

# India's remarkable economic resilience set to continue

For the past three years the dark clouds of economic sluggishness have loomed large over most parts of the globe.

Growth in China has slowed sharply and its reduced appetite for resources has had a chilling impact on several economies, especially across ASEAN.

Instead of providing an alternative zone of industrial activity, Europe has stumbled from one misstep after another and has provided a grouping of economic stragglers in Portugal-Ireland-Italy-Greece-Spain (PIIGS) that is in stark contrast to the Brazil-Russia-India-China-South Africa (BRICS) grouping of pace setters.

But even within the BRICS grouping India has been the standout with Russia, South Africa and Brazil, in particular, experiencing sharp contractions.

The US economy is yet to fully absorb and recover from the double body blows of very costly overseas militaristic misadventures (costing upward of US\$4 trillion) and the debilitating Wall Street induced crisis of 2007-2008 from which the global financial system still suffers.

External economic headwinds and overdependence on commodity exports and West Java for domestic consumption has also bogged down the Indonesian economy to the 5 percent level.

Uncertainty, sluggishness and volatility are likely to characterize 2017, especially given the nationalistic and antiglobal trade posturing of the new Trump administration, post-Brexit withdrawal of UK from Europe and the specter of unsettling violence affecting many countries from Pakistan to Turkey.

It is in this context that India's economic resilience is remarkable. The \$2.2 trillion economy has averaged around 7 percent growth since initiating the first phase of groundbreaking economic reforms in 1991.

This growth has been achieved within a democratic context and across a range of governments – left leaning, right leaning and fragile centrist coalitions. It has been achieved despite the challenges of achieving consensus in a complex federal structure with its constant regional pulls and pressures. And most importantly it has been achieved with an unblemished record as India has not needed any International Monetary Fund or multilateral agency bailouts. Nor has it allowed its deficits to become unsustainable.

In the past three years India's growth has outpaced China and although growth will likely fall below 7 percent in 2017 due to adverse impacts of demonetization on the critical rural economy, it is expected to quickly rebound as four positive developments play out.

First, demonetization has given the government a good opportunity to widen the income tax base and prosecute persistent tax evaders.

Raids on hoarders, tightening of controls on cooperative banks that are often controlled by politicians and notices to depositors of large sums of cash are a good start. However, these must be followed through with urgent anticorruption reforms related to election funding, extradition of defaulters and setting up of a *lokpal* (ombudsman).

Second, the withdrawal of 85 percent of currency in terms of value on Nov. 8, 2016 has proved to be a major fillip for the process of digitalization and e-commerce.

With 1 billion mobile phone users and 460 million internet users, the country offers huge upside for digitalization and cashless trade.

One major achievement of the current government of Prime Minister Narendra Modi has been the opening of 220 million new bank accounts under the financial inclusion initiative called *Jan Dhan Yojana* that has created an accessible platform for selling of services, social mobility schemes and subsidy transfers.

The digital economy focus must be continued as e-connectivity linked development initiatives for the vast 700 million population in rural India is vital for



Courtesy of Indonesia WISE

**Amol Titus**

addressing the pressing issue of income inequality.

Digitalization will also provide the \$600 billion strong retail sector and \$150 billion strong IT sector with new avenues of growth.

Third, infrastructure development, which been patchy and suffering from fits and starts in the past, is demonstrating signs of consistent improvement.

Work on the \$49 billion dedicated rail freight corridors program has accelerated and these will boost connectivity and logistics support.

From the manufacturing of latest passenger cars to the upgrading of neglected stations, from overhauling of obsolete tracks and signaling systems to world-class bullet trains the Indian Railways is leading the transformation process. By the time Jakarta's fledgling metro opens in 2018, Delhi Metro would have commenced its fourth phase of operations.

The metro revolution sparked by New Delhi is now visible across many cities from Lucknow in the north to Kochi in the south. New highway construction that touched 6,029 kilometers in 2016 and is touching all corners of the country is another sign of scaled up infrastructure that augurs well for economic growth.

Fourth, India's youthful demographics (50 percent of the population is below the age of 25) and rising middle class (300 million) offer an irresistible magnet for domestic and foreign companies and investors.

Improvements in education, emphasis on vocational skills that help the self-employed, progress made by women in all spheres of professional activity and rising trends in consumerism provide the social backdrop in which growth is taking place.

Furthermore, there is a large lower-middle class but economically vulnerable segment of around 300 million that can within a decade transition into the middle class if tangible results can be achieved in what I term "four short term policy tests" – increase in minimum wages, banking support for micro and small and medium enterprises, access to low-cost housing and effective integration of farmers into domestic and export supply chains with fair pricing mechanisms.

The Indian private sector has also played an important role in the country's economic resilience. It has grown and attained high standards of excellence in competitive industries often despite obstacles created by a self-serving political and bureaucratic class.

