomed by **Raj Chengappa, Group Editorial Director (Publishing), India Today Group.**

Naidu elaborated on the state of cities and towns in India, **"Our urban hubs are engines of economic growth. They account for 32% of our population and 62% of our GDP, and they are estimated to grow up to 75% by 2030. Unfortunately, at present, infrastructure in urban areas is marked by huge demand-supply gaps. About 90% of the income of our municipal bodies goes into employee salaries. Revenue generation is nil."**

Naidu further added, **"Inspite of the global economic slowdown, India is sailing on troubled waters beautifully. According to a report, investors committed or invested around USD 4,134 million across 78 deals in the past 12 months, which is a very good sign for the industry. The International Monetary Fund has projected a 7.5% growth rate for India in 2016, against China's 6.3%. Moody's ratings revised outlook on India's banking system to 'stable' from 'negative' this month, which was negative since 2011."**

**Honing the country's skills**

India's skill development is only four per cent, much lower than many other countries. Describing skills as the backbone of entrepreneurship, **Minister of State for Skill Development and Entrepreneurship Rajiv Pratap Rudy** said: **"I know the numbers are low but if we look at the overall figure, almost eight crore people are skilled now."**

The ministry is building an ecosystem for all aspirants. It will soon be coming out with special certificate courses for jobs. **"We have signed an MoU with the MEA. We have created domestic help sector and soon will have a certificate,"** Rudy said.

(L-R) **Akash Bansal**, Director, Liases Foras; **Satish Garg**, Strategy Advisor, IDI Group (Former Executive Director, IOCL)

### Aviation segment to witness a boom

With the government planning to develop a sustainable air network in over 400 tier-2 cities across the country, the aviation sector will soon witness a boom. **Minister of State for Civil Aviation Mahesh Sharma** said the government aims to connect these smaller cities with air services that will also give a fillip to trade and tourism in these cities.

**"There are at least 401 unused air strips in the country. All of them will be developed at an estimated Rs. 50 crore and employed to connect our B-towns. We also hope to become an MRO (Maintenance, Repair and Overhaul of aircrafts) expert,"** he added.

### Private investment in defence sector

The Indian defence industry is the locomotive of PM's Make in India dreams, said **Minister of State for Defence Rao Inderjit Singh. "While the defence sector had been kept as a preserve of the public sector undertakings in the past 30-40 years, we decided to open it on a par with other industries to private initiative, though a very limited opening had earlier been provided in 2002,"** said Singh.

He added that the Centre has created three categories of private investments in defence manufacturing with varying caveats of concessions and guaranteed purchases, along with hedging investments.

### Gurgaon homes to get solar plants

Using the conclave as a platform to announce a first-of-its-kind initiative, **Haryana Finance Minister Captain Abhimanyu Singh** said residents of Gurgaon will soon be able to install solar plants in their houses. **"Houses which occupy more than 500 sq. yards will be able to establish solar plants in their houses. Haryana has become the first international alliance with solar power renewable energy,"** he said, while adding that the state has surplus power and it will become a power cut-free zone in the upcoming future.

### Noida Authority to go online

During the conclave, **Noida Authority's CEO Rama Raman** revealed, **"We are working to shift everything online. So, even if you get back home from office at 9 pm, you can just log on to our website and submit necessary forms and bills."**

He added that the Centre has created three categories of private investments in defence manufacturing with varying caveats of concessions and guaranteed purchases, along with hedging investments.


(L-R) **Anumita Roy Chowdhury**, ED, Centre for Science & Environment; **Prof. Chetan Vaidya,** Director, School of Architecture & Planning, Delhi; **Ratish Nanda,** Project Director, Aga Khan Trust for Culture.

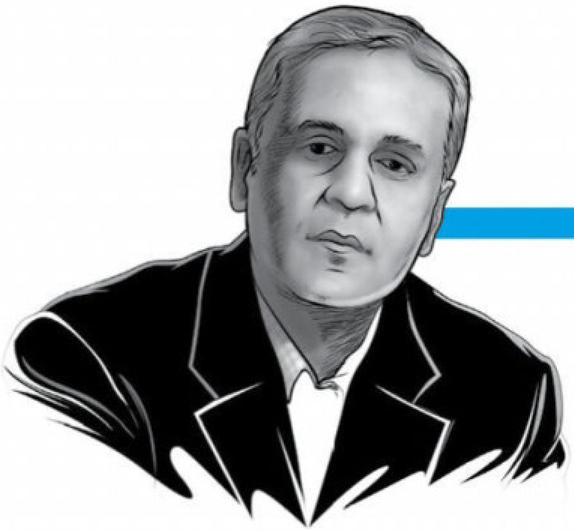
Raman, who has been the game changer of real estate sector and infrastructure development along the Yamuna, said the Noida Authority may soon beat the deadline fixed for starting its own Metro network — the Noida Metro Rail Corporation. **"We will complete the work at least three months before schedule, and start operations on a few routes as early as November or December,"** Raman added.

### Keeping the law and order

In the conclave, **Delhi Police Commissioner BS Bassi** said the current structure of policing is best suited for the city. Speaking about safety of women in the national Capital, the Delhi top cop said, **"Delhi is safe. The quality of policing is better in the city now."**

Rubbishing the allegations of Delhi being called the rape capital, Bassi highlighted how the police functioning has changed and improved for the people. **"Now every police station has a woman officer. There are help desks in every station. In fact, we have posted young girls in PCR vans,"** he said.

During the panel discussion - NCR on a High, **Satish Garg, strategy advisor, IDI Group (former Executive Director, IOCL),** pointed out, **"There are three things you can invest in — gold and silver, real estate and shares. The middle class Indian will always prefer real estate over shares. The realty sector may not look stable now, but this is a good time to buy."**



# Rip Apart the

## To realise its true potential and gain rapid in-market acceptance

The American humorist, Will Rogers, once said: "If you find yourself in a hole, quit digging." Perhaps this does not resonate with the Indian pharmaceutical industry because it prefers to blame everything that is wrong with it on "certain vested western (American) interests". In a recent piece in an English daily, D.G. Shah, Secretary General of Indian Pharmaceutical Alliance, says: "There is no issue with the product quality of domestic generic drugs, but what needs to be followed strictly is documentation and processing at the manufacturing facilities."

Last November, the US Food and Drug Administration (FDA) had issued a warning letter to Dr. Reddy's Laboratories, the second largest generic drug manufacturer in India, where it said that the company ran an "uncontrolled custom quality control (QC) laboratory" to test its products into compliance, destroying records of failing tests and retaining only those that showed their products passing the tests. This is not unique. A cursory review of warning letters issued to Indian pharmaceutical companies since Ranbaxy pled guilty to seven counts of criminal felony in a US court documents similar behaviour. Since then, there have been 44 other instances of data fraud citations against manufacturing facilities in India.

