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Preference for Indian Steel in Govt. Contracts

Source: The Times of India, Thursday, 4th Mayl, 2017

New Delhi: The government on Wednesday decided to give preference to domestically-produced iron and steel in government purchases in a bid to buoy the industry that had been complaining of pressure from cheap imports from China. The decision came along with the National Steel Policy which seeks to boost demand.

The preference for local players comes after similar measures in telecom and solar power, decisions that have faced international scrutiny, and an increasing clamour for protectionism even in developed countries. The government has taken a series of steps to protect local players as China grapples with excess capacity, prompting it to push subsidised steel into markets such as India.
"Cheap imports" and depressed demand have also impacted the finances of several steel companies, which in turn are finding it difficult to repay loans although banks maintained that several of these companies are overly-leveraged.

The government sought to suggest that the purchase preference was part of PM Narendra Modi's 'Make in India' strategy. In fact, a policy is in the works for providing preference in government procurement for several other locally-manufactured goods.

The policy will be applicable on all government tenders where price bids are yet to be opened, impacting several foreign players who are in the fray to bag contracts. It seeks a minimum value addition of 15% in notified steel products which will be covered under preferential procurement with the steel ministry given flexibility in tweaking the norms.

The government has opted for a system of self-certification by domestic manufacturers, which will have to declare that the iron and steel products are domestically manufactured. "It shall not normally be the responsibility of procuring agency to verify the correctness of the claim. In few cases, the onus of demonstrating the correctness-of the same shall be on the bidder when asked to do so," an official statement said.

It also talked about provisions for waivers to procurements, where specific grades of steel are not manufactured in the country, or the requirement cannot be met through domestic sources.

(Your comments & Views on the above along with your name and email address are welcome on nafenindia@nafenindia.com)

Make In India - A Global Manufacturing Hub

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ABSTRACTS

That day, Indian Prime Minister Narendra Modi addressed an audience of 500 domestic and international entrepreneurs in New Delhi, in an atmosphere charged with euphoria following the success of India's first mission to Mars the previous day. Modi inaugurated a campaign aimed at transforming India into a global manufacturing hub and at easing its business climate for both domestic and foreign investors. A logo, a portal and brochures detailing 25 priority sectors were introduced that day. The logo shows a striding lion made of cogs with the campaign name across its body.

The stock market boom at the clear mandate given to BJP in the 2014 Lok Sabha elections and the current stock market scenario was a clear indicator of investor confidence in the Narendra Modi Government. Further steps by Mr. Modi like the "Make in India" and "Digital India" campaigns, invitation to the leaders of all the SAARC countries, US and Japan visit and various business friendly reforms have significantly created a positive business environment in the country.

However there are certain bottlenecks in the economy which the Government needs to address towards making India a global manufacturing hub. This research paper aims to identify some of the key challenges in the path of development and recommend possible solutions to deal with the same. Through secondary research and data obtained from various authenticated sources

This paper has been able to identify the following major challenges in the path of making India a global manufacturing hub and accordingly make a few suggestions regarding possible solutions to deal with each of the issues:

- Improving the ease of doing business in India
- Improving the employability of general and engineering graduates
- Infrastructure development of major roads and highways in the country
- Capacity addition in the power sector to meet industrial energy demand

It is to be noted that the above list is not exhaustive and there are lot of other ample challenges towards making India a global manufacturing hub. However, focusing on these issues and taking adequate measures to deal with the same will go a long way towards turning the "Make in India" vision into a dream come true.

Introduction

The recent launch of the "Make in India" campaign by Prime Minister Mr. Narendra Modi where leading businessmen and CEOs of about 3000 companies from 30 countries were present is an impressive effort on the part of the new Government to boost investor confidence in the country.Moreover, Mr. Modi's recent US visit and meeting with CEOs of some of the top global firms like Goldman Sachs, Google, General Electric, Cargill, Boeing and many others definitely set the ground for investment in India. But at the ground level, there are a lot of challenges that the government has to overcome in order to turn the vision of achieving a sustainable 10% growth in the manufacturing sector into reality.

This research paper aims to analyse the key issues facingthe "Make in India" vision and recommend possible strategies to deal with the same.

Recent policy measures and projects to open up India's manufacturing sector:

- 100 per cent FDI allowed in the telecom sector;
- 100 per cent FDI in single-brand retail;
- Validity of industrial license extended to three years;
- For all non-risk, non-hazardous businesses, a system of self-certification to be introduced;
- Process of obtaining environmental clearances made online.
- The Government of India is developing the Delhi-Mumbai Industrial Corridor (DMIC) as a global manufacturing and an investment destination utilising the 1,483 km-long, high-capacity western Dedicated Railway Freight Corridor (DFC) as the backbone.