With comfortable foreign exchange reserves (\$360 billion), well controlled external debt to gross domestic product (GDP) ratio (24 percent), large inflows of foreign direct investment (\$60 billion), remittances from non-resident Indians (\$65 billion) and a robust stock market (market cap of \$1.5 trillion) the foundations of the economy are strong.

The economy is also transitioning beyond mega metro zones to what I term as the "10 growth powerhouses by 2025" – Pune, Ahmedabad, Jaipur (in the west), Chandigarh (north), Bhubaneshwar, Guwahati (east), Kochi, Coimbatore, Amravati (south) and Indore in Central India.

Resilience is a positive virtue worthy of recognition and commendation. On the shoulders of its resilient citizens the Indian economy is continuing to demonstrate this trait and it augurs well for a despondent world sorely seeking bright spots.

*The author is president director of the strategic advisory firm Indonesia WISE and an award winning writer and educationist.*

## INDIAN COMMUNITY

# TEMA India explores opportunities in Indonesia

TEMA India is engaged in the design, engineering and manufacture of shell and tube heat exchangers. Beginning in 1984 with revenue of US\$100,000, the company has grown to be one of the largest manufacturers of shell and tube heat exchangers in India with three manufacturing bases close to its headquarters in Mumbai. Export orders contribute to nearly half its turnover.

TEMA specializes in critical equipment such as screw plug (breach lock) exchangers, helical baffle exchangers, rod baffle exchangers, feed water heaters, surface condensers and waste heat boilers.

With each passing year the company has moved up the value chain, in terms of both, metallurgy and criticality of exchangers. It caters to industries in the oil, gas, petrochemicals, specialty chemicals, fertilizer, nuclear and power sectors.

The Jakarta Post spoke to its principal founder and managing director, Hareesh Sippy, about the company's plans for Indonesia.

**Question:** What brings you to Indonesia?

**Answer:** Indonesia offers great market potential in the areas of new refinery, refinery revamping, power sector, fibre plants, gas processing plants and fertilizer plants in addition to other medium to large industry segments. TEMA India has a portfolio of products such as LP/HP feedwater heaters and surface condensers for the power segment and our patented Screw Plug (Breach Lock) heat exchangers for the oil and gas industry.

We already have a presence here with a representative office in Jakarta. We are in talks with the country's largest



Courtesy of TEMA India

refiner. Three of their six refineries use high-pressure screw plug heat exchangers. There is also an opportunity in the replacement market and in the areas of retrofit and refurbishment. TEMA's qualification process with the largest fertilizer companies in Indonesia is also in progress.

**How can TEMA India's know-how help the oil and energy sector in Indonesia?**

With over 40 years of experience, we have perfected the technology of heat exchangers. A major refinery has already announced its refinery development master plan to improve the quality of fuel and enhance the capacity and competitiveness of refineries in Indonesia.

This endeavour to achieve cleaner fuels will require significant upgrades and capacity additions, necessitating the deployment of screw plug (breach lock) exchangers critical to the process.

TEMA India has been successfully manufacturing its patented added steel ring screw plug exchangers for the most demanding high pressure, high temperature, corrosive and hazardous service applications within hydrocracker, hydrotreater and desulphurisation units of a refinery.

We have designed, manufactured and supplied over 170 of these patented exchangers to refineries the world over. These include KNPC, Ultramar (Valero), CITGO, IOCL, BPCL,

HPCL, CPCL, BORL and HMEL.

Our designs have been accepted at the highest global platform, with the American Society of Mechanical Engineers (ASME) taking the copyright of the technical paper "An Improved Design of Threaded Closures for Screw Plug (Breach Lock) Heat Exchangers", authored and presented by me at the 50th ASME Pressure Vessels and Piping Conference in Vancouver, Canada in July 2016.

Our unique added steel shrink fit ring and Kamprofile gasket technology with screw plug enclosure helps reduce fabrication cost, offers high standards of safety and efficiency that enables quick and effortless in-service maintenance.

**Do you plan to team up with a local player to explore opportunities in this country?**

In emerging markets such as Indonesia or India, local content will always be of importance to maintain a robust manufacturing sector. We fully appreciate that and remain open to opportunities. We believe that a partnership of this nature will evolve a couple of years down the line, depending on the support we get from the Indonesian market.

However, our immediate objective is to cater to the niche market for specialised exchangers for high pressure, high temperature, corrosive and hazardous applications that do not currently feature in the manufacturing portfolio of local fabrication companies.

**How does industry here benefit from doing business with an Indian company such as yours?**

Both being growing Asian economies, there is much in

common by way of cultural overlap and the desire to speed up economic activity in our respective countries. We have the technology developed and perfected in an environment similar to yours.