These charges of data fabrication are no frivolous issue as is made out by industry spokespersons in India. Under good manufacturing practices (GMP), every batch is required to be tested for quality before it is shipped. Some big purchasers even require batch testing records before they accept a shipment. If a batch fails a test, a manufacturer is required to withdraw the consignment from the market in most cases this would result in a loss to the manufacturer. The simpler, unethical and illegal way around this problem is to delete the failed test records and replace them with manipulated test records that demonstrate that the batch passed quality assurance tests. That way, the sub-standard batch of medicine reaches the market in time and the manufacturer rakes in profits. Hence, what industry spokespersons refer to as 'data documentation issues' is not the case of a sloppy secretary failing to file test reports alphabetically but a serious issue, one which has an impact on the lives of human beings.

Poor quality, substandard medicines cause severe harm to patients, especially in the treatment of Malaria and Tuberculosis. These two diseases are endemic to poor countries, which have been at the receiving end of substandard drugs for a very long time. There is also a considerable body of evidence in the anti-infectives, where substandard drugs are responsible for mutation of pathogens and development of drug-resistant strains. Unfortunately, in western countries, the focus for a long time has been on containing healthcare cost and not on long-term outcomes. This is now changing. Leading practitioners are now beginning to document long-term impact of poor quality drugs for cardiovascular and metabolic diseases, for instance, which affect affluent nations. Aid agencies, including US AID and Global Fund, are also looking beyond access to medicines to ensuring long-term outcomes for the patients they serve.

Medical practitioners in the US have begun to document clinical cases where generic drugs have been shown to cause long-term harm. Documented cases now exist that show generic Metoprolol, manufactured by Indian companies and is used to treat hypertension and chest pain, has significant renal side effects compared to the same drug manufactured in Europe and in the US. The study was based on a small sample, but controlled studies such as these are the basis of long-term longitudinal studies that are funded

By DINESH S. THAKUR

# Current System

## Indian pharma must have capable leaders with unimpeachable record to head its regulatory body.

by the National Institutes of Health (NIH). Similar adverse events have been recorded with generic switch for statins as well. The trend is clear – poor quality, substandard generic medicines cause harm to patients and, as medical evidence piles up, the Americans will act more vigorously against substandard Indian manufactured medicine.

A continued failure to comply with the law has caused significant downward pressure on the revenues and profitability of these companies. The cost of remediation and compliance has been estimated between 3 per cent and 5 per cent of the revenues. The question then is what, if anything, should the industry and, more importantly, the government, through its regulatory framework do to address this threat. As Will Rodgers said, stop digging.

Every time a warning letter is issued to an Indian manufacturer, we learn about how willing the management is to "work with the US FDA" or to make investments to increase compliance. While there has been some progress, we continue to see similar instances across different manufacturing facilities within the same company and with other manufacturers as well. Clearly, "working with the US FDA" is not really working out for the industry all that well.

Investments in upgrading infrastructure will only address part of the problem. Yes, the US FDA expects manufacturing facilities to be of a certain standard and some of the observations are related to poor infrastructure. Fixing leaky roofs, painting walls, providing running water to toilets, etc., will address a very small part of the problem. The bigger issue, which the industry does not acknowledge, is the culture of non-compliance and cover-ups. An entire generation of employees in the pharmaceutical industry has been told by the management that it is okay to tweak, manipulate and destroy unfavourable test results. How else do you explain the fact that the second largest Indian pharma company was running a "hidden" quality control lab designed to rig their testing procedures in order to make their products look good, two-and-a-half years after the country's largest pharma company paid $500 million in penalties after pleading

Investments in upgrading infrastructure will address part of the problem guilty to the same offences before an American court?

Throwing more money at training programmes is not going to change this culture. Instead, India will need to systematically overhaul corporate governance norms in the pharmaceutical industry. The head of quality assurance in any company whose primary responsibility is patient safety and not profits, should have the last word on whether a batch reaches the patient or is withdrawn from the market. Patient safety and not profits has to be at the forefront of the agenda. In many ways, the head of quality assurance is like the statutory auditor – his or her remit is to be an internal watchdog and make disclosures that the management would like to suppress. However, unlike a statutory auditor who owes a fiduciary duty only to shareholders, the head of quality assurance owes a fiduciary duty to all patients who are consuming their products. The balance between safety and profits is tough to negotiate, and India will have to experiment with new modes of corporate governance.

Part of the reason why we have tolerated a poor compliance culture for way too long is that no one holds the industry accountable. Even as the US FDA discovered shocking lapses and intentional fraud in Indian manufacturing plants, our own regulator the Central Drugs Standard Control Organization (CDSCO) has done little to ensure that good manufacturing practices recognised by Indian law are enforced in India. Our regulatory structure is in a mess and there is literally no accountability even when people die from taking sub-standard drugs (a case in point is the sterilisation tragedy in Chhattisgarh. The pharma industry lobby is very strong and has undue influence over policy making, often at the expense of public health. An extreme example of the influence of the industry lobby over CDSCO is when an Indian manufacturer told the US FDA that the product that was rejected by the US drug market regulator was "diverted to the domestic (Indian) market" presumably for consumption by patients in India. The CDSCO did not deem it fit to question the manufacturer why it was appropriate to sell substandard drugs rejected from the US to patients in India. There are many examples of such collusion that have been documented in the Parliamentary Standing Committee report on the functioning of the national regulator. Unless we rip the current regulatory framework up from its roots and put a new structure in place with capable leaders with unimpeachable integrity, we will continue to consume more sub-standard drugs in India, often with the implicit consent of the regulator, receive more warning letters from western regulators, and our products will be subjected to more import bans from our export markets.

The CDSCO has done little to ensure good manufacturing practices are enforced in India

Change begins at the top. And, lip service only goes thus far. As the adage goes – fool me once, shame on you; fool me twice, shame on me. The regulators, buyers and patients in those very markets who have made the Indian pharma industry so lucrative have caught on to this. Unfortunately, we continue to live in denial. So far, we have buried our heads in the sand and hoped that the problem would go away. It does not appear so, not anytime soon. ◆

***Dinesh S. Thakur*** *is Executive Chairman of Medassure Global Compliance Corporation*

AJAY THAKURI

# Why Flexitime is Important

## It is not only desirable but also critical in certain situations for organisations.

By RICHARD COWLEY

In today's dynamic times, the weekly working hours vary from country to country – from 40-44 hours generally, to 35 hours in France, and significantly higher in North Korea. In the past, these variations have generally been driven by history, geography and culture. However, increasingly, company needs or lifestyle choices are the drivers.