Additional reasons for the new initiative

Several pressing issues prompted the launch of this campaign. First and foremost, India needs to reboot its economy. After several years of gross national product (GNP) growth averaging 7.7%, between 2002 and 2011, this pace slowed down to around 5% in 2013 and 2014.

Second, India needs more jobs for its young people. Recently, on average, 5 million new jobs have been created each year, but around 12 million people join the workforce each year. This is the other side of the demographic dividend: India's labour force is expected to grow to 600 million by 2022. Job creation will fight poverty and help divert people from agriculture, which has a low capacity to sustain their livelihood.

Third, India's economic development model has been quite peculiar, offering privileges to skilled labour often employed by foreign companies. Conversely, other economies have achieved success by first providing incentives for job-creating manufacturing industries. That is why today manufacturing in China makes up 34% of gross domestic product. The Chinese have positioned themselves as the 'workshop' of the world, accounting for 22.4% of global manufacturing, while India accounts for only 2%. India's manufacturing sector is less productive compared to its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.

Reactions to 'Make in India'

'Make in India' has received widespread support from industry leaders from both India and abroad as well as from the Confederation of Indian Industry (CII). Some companies, including foreign ones, have already announced plans related to the initiative.

Reserve Bank of India Governor Raghuram Rajanin dismissed the idea of introducing a policy targeting the manufacturing sector, just because it had worked for China, given how different the two countries are. He underlined the risks of an export-driven approach in a global economy still in crisis, and where many industrialised economies are strengthening their own manufacturing capabilities. 'The world as a whole is unlikely to be able to accommodate another export-led China', he said.

C K Ranganathan, the founding chairman of popular Indian household brand CavinKare, said that he would rather support a 'Made in India' approach in which India would be creating its own internationally renowned brands. Srikant Jena, a former government minister, stated that efforts to resolve caste and gender inequalities as well as regional imbalances were missing from the initiative.

Conclusion

Although the ease of doing business score went down to 142 from 134 last year, the World Bank has taken care to distance this downslide from the NDA government which took charge barely a week earlier and World Bank has used data till May 2014 whereas most measures to improve doing business were undertaken subsequent to that. The various measures undertaken by the NDA Government to address issues related to economic growth, delay in Government decisions and reforms in the Labour law, Land law and taxation have kick started the manufacturing sector and shot the GDP growth by 5.7 % in the last quarter.

The Modi Government has also signed a staggering USD 35 Billion investment deal with Japan for infrastructure development.

If governance continues in the current manner, we can definitely hope to see significant and sustainable growth in the manufacturing sector and progress towards India becoming a global manufacturing hub.

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" Green Business Strategy and Corporate Social Responsibility”

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In companies adopting green strategies today, the state to aspire to might be called differentiated green . This phrase describes companies that have moved beyond complying with regulations, reducing their energy use, or marketing ecologically safe products. Such companies make pro-environment policies the cornerstone of their business and a defining corporate strength. Companies that have embraced this approach pursue green strategies throughout their operations and opportunistically use them to enhance performance. For example, Kaiser Permanente is building new hospitals with rubber flooring (instead of vinyl) and PVC-free carpeting, thus promoting health-care facilities that are actually healthy. The company expects to obtain long-term paybacks from a healthier patient population and increased market share.

The transition to differentiated green is gradual. Typically, companies begin by lowering their costs and reducing their negative environmental impact with nascent green programs, thus gaining internal and external credibility and beginning to build the capabilities required to drive green business at the highest level. To adopt a differentiated green approach, organizations must take seven steps.

The Seven key components of a Green Business Strategy

Corporate leaders across all industries now face growing pressures to become more sensitive to their companies' energy consumption and environmental impact.

While environmental concerns may start with the CEO, they quickly filter down to other C-suite executives and line-of-business leaders, who are being asked to quantify and reduce corporate energy use and environmental footprints, streamline supply chains, meet regulatory requirements and modify IT departments to drive more energy-efficient operations.

These activities are not merely environmentally responsible: they can also drive cost savings–another universal corporate mandate. For example, according to IBM's projections, $1 in energy savings can often drive an additional $6 to $8 in operational savings. In addition, green policies can provide competitive differentiation.

To develop policies that are both good for the planet and good for business, corporate leaders must consider questions such as:

- Are all aspects of our business, including operations, IT and product lifecycle management, efficient and protective of the environment?
- As part of our overall strategy to increase business efficiency, are we considering that environmental stewardship and energy consumption are new business barometers?
- Does our organization maintain a public commitment to meaningful and achievable goals, with transparency in reporting progress in meeting those goals?
- Are we taking a leadership position in driving energy conservation and environmental stewardship through the value chain and across our industry?
- Do we have a strategy that supports reducing costs, lowering complexity, and increasing operating and energy efficiency?
- Are we looking for ways to improve IT operations to generate more computing performance without increasing power consumption?
- Are we experiencing social and regulatory pressure and responding with verifiable energy conservation initiatives that proactively address energy and climate challenges?
- Are we pursuing the development of energy and environmental strategies and policies to improve business and brand position?