This makes it better suited to the conditions here than equipment being made in other parts of the world. Besides, our emphasis on customer support ensures that our relationship doesn't end at delivery but continues for the life of the equipment we sell. We own every equipment we sell. This commitment is unique to TEMA.

Our screw plug heat exchanger can be overhauled in seven days as compared to conventional types of heat exchangers that take at least 21 days. This in itself translates to a considerable saving for the plant. And last, but not the least, our pricing is extremely competitive. It has helped us do business successfully in over 20 countries across six continents.

In fact, TEMA's presence in Indonesia reduces the reliance on North American and European fabricators who are very far and highly priced. TEMA can offer help at a much lower daily charge as compared to companies that already have a presence in Indonesia.

*Given the changing global socio-political scenario of 2016, how has TEMA fared in recent times?*

We are living in interesting times. We thrive on challenges and are equipped to handle them. Our strength comes from technological superiority and quality.

Following up on the paper presented to ASME last year, we have submitted another paper to ASME, which is Hi-Hi Shell High Screw Plug Heat Exchanger Euro VI standard-worthy and approved for presentation in the ASME PVP 2017.

## Constant innovations lead to growth for Godrej Indonesia

*Godrej Indonesia produces products that households need.*

**G**odrej Indonesia, the local subsidiary of the Indian consumer goods conglomerate Godrej Consumer Products Ltd. (GCPL), is enjoying constant growth thanks partly to its innovation-driven work culture.

"We aim for a diverse team. We believe in diversity of thought, nationality and gender," said Naveen Gupta, president director of Godrej Indonesia, a leading household and personal care company.

"Our success has been dependent upon our people. Diverse people give diverse ideas, diverse ideas lead to innovation. Innovation leads to growth," he said.

He went on to say that individuals with diverse interests and passions make for more rounded leaders. "We support the multiple roles that each person plays in their life and we challenge them to keep growing," he noted.

"We are very proud of our over 5,000 team members and our focus is to make Godrej Indonesia a truly inspiring place to work," he said.

Naveen said the company's new collaborative workspace, designed in line with the Godrej philosophy of "Brighter Living," was a step toward this vision.

"We promise Godrejites a culture of ownership and innovation. We take serious bets on them and differentiate based on performance," he said.

The 115-year-old Godrej Group "is fortunate to have a proud legacy built on the strong values of trust, integrity and respect for others," Naveen noted.

Godrej Consumer Products started its business presence in Indonesia in 2010 when it acquired local household product company PT Megasari Makmur Group. Since then, its personal care products have become market leaders in their respective



categories as the company constantly innovates and looks for new and exciting ways to delight its consumers, which has proven to be highly successful.

One of its flagship brands is Hit, the insecticide product. Apart from modern formats of liquid vaporizers, aerosols and mats, the company has also introduced Hit Magic, a little sheet of paper that you can burn to get rid of mosquitoes instantly.

Stella air fresheners, Mitu wet tissues and baby care and Nyu hair coloring are the company's other flagship brands.

Nyu is specially produced for those who want to enhance the look of their hair without worrying about dullness and damage. "Nyu is specifically designed for the Indonesian career woman, who juggles her family and friends, but still wants to be herself. Our ammonia-free, odorless formula ensures your hair is damage-free," the company says.

Meanwhile, the company's brand portfolios and favorites include Procin, a product with a winning formula that not only makes your clothes white and bright, but also kills germs; Biosol, an environmentally friendly floor cleaning solution; and Cap Gajah, a non-toxic glue to effectively trap rats, mice and other household pests.

The continued growth has led to Godrej Indonesia investing in facilities in Indonesia. "We have invested nearly US\$100 million in building new state-of-the-art facilities in Indonesia. Recently, we set up a new 30,000 square meter factory in Gunung Putri with an investment of Rp 1.3 trillion to produce our Hit and Mitu ranges," he said, adding that with the additional

factory in Gunung Putri, the company currently had five plants.

Over 85 percent of consumers are women, according to Naveen. "So having women in key decision-making roles is a requirement for understanding and a prerequisite for success," he said.

"We enable women at Godrej Indonesia to become leaders and change-makers in all aspects of their lives," he pointed out.

"At Godrej Indonesia, opportunities will be ample, challenges will be welcomed and we will push you to succeed. We don't just offer jobs, we offer careers," Naveen said.

Godrej Group was established by Ardeshir Godrej, a lawyer-turned-serial entrepreneur, in 1897. The more than 100-year-old Godrej Group enjoys the patronage of 1.1 billion consumers globally, across different businesses.

"In line with our three-by-three approach to international expansion at Godrej Consumer Products, we are building a presence in three emerging markets, namely Asia, Africa, Latin America, across three categories, namely home care, personal care and hair care," the Godrej Group says on its website.

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