One of the practices that has gained popularity globally, and looks like it's here to stay, is flexitime – defined as a system of working a set number of hours, with the starting and finishing times chosen within agreed limits by the employer/employee. The common perception is that flexitime is not a good thing. It is seen as a challenge for businesses; one that adversely impacts productivity. At the same time, it remains clear that flexitime is not just a 'nice-to-have' but critical in certain situations.

### Competitive, Evolving Global Workplace Context

A more competitive and continuously changing workplace is demanding a rethink on workplace practices. To collaborate globally, we must be available for early morning or late meetings. The costs of working spaces are driving companies to 'hot desk', where virtual teams can work anywhere, including their homes. Manufacturing products have a global demand – it has meant a peak and trough product-demand cycle for some companies, demanding a flexible workplace. The dearth of talent has also meant that cross-border freelancing is growing, and the contingent flexible workforce is becoming an integral part of a company's workforce.

Customer business needs are driving new demands. For example, in a multinational where I worked, they now have to run machines 24/7 to drive manufacturing productivity. When they face breakdowns over the weekend, a team is needed to support them, as customers won't wait until Monday.

In a competitive, and often roller-coaster business context, companies would like to get the maximum out of their employees but not want to pay overtime. More importantly, they may not want to explicitly ask them to work over the specified hours, but sort of expect that level of commitment, and use it as a parameter to decide things like promotions, perks, etc.

## Evolving Global Workforce Needs

As the company context is changing, so is the workforce in terms of their expectations. Increasingly, companies have challenges with retention, particularly with the younger team members, and they want to find ways to make them stay. A common practice now is to use working hours as a carrot to attract and retain, e.g., flexible five- or six-day work weeks, flexible use of 40 hours, etc.

Employees have changing needs that depend on personal context, e.g., as the cost of living and hiring babysitters rises, parents need two jobs with schedules that cross-over. Older employees are happy to work less and take potential cut in salaries in more developed markets to enjoy time with the children, while in nations with more mouths to feed, people can be hungry for overtime. Finally, of course, the new generation is demanding a different type of relationship with their employer, one that is more focused on their needs, e.g., to contribute socially or have reduced commute time to work.

> Companies have challenges with retention, particularly with the younger team members... A common practice now is to use working hours as a carrot to attract and retain

## What Impacts Productivity?

To understand the impact of flexitime, one first needs to understand what factors potentially impact productivity metrics. There are many! The major ones include: employee efficiency (how quickly something is done versus expectation), employee effectiveness (achievement versus target, e.g., sales), and the way the company is structured in terms of organisation layers and manager-team ratios.

The industry context is important, as productivity in a consulting firm versus a manufacturing environment is clearly very different. As is the position level, where at the manager and above levels, organisation and individual productivity is driven by many factors. I believe that not having the right strategy or plans, flawed decisions, or a lack of effective performance leadership have the greatest impact on productivity.

In the office environment, productivity can be impacted by the simplest of things. During my time in Korea, I watched the team diligently finish lunch in 20 minutes and go back to work, whereas in other countries, a slow lunch is the norm. So, what should be an hour easily turns into an hour and a half of lunch. The time spent on Facebook or the Internet generally impacts productivity, too. Jobs where this is not prevalent e.g., hairdresser or bricklayer, would not be impacted much.

Context is, therefore, a key criterion of evaluating the impact of flextime on productivity. In product manufacturing or hospitals, shift work is the norm, therefore, flexitime is generally a given. Where teamwork, projects or virtual teams are concerned, there must be a time slot when all the teams have to work together. Outside of these times, flexitime is an opportunity. In organisations that demand an interface with customers, fitting in with their schedules is critical, e.g., direct marketing people may need to meet customers on weekends, pharma representatives may have to meet doctors as per their schedules, etc. Flexitime is paramount to delivery. In consulting, support services or design environments, greater flexibility is an option as long as the core deliverables are achieved.

## When Flexitime Meets Productivity

As a regional HR leader, one of the key priorities when you join and work in an organisation is to look at productivity. And generally speaking, flexitime is not seen as a major contributor to poor productivity versus other factors. The granularity comes at a department or individual level often and, generally speaking, is part of a performance discussion.

However, in some situations, this may not be the case. I would recommend that the perceived negative impact of flextime be balanced with the upside that it might provide in terms of retaining talent, sustaining projects or providing a paradigm that enables a higher quality product that delivers on the value it creates, versus being concerned about how many hours it has taken to build.

A big focus on the impact of staff turnover is interesting. Productivity is hit when an employee departs and the loss can be very high for some positions, as the momentum is destroyed. A focus on quality outcomes that meet expectations, e.g., product effectiveness, net margin or delivery deadlines is more significant. Retaining knowledge workers will help productivity – in some cases, they can do more in six hours than a new employee can do in 10.

In summary, context is everything. Depending on the deliverable, the employee and market workforce dynamics, the impact of flexitime on productivity varies. The deliverable is core to deciding this, and the priority is for it to be achieved. To ensure better productivity, building strong employer-employee relationships is critical. Flexitime can only help. ◆

*The author is a global HR thought leader and change maker*

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(Under Section 3 of UGC Act 1956)

PRESENTS

business today

# KNOWLEDGE FORUM ON HUMAN RESOURCES

# STARTING-UP HUMAN RESOURCES

As India Inc. grapples with several challenges on the business front, how are they handling the people aspect? Are hiring trends changing, how are start-ups managing their workforce as their businesses grow, how are companies plugging the skills gap, how is technology impacting HR - are HR analytics of any help? These are core questions facing HR heads in Indian companies across sectors and sizes. What can be done to surmount these challenges? Get the answers at the Business Today Knowledge Forum on Human Resources.

**THE MENTOR:**
HR should encourage employees to fail

**WORKPLACE DIVERSITY:**
Are we there yet?

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TIME: 6:30 PM ONWARDS | DATE: FRIDAY, FEBRUARY 26, 2016
VENUE: HYATT REGENCY, PUNE | RSVP: btevents@intoday.com

# LET THE CEO TECH OVER

Must-have productivity tools and gadgets to leverage and enhance the performance of the chief executive. **By NIDHI SINGAL**


AJAY THAKURI

Reaching the top is a monumental achievement, but remaining there may be the most specta-cular feat of all," says US-based author John Maxwell. And if his words are anything to go by, a little help from here and there could do you a world of good to remain in the race. Here's where technology can play an important role to enhance your productivity significantly. Whether accessing your secondary computer remotely during overseas


travel, scanning important documents on the go, or just building a style statement of your own, here's what you could invest in to achieve your goals.