Each of these issues can seem complicated when considered individually and perhaps overwhelming when viewed as an interrelated group. They require a framework that helps identify and prioritize environmental efforts by illustrating how problems and opportunities can be broken down into distinct areas and then segmented into manageable projects to be addressed. These projects can be joined to form a cross-organizational program managing energy and environmental issues.

Building a framework

This framework must address the needs of various executives in developing and implementing energy and environment strategies: the CEO's need to respond to customer, government and employee expectations; the CFO's need to deal with changing cost dynamics for energy; COO's and line-of-business' needs to design and implement new processes; and, the CIO's need to increase computing power while managing energy consumption.

Overall, this framework must cover seven business components: strategy, people, information, product, IT, property and business operations. These components are common to virtually any enterprise or organization dealing with energy and environment issues.

Strategy

The creation of an enterprise-wide energy and environment strategy as part of an overarching corporate social responsibility plan can help companies address "green" issues, resulting in improved financial and environmental outcomes. Issues to be considered include the alignment of a company's environmental strategy into an overall business strategy and how environmental values may be translated into an improved brand image.

People

The impact of employee behaviors and policies on the environment is significant. Commute time and business travel form a large part of an individual's carbon footprint. The use of online collaboration tools and policies that support reduction in commuting and traveling can also have an impact on costs. Companies also are discovering that their environmental policies and practices can impact their ability to attract and retain top talent.

Information

With data compounding between 35 percent and 70 percent annually in some industries, it's critical for companies to better manage their data infrastructures. Optimized collection, analysis, tiering and storage of key information helps companies comply with reporting mandates while minimizing their data footprints. These same information strategies improve business operations by improving information access and system response. They help reduce storage needs through sharing, elimination of redundancies and compression.

Product

As companies begin to understand the environmental impact of their products or services across the entire product lifecycle, they can design products in a manner that has a lower environmental impact. Streamlining product development and manufacturing also means less material used, less waste created and less energy consumed. Concurrently, an examination of the product or service lifecycle often helps businesses find and exploit market opportunities. Finally, the need to reduce energy consumption is driving an increase in the energy-management intelligence built into certain products.

Information technology

Information technology is putting increasing levels of stress on power and cooling infrastructures. According to IBM estimates, IT kilowatt-hour usage has increased fivefold in the past five years. This IT-related energy use contributes to the establishment's greenhouse gas emissions. CIOs and IT managers view this situation as an economic and environmental crisis.

Corporations need IT energy efficiency strategies designed to help them focus their efforts. A thorough understanding of IT energy consumption, operations and constraints is the foundation for improvement. From this foundation, companies can devise strategies to help them improve IT efficiency and resiliency, address emissions, reduce energy costs and measure their success against business goals.

Property

Companies need to reduce the cost and greenhouse gas emissions of their physical assets-from office buildings to truck fleets. The process starts with determining and managing the environmental impact of physical assets and properly maintaining all property for energy-efficient operations and reduced environmental impact. Through improved maintenance and through improved tracking, deployment, location, and management of facilities and properties, reductions in environmental impact can be achieved.

Business operations

Corporations need to transform business processes to reduce environmental impact for operations end-to-end. Consider energy or water consumption, as a start. Understanding and controlling these costs can be achieved only once a company measures its existing use and compares it against conservation benchmarks. Through the use of "smart" systems, dramatic efficiency improvement can take place. Any transformation plan put into place must be communicated to key stakeholders.

Addressing any of those seven key components of a business can tangibly lower a company's energy usage and reduce its environmental impact. Addressing them in combination, however, can dramatically amplify those effects in making a company more competitive, successful and social responsible.

" Satisfied and Loyal Customer - for profitability of every business”

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Abstract:

The customer is always right. Right? But is a customer who is always right always a satisfied customer? Customer satisfaction is a key issue for every company wishing to increase customer loyalty and thereby create a better business performance. An important question is therefore: What is the relationship between customer satisfactions to loyalty to Profitability? This paper is to look in the importance of customer satisfaction and loyalty in this vibrant business environment. Why it's imperative for companies' to measure and create marketing strategy with a core focus on customer satisfaction and loyalty.

