

# TECHNOLOGY AND MANUFACTURING

Can technology help make Indian manufacturing competitive? A discussion.



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**Common ground:** (L-R) Nadir Godrej, MD, Godrej Industries; Nitin Anturkar; David Friedman; Debu Bhattacharya; R. Sridharan, Deputy Editor, *Business Today*; B. Muthuraman; R. Seshasayee; Ranajoy Punja and Mangesh Korgaonkar

**L**AST YEAR, CHINA EXPORTED AN ESTIMATED \$540 billion (Rs 23,76,000 crore) worth of manufactured goods. India, by comparison, managed a modest \$55 billion (Rs 2,42,000 crore). Don't lose hope, though. By 2015, according to McKinsey estimates, exports of Indian-made goods could soar to a staggering \$300 billion (Rs 13,20,000 crore). However, if that has to happen, Indian manufacturers will, first of all, need to expand production capacity. But more importantly, they will need to pull their technology up by the bootstraps. Technology in product innovation and development, and technology in manufacturing.

To get a sense of what's happening in Indian manufacturing, *Business Today* invited some of India's biggest manufacturers and experts to brainstorm on "How technology can make Indian manufacturing competitive". Turning up on the dot for the 8:00 a.m. *Business Today* Boardroom Breakfast session in Mumbai were: B. Muthuraman, MD, Tata Steel; Debu Bhattacharya, MD, Hindalco; R. Seshasayee, MD, Ashok Leyland; David Friedman, President and MD, Ford India; Nitin Anturkar, Executive VP, TACO Engineering; Mangesh Korgaonkar, IICCI Chair Professor at the Shailesh J. Mehta School in IIT Bombay; and Ranajoy

Punja, VP (Marketing), Cisco.

The panel moderator and *BT's* Deputy Editor, R. Sridharan, kicked off the discussion by asking the speakers to give a quick insight into what strategic objectives technology fulfils at their respective organisations. According to Tata Steel's Muthuraman, technology was important for two broad reasons. One, to make the product globally competitive and, two, to bring newer products and more value to the consumer. Citing Tata Steel's own example, he talked about how, by going in for newer processes despite the initial high cost of investment, the company was benefiting from increased productivity today.

Taking on from Muthuraman, Ashok Leyland's Seshasayee said that in the auto industry, technology was not a differentiator but a qualifier. Yet, till the early 90s, he pointed out, there was a lag between what the market wanted and what the market got, since all technology-related decisions were decided by somebody sitting in the corridors of power in Delhi. And when the markets opened up, technology wasn't easy to access. "I believe there is an inverse relationship between tariffs and technology inflow," he said. How did Ashok Leyland cope with the challenges? By making

two critical decisions back then. One was to develop technological skills on its own in critical areas and, two, also leverage the collaborator's technology (Iveco, in this case).

Moving away from what had been said so far, Hindalco's Bhattacharya talked about instances when technology doesn't work. Citing examples from Hindalco, he warned against pursuing technology that weren't market-focussed. "The attitude is, 'Get a good technology and it will solve your problems'—it won't. We have to get technology and adapt ourselves and our processes appropriately. Business should drive technology and not vice-versa," he said.

Moving back to the automobile industry, David Friedman of Ford India noted how things had changed from the days when they would design a car and then hope manufacturing could make it. Today, that was not the case. "Technology becomes an enabler in making a good product. Not only does it contribute to the design, but even the quality of inputs has improved due to technology. For example, today cars don't rust," he pointed out. In the olden days, the final customer did a lot of diagnosis of identifying problems. Thanks to technology, that doesn't happen any more. "We can check all of it scientifically. We no longer treat the customer as a guinea pig," he said.

According to Nitin Anturkar of Taco Engineering, technology is not a facilitator but a tool for survival. "With increasing prices and customers looking for cost reductions, technology becomes important for survival. Something as simple as reducing cost and waste on shop floor involves tremendous amount of innovation," he said. Appropriate use of technology could also save unnecessary capital expenditure, he noted. "Do we need a new plant when we can improve productivity in the old one?" he asked.

Professor Mangesh Korgaonkar spoke about his studies on what contributes to competitiveness of manufacturing. While he was happy to note that Indian manufacturers had significantly improved on quality, he felt that they had a long way to go in terms of world-class quality. "At present, Indian manufacturers don't score over 30 on a scale of 100 in terms of global capabilities," he said. Drawing comparisons with China, he said that Chinese manufacturing had moved from factor-driven to investment-driven advantage and thus would be harder to beat.

Cisco's Ranajoy Punja had the final word in the discussion. He felt that for Indian manufacturing to be competitive, it must understand market conditions, customer service, etc. "It's not just about implementing technology, but the technology has to be coupled with business innovation," he said. A point Indian manufacturers would do well to remember. **BT**



"There's an inverse relationship between tariffs and technology inflow. So, one has to own technology in critical areas"

**R. SESHASAYEE**  
MANAGING DIRECTOR, ASHOK LEYLAND



"Technology is crucial to make your product globally competitive and enhance value offering to customers"

**B. MUTHURAMAN**  
MANAGING DIRECTOR, TATA STEEL



"Technology is an enabler in making good products. . . (thanks to that) the customer is no longer treated as a guinea pig"

**DAVID FRIEDMAN**  
PRESIDENT & MANAGING DIRECTOR, FORD INDIA



"We have to focus on appropriate technology. . . the attitude of 'get a good technology and it will solve your problems' won't do"

**DEBU BHATTACHARYA**  
MANAGING DIRECTOR, HINDALCO



"With increasing prices and customers looking for cost reductions, technology becomes important for survival"

**NITIN ANTURKAR**  
EXECUTIVE VICE PRESIDENT, TACO ENGINEERING



"While Indian manufacturers have significantly improved on quality, they still have a long way to go"

**MANGESH KORGAONKAR**  
PROFESSOR, IIT BOMBAY



"It's not just about implementing technology, but the technology has to be coupled with business innovation"

**RANAJOY PUNJA**  
VICE PRESIDENT (MARKETING), CISCO SYSTEMS