**MICROSOFT SURFACE PRO 4** Microsoft has finally launched its Surface hardware in India and with full technical and after-sales support. You can use the Surface Pro 4 as an independent tablet or operate it as a laptop by docking the add-on keyboard that you can buy separately for ₹12,490. Running on the Windows 10 OS, it offers all the latest features, including Cortana. The Pen, or stylus, makes the Surface Pro 4 a smooth machine. It is priced at ₹89,990.

**ALTERNATIVE** Apple MacBook Air is a lightweight laptop that's equally smart with super-fast performance. The 13-inch mean machine with 128-GB flash storage and up to 12 hours of battery backup comes for ₹80,900. Its 1.6-GHz dual core Intel Core i5 processor and 4-GB RAM make the MacBook Air a good buy. You can also consider Toshiba Z20t, Lenovo Yoga 900 or Asus ZenBook U305LA as the other options.

**APPLE IPHONE 6S PLUS (128GB)** Since its launch in 2007, the iPhone continues to have a premium look and feel to it. The recently-launched iPhone 6s Plus does not disappoint either. It has a 5.7-inch display with 1080x1920p resolution. The A9 processor handles all tasks, including heavy graphic gaming with ease. The 12-MP rear camera can compensate for any digital camera and the results are simply superb. While the iPhone is available in three capacities – 16 GB, 64 GB and 128 GB – our pick is the 128-GB model considering its data storage capacity for multimedia, apps and other utility content. More so, as present-day apps can be very bulky, measuring anywhere between a few MBs to over 1 GB, while OS updates can also eat into your storage space.

**ALTERNATIVE** There was a time when BlackBerry had revolutionised the executive smartphone space with its offerings to emerge as the first preference of industry leaders. With time, it lost ground to competition. Now, the company has reinvented itself with the Priv smartphone, which runs on the Android platform and offers a host of apps. The 18-MP camera is also pretty impressive and the legendary BlackBerry physical QWERTY keyboard is back, along with a smooth touch display. It is priced at ₹62,990.

**SAMSUNG GEAR S2** An extension to your smartphone is the smartwatch. And Samsung's Gear S2 could be your top pick. The rotating bezel is the primary input method to interact with the watch and the touch display works flawlessly. There are two hardware keys – back and home. You can access incoming calls, messages, emails, Twitter and Facebook notifications and WhatsApp messages, and can even respond to a message. It is compatible with Android smartphones and the iPhone. This smartwatch is priced at ₹24,300.

**ALTERNATIVES** You can also opt for Apple Watch or Motorola Moto 360 (second generation). Moto 360 has a premium feel, and different models for men and women. Apple might launch the Apple Watch 2 in March.

**AMAZON KINDLE VOYAGE 3G** If you love reading and spend a lot of time travelling, Kindle's Voyage 3G would be a great buy. It comes with 6-inch display and is packed with Carta e-paper technology and an adaptive front light. Three hours of charging can last for over a week. The 3G variant has a wireless setup for downloading books anytime without Wi-Fi hotspots. It has a built-in free 3G connectivity. It costs ₹20,499.

**TRAKDOT LUGGAGE TRACKER** The worst part of travelling when you arrive at a destination after a long flight is when your luggage is nowhere in the vicinity and the staff at the airport is clueless as well. With Trakdot Luggage Tracker, you don't have to rely on anyone. It uses a GSM chip-equipped monitor to track and pinpoint the exact location. When kept in a luggage bag in an air plane cargo hold, its patented technology shuts off its transmit-and-receive capabilities and enters "airplane mode". Once back on the ground, the tracker jumps to life and employs the local cellular network to notify the location. TrakDot is priced at $69.79. It also has an annual subscription charge to access the service – a price that you would love to pay to avoid waiting anxiously by the empty baggage carousel.

**FIGHT JET LAG WITH RE-TIMER** If you travel a lot and suffer from jet lag, Re-Timer is something you should consider buying. The not-so-fancy piece of eyewear claims to end jetlag – and could even help teens get up in the morning. It uses a green light that claims to reset the body clock. The light adjusts the circadian rhythm and suppresses the body's production of melatonin. Melatonin is a sleep hormone produced by our bodies and makes us feel tired. To advance the body clock (fall asleep earlier), you have to wear Re-Timer for 50 minutes shortly after waking up. To delay the body clock (fall asleep later), the user has to wear it for 50 minutes before going to bed. The company claims that, typically, 3-4 days of use is required to realise the benefits of this device. It costs US $214.

**WOCKET SMART WALLET** If you have multiple cards, and are finding it difficult to track your spends, Wocket Smart Wallet could provide you with the answer to your woes. This wallet can store detailed information about all your plastic money, including credit, debit and loyalty cards, among others. All you need to do is swipe your card using the card reader that comes with Wocket Smart Wallet to upload the information to the wallet and leave the cards back home. When you need to make a payment, simply select the card on the touchscreen of this device to load the information on the removable Wocket card stored in the wallet. You can then swipe the card to make payments. To add another layer of security, you can create a pin when you configure the wallet. In case you end up losing this wallet, your cards are still secure at home and no one will be able to use them without the entering the pin to the Wocket Smart Wallet. You can buy it for $179.

**LASTPASS PASSWORD MANAGER** These days, you have to create a password to access almost every service – your email, bank accounts, e-commerce platforms and social networking sites, and may have difficulty in remembering all of them. Moreover, to ensure safe access you are advised not to have a common password for all your accounts. Furthermore, it is advised that the password should be so complicated that no one can hack it. A simple way to get around remembering all your passwords is to install LastPass Password Manager, which not only helps you manage your passwords but also comes locks your passwords and personal information in a secure vault. It autofills web browser and app logins and also helps generate new and secure passwords instantly. While all these services are free with the standard version, the premium account offers shared family folders, a secure vault with multifactor authe-ntication, unlimited synchronisation on devices and much more.

**WUNDERLIST** This task management application is available for Windows 8, Mac OS X, Android, iPhone, Android Tablet, iPad, Web, Apple Watch, Windows Phone, Windows 7, Chromebook. It helps you create a task list that can be shared with other Wunderlist users. You can add reminders, assignees, comments, and take notes. The Wunderlist for Business comes at $4.99 per user per month, keeping your team's communication under one hood, eliminating the hassle of email chains. You can create a list of individual projects, too. You can even delegate tasks to your team members from the shared lists and start conversations with the members to share insights and feedbacks on projects from the app. The company claims that Wunderlist is 256-bit encrypted safe.

