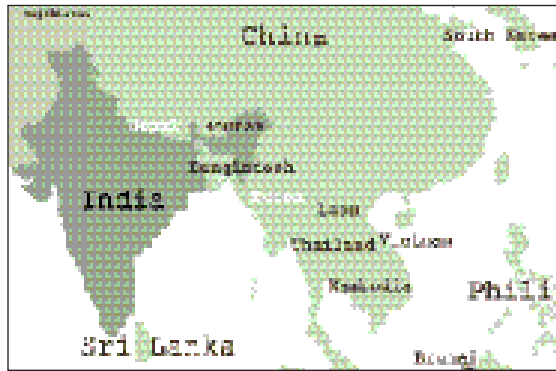


## INDIA | OVERVIEW

# How to make it in India

BUOYED UP BY NEW GOVERNMENT INITIATIVES, INDIA IS STEALING THE SPOTLIGHT FROM CHINA AS THE PLACE TO MANUFACTURE MARINE EQUIPMENT. MEANWHILE, A THRIVING DOMESTIC MARKET MAY NOT BE FAR BEHIND

WORDS: JAKE KAVANAGH



## INDIA



- **GDP growth:** 7.3% (2015 est.)
- **GDP growth forecast 2016:** 7.6%
- **GDP per capita:** US\$6,200 (2015 est.)
- **Inflation rate:** Up 5.76% yoy in May 2016
- **Unemployment rate:** 5% in September 2016
- **Population:** 1,266,883,598 (July 2016 est.)
- **Area total:** 3,287,263km<sup>2</sup>
- **Coastline:** 7,517km

Faced with giving the 1.2 billion citizens of the world's most populous democracy something to do, India's government is looking at all avenues of wealth creation. One of the most promising initiatives is called 'Make in India', (possibly sounding better as 'Make it in India') and is already opening the country to greater inward investment by foreign OEMs.

Prime Minister Narendra Modi launched the 'Make in India' initiative in September 2014 with the aim to transform the country into a global design and manufacturing hub. The move was also a timely response to the changes in the global economy. The official website explains: "By 2013, the much-hyped 'emerging markets' bubble had burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRIC nations had faded, and India was tagged as one of the so-called 'Fragile Five'. Global investors debated whether the world's largest democracy had become a risk, or an opportunity. India was on the brink of severe economic failure – was it too big to succeed, or too big to fail?"

Galvanized into action, the newly-elected government set about stripping away much of the red tape and multi-layered officialdom involved in attracting foreign investment. In addition to clearing a pathway to a skilled and inexpensive workforce, the



▲ Mumbai-based West Coast Marine is a one-stop-shop in the yachting sector

government also provided some enticing incentives. According to the website statement, 'Make in India' represents a comprehensive and unprecedented overhaul of out-dated processes and policies. Most importantly, it shows a change of the government's mindset and a shift from being an issuing authority to more of a business partner.

### MULTIFLEX'S MODEL

A good example of how India is rivaling China as the 'go to' country for manufacture is the highly successful company Multiflex which is headquartered in Nagpur, in the western province of Maharashtra. The company is owned by local entrepreneur Atul Gupta, and manufactures a wide range of products for both the marine and automotive sectors. Its marine portfolio includes mechanical and hydraulic steering systems, engine control cables and trailer rollers in both rubber and PU.

"We entered the marine industry 10 years ago, when the market was dominated by giants such as Teleflex and Ultraflex," Gupta says. "They had been in business for over 75 years, and no one could match their quality and product range. We were told we would be gone as a competitor in less than a year, but now, a decade later, we serve six continents with 100 distributors in more than 50 countries, and a host of boatbuilders worldwide use Multiflex for OEM" ➔



▲ India's Multiflex owner Atul Gupta

fitment,” he explains.

In addition to the recent government initiative Gupta firmly believes that India has much to offer as a manufacturer for three main reasons: Common language, pricing structure and a skilled workforce.

The common language is a legacy of 190 years of British dominance that started with the East India Company in 1757. The language remained after independence in 1947, although the British never managed to force the population to adopt the pound, despite making vaults of coinage available.

The Rupee, based on the silver ‘rupiya’ coin from the 16th Century remains the national currency todate and in September 2016 was equal to around 1.5 US cents, or 1.1 British pence.

### BUSINESS TALK

“Thanks to the British Empire, English is our common language, and it’s also the global language for business,” Gupta says. “Not many people outside China can understand the Chinese language, especially it’s complex lettering, but English is widely used throughout the world. This makes the passing of orders, designs and instructions between all the parties involved, from clients to the shop floor, so much easier.”