Customer Satisfaction	Customer Loyalty	Profitability

Introduction

Customer satisfaction is a term frequently used I marketing. It is a measure of how products and services supplied to a company meet or surpass customer expectation. Long term customer relationships drive sales, sustainability, and expansion, particularly in today's economy. Firms that build and maintain exceptional customer and client relationships lead the pack, whereas those that don't put clients first fall off pace and, eventually, disappear completely.

It is no secret that customers are a firm's supreme asset and it costs much less to retain a current customer than it does to acquire a new one. But even though loyalty improvements should be a priority, many businesses struggle to improve the vitality of their customer relationships, especially when they confuse customer satisfaction with loyalty.

Sure, customer satisfaction is important, but to achieve long-term customer loyalty, businesses need to dig deeper and identify proven tactics for strengthening the health and depth of their business relationships.

What is customer satisfaction and customer loyalty?

Customer satisfaction is a self-reported measure of how much customers 'likes' a company and how happy they are with goods purchased or services obtained from the company. Customer satisfaction is an abstract concept and involves such factors as the quality of the product, the quality of service provided, the atmosphere of the location where the product or service is purchased, and the price of the product or service.

Customer loyalty, on the other hand, is a company-calculated metric of likelihood to purchase again or not defect to a competitor. There are many definitions of customer loyalty. Yet each of them fails to realize that loyalty runs hand-in-hand with emotions. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services.

Why customer satisfaction is so important for companies?

1. It's a leading indicator of consumer repurchase intentions and loyalty

Customer satisfaction is the best indicator of how likely a customer will make a purchase in the future. That's why it's one of the leading metrics businesses use to measure consumer repurchase and customer loyalty.

2. It's a point of differentiation

In a competitive marketplace where businesses compete for customers; customer satisfaction is seen as a key differentiator. Businesses who succeed in these cut-throat environments are the ones that make customer satisfaction a key element of their business strategy.

3. It reduces customer churn

Price is not the main reason for customer churn; it is actually due to the overall poor quality of customer service. Customer satisfaction is the metric you can use to reduce customer churn. By measuring and tracking customer satisfaction you can put new processes in place to increase the overall quality of your customer service.

4. It increases customer lifetime value

Satisfaction plays a significant role in how much revenue a customer generates for your business. Successful businesses understand the importance of customer lifetime value (CLV). If you increase CLV, you increase the returns on your marketing dollar. For example, you might have a cost per acquisition of $500 dollars and a CLV of $750. That's a 50% ROI from the marketing efforts. Now imagine if CLV was $1,000. That's a 100% ROI! Customer lifetime value is a beneficiary of high customer satisfaction and good customer retention.

5. It reduces negative word of mouth

McKinsey found that an unhappy customer tells between 9-15 people about their experience. In fact, 13% of unhappy customers tell over 20 people about their experience. That's a lot of negative word of mouth. What often gets forgotten is how customer satisfaction negatively impacts your business. It's one thing to lose a customer because they were unhappy. It's another thing completely to lose 20 customers because of some bad word of mouth. To eliminate bad word of mouth you need to measure customer satisfaction on an ongoing basis. Tracking changes in satisfaction will help you identify if customers are actually happy with your product or service.

6. It's cheaper to retain customers than acquire new ones

This is probably the most publicized customer satisfaction statistic out there. It costs six to seven times more to acquire new customers than it does to retain existing customers. Customers cost a lot of money to acquire. Marketing team spend thousands of dollars getting the attention of prospects, nurturing them into leads and closing them into sales.

Methods used by companies to measure customer satisfaction :

Direct Methods: Directly contacting customers and getting their valuable feedback is very important. Following are some of the ways by which customers could be directly tabbed:

- Getting customer feedback through third party agencies.
- Direct marketing, in-house call centers, complaint handling department could be treated as first point of contact for getting customer feedback. These feedbacks are compiled to analyze customers' perception.
- Getting customer feedback through face to face conversation or meeting.
- Feedback through complaint or appreciation letter.
- Direct customer feedback through surveys and questionnaires.

Organizations mostly employ external agencies to listen to their customers and provide dedicated feedback to them. The design of the prepared questionnaire is an important aspect and should enclose all the essential factors of business. The questions asked should be in a way that the customer is encouraged to respond in an obvious way. These feedback received by the organizations can be treated as one of the best way to measure customer satisfaction.

Apart from the above methods there is another very popular direct method which is to send mystery shoppers to pose as potential buyers and report of strong and weak points experienced in buying the company's and competitors products.

Indirect Method: The major drawback of direct methods is that it turns out to be very costly and requires a lot of pre compiled preparations to implement. For getting the valuable feedbacks the supplier totally depends on the customer due to which they looses options and chances to take corrective measure at correct time. Hence there are other following indirect methods of getting feedback regarding customer satisfaction:

(Continue in Next Addition)

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