**LOGMEIN** Did you ever have to step out for a quick meeting while some important documents on your laptop lay open for others to use? Or, did you ever have to ask someone to email you the data on your laptop back in office or at home? Well, LogMeIn is a service that puts an end to such woes. The app allows you to control your computer on the go from the mobile app. Using the app, you can even print a file that is sitting on your computer to a local printer. It includes file management features, such as download files from desktop, file transfer and file sharing. While the app is available for free to download, you have to subscribe to the LogMeIn Pro service for an annual fee. The pro service allows you to access up to two devices – desktops, laptops or mobile – for $149 and up to five computers for $349.

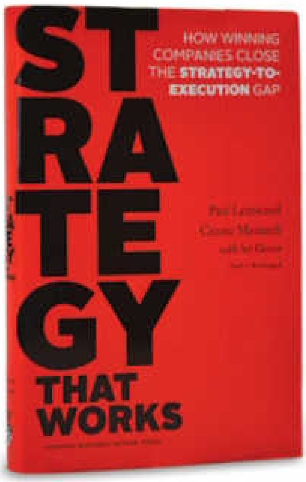
**SCANNER PRO** Handling paper documents can be tedious as we often end up misplacing a paper with some important information or even our hand-scribbled notes. While your phone's camera can capture an image for future use, this app turns the iPhone or an iPad into a portable scanner as it allows you to scan receipts, whiteboards, paper notes, or any other multi-page document. The scanned documents can then be emailed and printed, and even uploaded online. The app supports online services, including Dropbox, Evernote, Google Drive, iCloud and OneDrive. This application uses special algorithms that remove shadows and make the scan sharper. It is priced at ₹190 for the iOS.

**ALTERNATIVE** While the Scanner Pro is available only for iOS devices, Android users need not be disheartened. Handy Scanner Pro, priced at ₹246.14, is yet another equally good application listed on the Play Store. ◆

@nidhisingal

# *Bridging the Gap*

**The authors present an unconventional approach, based on real-life examples, to close the strategy-execution gap. By Arjun Vaidyanathan**




***Strategy That Works***

**By Paul Leinwand, Cesare Mainardi with Art Kleiner**

PAGES: 256

PRICE: ₹1,095

Harvard Business Review Press

Strategy is not new to this world. Every organisation and business needs a strategy for it to grow and provide value to its shareholders. While a lot of companies define their strategy, many falter in implementation. In the words of Jack Welch, "Strategy is a general direction that a business should determine – after that decision, one should implement like hell." One cannot agree more with this statement. But the question remains – how? How does one go about executing the strategy that will lead to the final objective?

Paul Leinwand, Cesare Mainardi and Art Kleiner – authors of *Strategy That Works: How Winning Companies Close the Strategy-to-Execution Gap* – have provided a great framework to overcome this conundrum of successful implementation. According to the authors, the key is to link strategy to capabilities to implementation – easier said than done.

All good companies have capabilities, but how many of them manage to define a few differentiating capabilities and integrate those capabilities to strategy? In the authors' simple words, the following need complete alignment: a value proposition that distinguishes a company from other companies; a system of distinctive capabilities that reinforce each other which enables them to deliver on the value proposition; and a chosen portfolio of products and services that make use of the capabilities.

The authors have correctly pointed out that the coherence among the above three elements shapes a company's identity, its culture, its practices, its approach to managing resources and its ability to close the gap between strategy and execution. This coherence is imperative for success and, in all likelihood, will translate the value proposition to results. The authors have provided great insights based on excellent research on successful enterprises like Apple, Danaher, IKEA, Haier and Natura. Many tend to blame the execution or the team executing the strategy; however, reality indicates that it is seldom the truth.

The authors provide a quick, five-point, fairly simple and practical guide

A critical quality required in the leadership, today, is the ability to execute the chosen strategy. Great strategy and execution are not mutually exclusive

| CONVENTIONAL WISDOM | THE FIVE ACTS - UNCONVENTIONAL STRATEGIES |
|---|---|
| Focus on growth | Commit to an identity - differentiate and grow by being clear about what one can do best |
| Pursue functional excellence | Translate the strategy to every day - connect cross-functional capabilities to deliver strategy |
| Reorganise to drive change | Put culture to work - celebrate and leverage |
| Go lean | Cut costs - invest in what matters |
| Become agile and resilient | Shape future - realign the industry on your terms |

for effective implementation, compared to conventional wisdom (*see table*).

While these seem logical, it is important to understand the nuances of each of the five points above. The issue of growth bothers everybody and there is a mad rush to do whatever competition does – only better. The authors are right in saying that such an attitude by itself will put organisations on a treadmill, where the only option is to run faster – an unsustainable model.

So the solution, like those adopted by Starbucks, IKEA, Lego, Zara – all recognisable brands – is to create a strong identity. It's not an easy task as it requires the whole organisation – in the case of Starbucks, right down to the person preparing your coffee – to adopt the same and live the identity. This requires cross-functional combination of processes, tools and systems to translate the strategic intent and the differentiated identity to live through on a daily basis. What this means is that in the daily activities of an organisation, one needs to embed the strategy, and people need to understand the implications of their actions or inactions. This requires commitment of leaders and employees throughout the organisation. This calls for a sustained effort at making the processes and practices work in a manner that people feel they own it.

Organisations like Apple, Starbucks, Frito-Lay (post the merger with Pepsi) and Haier followed a ruthless implementation model and, thus, got it right.

In addition, most companies that have managed to build a cohesive organisation have done so by shaping the future in that industry – by investing in their capabilities – not just by reacting. They have played a critical role in predicting the market requirement, playing to their strengths and sticking to their value proposition or identity. Apple (almost bankrupt in 1997), Lego (2002) and Cemex (2008) are clear examples.

Of the five points mentioned above, the most important one is culture – the way people think and behave. It is the backbone to get the strategy execution right. One can have the best of all – people, product and process – but if the ethos of the organisation is not right, it is not possible to build cohesion required between value proposition, capabilities, and the products and services.

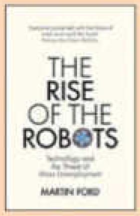
A critical quality required in the leadership today is the ability to execute the chosen strategy. Great strategy and execution are not mutually exclusive. Failure to bridge the gap between strategy and execution is the leadership's fault – the buck stops here. It is the leadership's responsibility to define (a) the value proposition, (b) the capabilities – what is it that one can do best that no one else can, and what further capabilities to develop (invest, acquire) and (c) how to get there.