Gupta also points to the high standard of education and training amongst India’s engineers and draftsmen as an advantage. “These professionals are very technically minded and keen to build a product that meets all its design criteria, rather than just down to a price, which is what happens in some other countries,” He says, adding that “the Chinese, for example, are very good at copying a design, and then making it as cheaply as possible, which can lead to quality issues. Indian engineers, however, will discuss design requirements first, and then talk about the price afterwards. They will also originate and refine a design, making it as efficient as possible, rather than just produce a straight copy. Combine this technical expertise with a well-established manufacturing infrastructure, and the result is a high quality product, fit for purpose, but still at a very competitive price,” he explains.

The pricing structure, which Gupta says delivers a premium product for around 25% less than its EU/US equivalent, comes from the lower costs of living within the Indian subcontinent, particularly when compared with other industrial nations. This was a premise it shared with China until the latter began to see steeply rising costs within its workforce.

“A qualified Indian engineer with between 3-5 years experience can expect to earn around US\$800 (€710) a month,” Gupta says. “An assembly worker on the factory floor earns around US\$200 (€177) a month, which is the minimum specified by the government.”

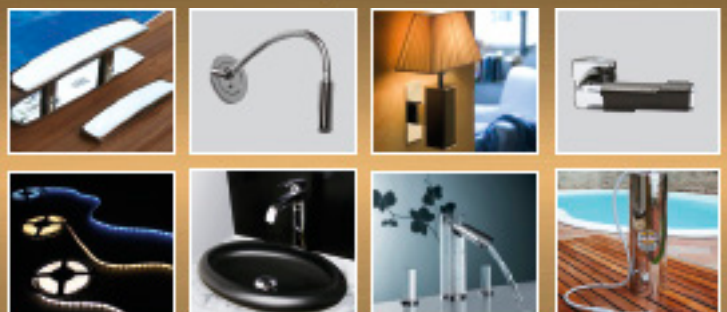
As with all manufacturers, highly skilled or talented workers can be attracted with higher ➔

“English language, pricing and a skilled workforce are key to lure international brands to manufacture in India”



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▲ Multiflex produces mechanical and hydraulic steering systems, engine control cables and trailer rollers in both rubber and PU

salaries, although this is still a fraction of what a US worker could expect.

The Multiflex product range is now used by a wide number of well-known brands such as Caterpillar and Volvo and also by Seafire in the US, which commissioned cables that could withstand the melting effect of a major fire and so avoid jamming.

Gupta believes that India is able to offer smaller marine suppliers a hub for full-scale production at a competitive cost. This is especially attractive to companies who do not have the resources to commission their own design engineers or manufacturing plants in the West. The 'Make In India' initiative also helps overseas companies find the right business partner within India for that purpose.

"Working with an Indian company is very straightforward," says Tony Robertshaw, managing director at IMDS. His company acts as a manufacturer's representative, and is currently responsible for placing 12 major brands into Europe, Russia and Turkey through its UK headquarters and offices in the Netherlands.

"We have been matching products with the right distributors for the last 18 years," says Robertshaw. "When sourcing Chinese-made products, there can be issues with economies of scale, with manufacturers only interested in filling a 20ft or 40ft container as a minimum. But an Indian company will happily produce items just by the pallet.

"The paperwork is also much easier, and there is no need to install translators or on-site quality control managers. A recent bonus is that shipping costs have fallen by as much as 25% during the last two years,

and may even fall further."

The Multiflex 'Assembler Programme,' which allows distributors to assemble their own cables to the same standards, has been helpful. "It is very difficult for a distributor to carry every length of cable they may be asked for," Gupta explains. "So we enable our distributors to make their own to any length from our components and still with our own no quibble guarantee. We have already commissioned assemblers in Malaysia and Poland and by March of 2017 will have more in Croatia, South Africa and Australia."

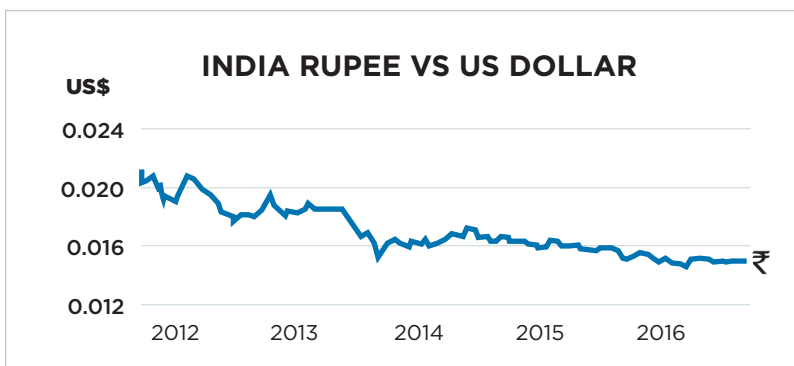
Reinforcing its global reach, Multiflex will be exhibiting at METS for the 8th time this year, and will also have a stand at the forthcoming shows in China, Dubai and Sydney. The company was also at IBEX to make further inroads into the US.