In discussing the five unconventional strategies through real-life examples, the authors have provided tools/ thoughts that can be adapted by organisations to ensure effective mitigation of the gap between strategy and execution. The characteristics of an unconventional leadership, as explained by the authors, have given a nudge to traditional thinkers. While reading the book, one stops and ponders as to what one can do better – a sign that it serves the purpose intended by the authors. ◆

*The reviewer is Partner, Sales and Markets, KPMG in India. Views expressed are personal*

## *The Rise of the Robots*

THE FORTNIGHTLY PICK




By Martin Ford
OneWorld
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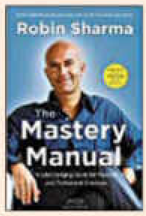
The author explains how artificial intelligence is already well on its way to making many traditional middle-class jobs obsolete.

## BUSINESS BESTSELLERS*




*The Mastery Manual*
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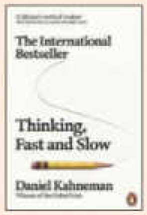


*Thinking, Fast and Slow*
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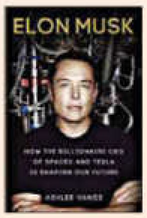


*ELON MUSK*
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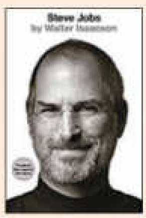


*Steve Jobs*
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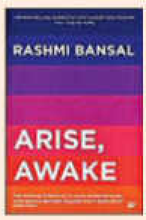


*Arise, Awake*
By Rashmi Bansal
Westland Books
Price: ₹200

*Top books by sales for Jan 31 - Feb 13, 2016; Includes only books released after Jan 1, 2015; Information provided by amazon.in


(L to R): E. Kumar Sharma, Business Today; Chandrasekhar Sripada, Dr. Reddy's; Chetan L., Pramati Technologies; Raamchander Maddela, Foodmingo.com; and Mayank Tivary, Facebook India

# Technology and People

**Entrepreneurs and HR practitioners discussed the role of analytics in HR and deliberated on whether attrition can be looked at positively.**

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business today
KNOWLEDGE FORUM ON HUMAN RESOURCES

Hyderabad's Trident Hotel was the centre of activity in the city on the evening of February 11. And why not – Hyderabad's HR community descended in droves on the hotel to witness two scintillating panel discussions on two burning issues: (a) Analyse IT: Is HR Analytics a boon or a curse?, and (b) Attrition: Can it be a good thing? Both discussions were moderated by BT's Associate Editor E. Kumar Sharma.

The first topic, on the impact of analytics in HR, started off with Mayank Tivary, Recruiting Lead, Facebook India, saying that HR is very qualitative, and the difficult part is to handle the quantitative aspect, adding that Facebook has built in processes that can capture the quantitative aspect of HR. Raamchander Maddela, Executive Vice President & Head - Corporate Strategy & HR, Foodmingo.com, said that HR analytics is very useful. He gave an example of how analytics tools can be used to analyse the performance of campus hires from different colleges in the company, and predict which colleges would be better to hire from.

Chetan L., Vice President-HR, Pramati Technologies, said he was amazed by the kind of advances by analytics today. Giving an example of predictive modelling, he said: "If I need to hire a data scientist in Hyderabad, analytics tools are able to even predict my success ratio, and


PHOTOGRAPHS BY A. PRABHAKAR RAO

(L to R): E. Kumar Sharma, Business Today; Narayanrao K., NCC; Sulakshan Kumar, MySmartPrice; Sucharita Rao Palepu, Tech Mahindra; B. Prasannatha Rao, Coromandel International; and T. Sreedhar, TMI Network

for that they don't just rely on internal data, but also use market intelligence number of similar positions in the market, what rivals are paying, etc."

Chandrasekhar Sripada, President & Global Head of HR, Dr. Reddy's, started by saying that "HR Analytics" is a hot new buzzword, promising exciting careers to HR people and trying to lend some legitimacy to the "so-called qualitative and, therefore, dismissable HR". He then went on to add that the advent of analytics in HR is a very welcome trend, because "human resource related decisions cannot be left to mere intuition and gut, and we cannot forever hide under the thing that HR is all about touchy-feely, goody-goody relationships".

Overall, the discussion ended with near unanimous approval that analytics in HR is indeed a boon and not a curse.

The second discussion, on attrition, began interestingly. T. Sreedhar, MD, TMI Network, said: "Why is it that companies never say we have retained 88 per cent (of the workforce), but instead only say attrition is 12 per cent? Why can't we look at it positively?" B. Prasannatha Rao, Executive Vice President and Head of HR, Coromandel International, pointed out that attrition is inevitable, and it is also unpredictable. "But what is important is what your workplace analytics say. Is there a pattern?" Rao said that attrition is always contextual: "Even if I lose only four people who are key to operations, it is definitely a concern."

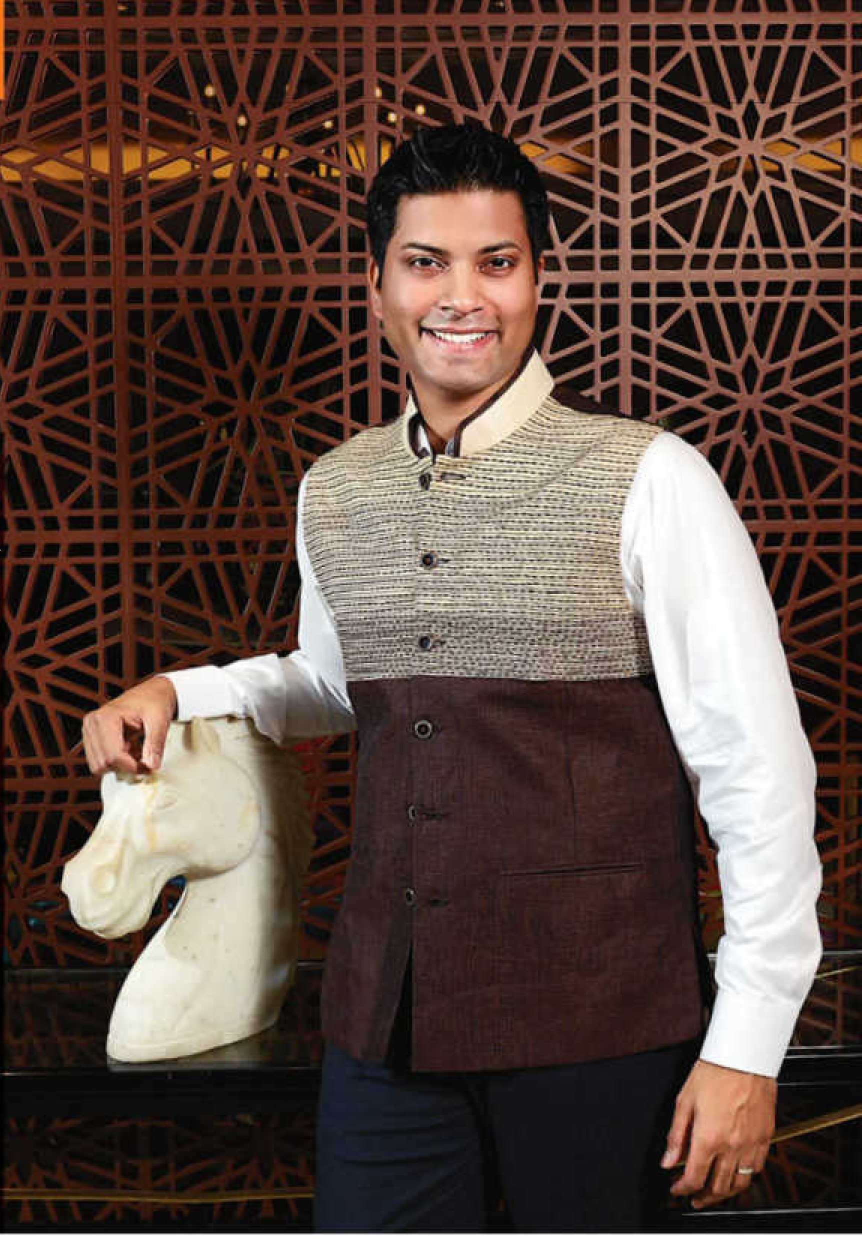
> Panellists hailed the advent of analytics in HR as a very positve trend