### BOATING MARKET

Whilst India is at great pains to encourage inward investment for manufacturing, its government has also seen potential for its own domestic marine industry. India has 7,517km (4,671 miles) of coastline much of it dramatically beautiful, and not a single marina to its name. But that is all set to change with two marinas in Goa due to come on stream by 2018. At the same time, the development of the smaller ports and harbours to provide quayside amenities for leisure use is being actively encouraged. There is also a national programme to link the various rivers together into a national network.

Helping to drive the embryonic Indian marine industry forward is Aashim Mongia, the CEO of Mumbai-based West Coast Marine Yacht Services PVT Ltd. The company sells new boats from international brands such as Gulf Craft, Viking, and Grand Soleil, to name but a few, and India-built boats such as Sea Horse, Hunky Dory and Go Dolphin. There is also a charter arm, plus a service centre and chandlery that stocks many global brands, such as Awlgrip, Dometic, Yamaha, Suzuki and Mastervolt. Marina development is another key business objective.

Mongia is very optimistic about the changes he is seeing, as the government begins to realise it is sitting on a revenue gold mine. "At the moment, the Indian market is very small, but its potential is immense," he told *IBI*. "We had been urging the previous



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▲ **Aashim Mongia,**  
CEO of West Coast  
Marine, based in  
Mumbai

government to make India into a boating destination for years, but they didn't deliver. But now things are happening."

As it has been reported by *IBI*, the two new marinas in Goa have been sanctioned, and are both awaiting environmental clearance, expected in the next six months.

Mongia thinks the first ground will be broken six months after that. Meanwhile, there are also plans to rejuvenate the neglected Prince's and Victoria Dock in Mumbai Port with a 600-berth marina, with talk of another marina eight miles down the coast to follow. Currently, the only berthing available is made of 300 swinging moorings in Mumbai's harbour, and hard standing ashore.

### BOATING LIFESTYLE

Mongia knows from experience that the Indian people are hungry for a boating experience, but just need the infrastructure to support it.

"When part of the quayside at Mandwa was developed for commercial and leisure boating, it was attracting 2,000 people a day. With further improvements, this has risen to 5,000 people a day. When we opened a waterside restaurant that could be reached by charter boat, we expected to sell 20-40 covers per sitting. In fact, we sold 200 covers per sitting instead, with customers making an 8-mile boat trip across the river to reach the venue. We were fully booked from January to June," he explains.

Mongia is convinced that once India can embrace the leisure industry and supports it properly, the people will seize the opportunity to get afloat. News of any new venture is rapidly shared via social media, with reviews of Mongia's new restaurant rapidly going viral. The young, middle class professionals are always looking for new experiences to talk about.

"Once the marinas are established, they will become the venues for boat shows," Mongia says. "This in turn will fuel the domestic market for boat sales, which will then lead to the creation of more marinas. At the moment, the government is taking

baby steps, but I can see that in the next two or three years, once we have more infrastructure, the industry will take off, and India will quickly become a boating destination in its own right."

Gupta agrees, but also sees the potential of the commercial sector. "India has a fleet of some 150,000 large fishing boats, between 55ft-70ft, and these are in a constant process of being upgraded," he says. "These fishing and commercial fleet are a major market for us, and the proposed government initiative of opening up the large rivers as an inland waterway network will also create many more business opportunities."

The expansion of ports and quayside infrastructure is also a major part of the 'Make In India' initiative, with tourism seen as a strong revenue stream for the country. Last year there were just over eight million tourist arrivals in India, generating a total of US\$21bn of revenue, both directly and indirectly.

The government has realised that for every US\$1 million invested in tourist-related activities, 78 jobs will be created. This, of course, includes the marine industry. Mumbai Port is already installing a world-class cruise ship terminal, which will probably be the first of many throughout India.

### POSITIVE OUTLOOK

The 'Make In India' initiative is set to run for some time, and the websites closing statement seems to sum up the positive attitude of the new government.

"Today, India's credibility is stronger than ever," it says. "There is visible momentum, energy and optimism. 'Make in India' is opening investment doors. Multiple enterprises are adopting its mantra. The world's largest democracy is well on its way to becoming the world's most powerful economy."

And if that provides opportunities for the domestic marine industry, helped by a long, all-weather coastline and the huge potential from the inland waterways, that can only be good news all round. **IBI**

“The Indian people are hungry for a boating experience, but just need the infrastructure to support it”

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