Sucharita Rao Palepu, Global Head-People Practices & Frameworks, Tech Mahindra, pointed out that the IT industry faces attrition rates of 16-18 per cent, and higher in BPO, which is a challenge. "All attrition is not good," she said, adding that IT companies have five generations of people working in them. "There are some people who are unable to scale, not productive, poor performers, but that is not more than 4-5 per cent. But the kind of attrition we are seeing is not a good thing."

Sulakshan Kumar, Co-founder & CEO of start-up MySmartPrice, said that a company is as good as its people. "So, attrition is always a matter of concern whether high or low. There is no right balance," he said, adding that two years ago, MySmartPrice had 50 people and zero attrition. Today, it has seen exits of eight or nine people in a workforce of 150. "I feel, is something wrong?"

Narayanrao K., Chief General Manager-HR, NCC, disagreed with Kumar: "Attrition a particular percentage is always good, because you have people joining from various backgrounds, so sometimes you need to have fresh talent coming in. And internally, people who are averse to upgrading their skills, for them turnaround is necessary."

The event was sponsored by SRM University. ◆



**Mittu Chandilya**
CEO, AirAsia India

SHEKHAR GHOSH

# Deplaning?

His appointment as the CEO of AirAsia India was surrounded by plenty of speculation. Now there's an unprecedented buzz about his likely departure. There are reports that **Mittu Chandilya**, the young boss at low-cost airline AirAsia India, has decided to call it quits in less than three years after joining the carrier. He is reportedly upset with the remote control of AirAsia Bhd that owns 49 per cent in AirAsia India. Chandilya, a former head of services practices for Asia Pacific at Egon Zehnder International, was given additional role of managing director last year. The start-up airline has garnered 1.7 per cent market share in 2015.

**Kirthiga Reddy**
MD, Facebook India

**Mukesh Bansal**
Founder, Myntra

# New Innings

Soon after the change of roles among its co-founders, Flipkart witnessed a high-profile exit when **Mukesh Bansal**, the founder of online fashion brand Myntra, decided to move on. Bansal was head of commerce and advertising business at Bangalore-based Flipkart. Another high-profile exit in the internet space was that of Facebook India's Managing Director, **Kirthiga Reddy**. She will be moving to Facebook's headquarters in the US in the next six to 12 months. Her departure coincides with the TRAI ruling against Facebook's Free Basics service in India. She has been heading Facebook India since 2010.

**R. S. Sharma**
Chairman, TRAI

## Man of the Moment

Nearly seven months after taking over as TRAI's head, **R.S. Sharma**, a 1978 batch IAS officer, took the most important decision of his tenure when he ruled in favour of net neutrality while prohibiting telcos from charging differential pricing for data services. The decision effectively bans services like Facebook's Free Basics and Airtel Zero, which have faced a huge backlash for flouting net neutrality principles. "No service provider shall offer or charge discriminatory tariffs for data services on the basis of content," the order said.

**U.K. Sinha**
Chairman, SEBI

RACHIT GOSWAMI

## Back in the Hot Seat

**U.K. Sinha**'s term as SEBI chief has been extended by a year. His five-year tenure was marked by some strict measures, including changes in insider trading norms, listing regulations and clampdown on large companies like DLF and Sahara Group. His re-appointment was a bit of a surprise for many, especially because in the course of appointment of the next SEBI chief, his name was missing from the list of likely contenders. Sinha is taking up the responsibility amidst volatility in the financial markets across the globe. One of his primary roles would be to restore the confidence of investors.

**Amit Singhal**
Senior VP, Search, Google

## King of Search

As the head of Google Search, **Amit Singhal** was involved in making the product pervasive across desktops, mobiles and other devices. After spending 15 years at Google, he has announced his plans to retire and take up philanthropy. "My life has been a dream journey. From a little boy growing up in the Himalayas dreaming of the *Star Trek* computer, to an immigrant who came to the United States with two suitcases and not much else, to the person responsible for Search at Google, every turn has enriched me and made me a better person," Singhal wrote in a web post announcing his retirement.

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**Location:** Bengaluru / Bangalore
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**Sognare Hrc**
Business Development Manager
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**Description:** Generate Business by making Cold calls, Area Mapping, Maintain and report Daily calls, Build Suspects/Prospects, maintain & Grow Lead pipe line.

**Sobha Limited**
Business Development Executive
**Location:** Bengaluru / Bangalore
**Job ID:** 18168112
**Description:** Direct sales - cold calling, meeting clients, fixing site visits. closure of the deals.

**New Era India Consultancy Private Ltd Limited**
Sales Manager
**Location:** Mumbai
**Job ID:** 18138185
**Description:** To successfully achieve annual sales target assigned by the Area Sales Manager based on the VWFPL overall annual sales target.

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**dEEVOiR Consulting Services Private Limited**
Accounts Executive
**Location:** Delhi
**Job ID:** 18124570
**Description:** Must have experience in book keeping, bank statement, taxation.

**HR House**
Accountant
**Location:** Bengaluru / Bangalore
**Job ID:** 16982671
**Description:** Handling all Accounting entries, CTC, Payroll, VAT, CST, Service Tax, MIS Reports, TDS & Tax Planning for Employees etc.

**Vitasta Consulting Private Limited**
Manager- Accounts Receivables
**Location:** Mumbai
**Job ID:** 18058122
**Description:** Monitoring, reviewing and reporting of collections from debtors including that of overseas subsidiaries.

**Datamatics Staffing Services**
Senior Executive / Asst. Manager Taxation
**Location:** Mumbai
**Job ID:** 18244959
**Description:** Independently Handling Tax Audit and returns of the Company with Compilation & review of Tax Audit schedules/details.

**Saicom Consulting Services Private Limited**
Manager - Statutory Audit
**Location:** Chennai
**Job ID:** 18217271
**Description:** Should have 3 - 5 yrs experience in Statutory Audit post qualification of CA.

**2COMS Consulting Private Limited**
Accounts Payable
**Location:** Other India
**Job ID:** 17565794
**Description:** File formatting & uploading, Daily tracker updating, File query by mail.

**Janya It Technologies Private Limited**
Compliance
**Location:** Hyderabad / Secunderabad
**Job ID:** 18120898
**Description:** Experience in compliances like customs, STPI, TDS, Service Tax, Sales Tax etc., related to IT industry, is a must.

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# The Chennai Challenge

**Corporate heads come together over golf at the Madras Gymkhana Golf Course.**


Winning Team: (L-R) Suman Ranjeet, Ravi Kuppusamy and Suresh Bethavandu with G. Sudheer of LLOYD

On a warm Sunday afternoon, 87 golfers got together at the Madras Gymkhana Golf Course to participate in the Chennai leg of the LLOYD *Business Today* Pro-Am.

The par-70 golf course, playing about 6,258 yards off the regular tees, is known for its tricky roughs, with tall and prickly grass bordering most fairways. The course is unique, being situated within the 2,400-m oval of the Guindy race course. With over 50 bunkers, most of them guarding the relatively small-sized inverted saucer greens, the course poses a tough challenge to golfers due to the ever-changing winds.

Played on Stableford format with Double Peoria handicap, the afternoon witnessed some keen golf with players vying for individual as well as team prizes.


Individual Winner: Suman Ranjeet M
(0-10 Handicap)


Individual Winner: Sundar K
(11-18 Handicap)


Individual Winner: Venkatachalam K V
(19-24 Handicap)

The winning team comprising Suman Ranjeet M. (Vasan Book House), Ravi Kuppusamy (BAssure Solutions), Udaynarayana G. M. and Suresh Bethavandu prevailed with a combined score of 101 points.

The team comprising Karun Jacob (Agility Logistics), Abhay Doshi (Conpro Enterprises), Krishnakumar B. (Automobile Consultant) and Sandeep Dhingra (Standard Chartered Scope International) finished Runners Up with 99 points.

**Winning team to compete in the National finals**

Among the Individual prize winners, Ranjeet M. was the winner with 36 points in the 0-10 handicap category; Sundar K. (KS Consultant) with 35 points was the winner in the 11- 18 handicap category and Venkatachalam K. V. scored 36 stableford points to win in the 19-24 handicap slot.


Ramprasad R. S. R. (Tandex), Venkataramana J. (Somayajulu and Company), Parvath Rajkumar (G. M. Audio Technics), Srikanth.K (Capgemini), with the Maruti S-Cross prize for Hole-in-One

The S-Cross, up for grabs for a Hole-in-One on the sixth hole, was nearly claimed by Abhay Doshi, who missed out narrowly. The 4moles Closest to Pin contest on the fourth hole was won by Darshan V. (Amaya Properties), while Yogesh Luthra (Sriram Paper) was adjudged as the 'Nautica Most Stylish Golfer'.

Some of the other eminent golfers who participated amongst the corporate bigwigs of Bangalore included Ravi Viswanathan, Senior Vice President, Tata Consultancy Services; Srikanth K., Capgemini; Hemantkumar Sinha, CMD, Tamil Nadu Small Industries Corporation; Chandrasekar R., Executive Vice Chairman, Cognizant Technology Solutions; Parthasarathy SV, EVP & Head, Consumer Finance, Induslnd Bank; Ramaswamy P., Vice President, Bank of New York Mellon; Capt. Chandrasekar, Indigo Airlines; Krishnan, President, Star Line Travels; Thiyagarajan S, Vice President, Mantra; Mohan Rajan, CEO, Rajan Eye Care Hospital, and Sherif Dyan, Chairman, M. Sherif & Sons.

The day's action culminated with the prize distribution ceremony, followed by dinner. The winning team also earned themselves a place in the Pro-Am Finals to be held in Delhi in March 2016.

LLOYD Electric & Engineering is the Co-title sponsor; S-Cross, the 'Driven By' sponsor; Nautica, the style partner; 4moles, the digital partner and Creatigies, the marketing partner of the event. ◆

Full interview at
businesstoday.in/Wadhwani

# "Companies should grow to the largest possible scale"

VIVAN MEHRA

Silicon Valley entrepreneur and philanthropist **Romesh Wadhwani** likes to talk about wealth creation. He spoke to **Goutam Das** on India's jobs crisis and the skilling challenge.

***Jobs are not keeping pace with economic growth. How can it be fixed?***

The first is to focus on Start-up India, but focus on the full lifecycle of a start-up – from providing students education to become entrepreneurs to supporting access to the ecosystem of mentors and angel investors, and providing start-ups with opportunities for growth. This could be in the form of procurement opportunities and innovation grants. The second intervention will be to remove barriers in the way we classify businesses as micro, small, and medium. Any company should be incentivised to grow to its largest possible scale. Third, we need to accelerate the growth of innovation.

***What is the biggest obstacle in skilling people at the bottom of the pyramid?***

Part of it is motivation. You have to create that desire in people while they can still be influenced as students. Then, the skilling institutions – whether they are ITIs or privately owned vocational institutions – need to be market-focused. Markets can be different depending on the region. Third, we need an apprentice programme, the final mile of training.

***Start-ups can create jobs. But what would be the impact when the bubble is pricked?***

There are so many sectors in India. There is an IT services sector that has nothing to do with B2C e-commerce. The job creation in that sector is not determined by what happens to Flipkart and Snapdeal. Similarly, the automotive industry's job creation is also not impacted by B2C e-commerce. The bubble is in a very narrow slice of the economy. ◆



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