

BCG

THE BOSTON CONSULTING GROUP



Confederation of Indian Industry



CII 12TH MANUFACTURING SUMMIT 2013

CII-BCG MANUFACTURING LEADERSHIP SURVEY 2013

ADDENDUM TO THE BACKGROUND NOTE

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 78 offices in 43 countries. For more information, please visit bcg.com.



The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded over 118 years ago, India's premier business association has over 7100 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 enterprises from around 257 national and regional sectoral industry bodies.

With 63 offices, including 10 Centres of Excellence, in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 224 counterpart organizations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

Note to the readers

The CII-BCG Manufacturing Leadership Survey 2013 was launched to gauge the pulse of industry leaders on the current scenario and future prospects for Indian manufacturing sector. The survey was hosted online and sent through email to the top management of CII member companies in the manufacturing sector.

The survey results, compiled from 75 responses, have been selectively incorporated in the background note for the summit. We would like to thank all the respondents to the survey for their valuable inputs.

The following pages contain summarised responses for select questions in the survey. The results have been compiled from survey responses received and do not necessarily reflect BCG's view on the subject.

Agenda

Current performance

Key trends and challenges

Future outlook

Industry and government agenda

Agenda

Current performance

Key trends and challenges

Future outlook

Industry and government agenda

Indian manufacturing sector amidst a slowdown

What has been the average annual growth in India in the major sector of operation of your company?



Note: Weighted average of sector growth, based on percentage survey responses. Averages considered as 1% for the <2% range, 12% for >10% range and average between range ends for the remaining.

Slowdown adversely impacting Indian manufacturing companies

What has been the average annual growth in turnover for your company's India operations in the recent past?



Note: Weighted average of sales growth, based on percentage survey responses. Averages considered as 1% for the <2% range, 12% for >10% range and average between range ends for the remaining.

Agenda

Current performance

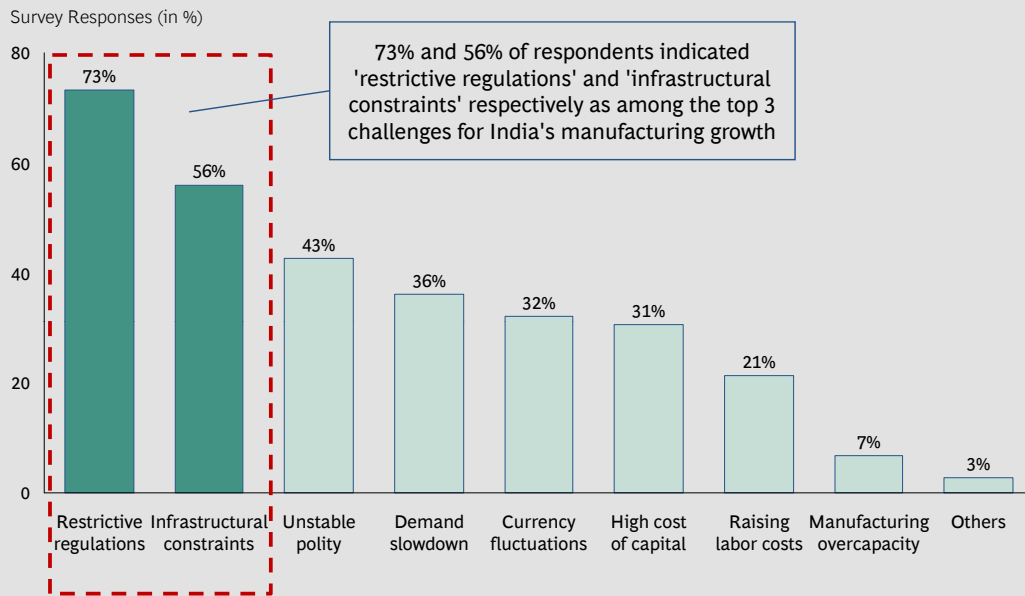
Key trends and challenges

Future outlook

Industry and government agenda

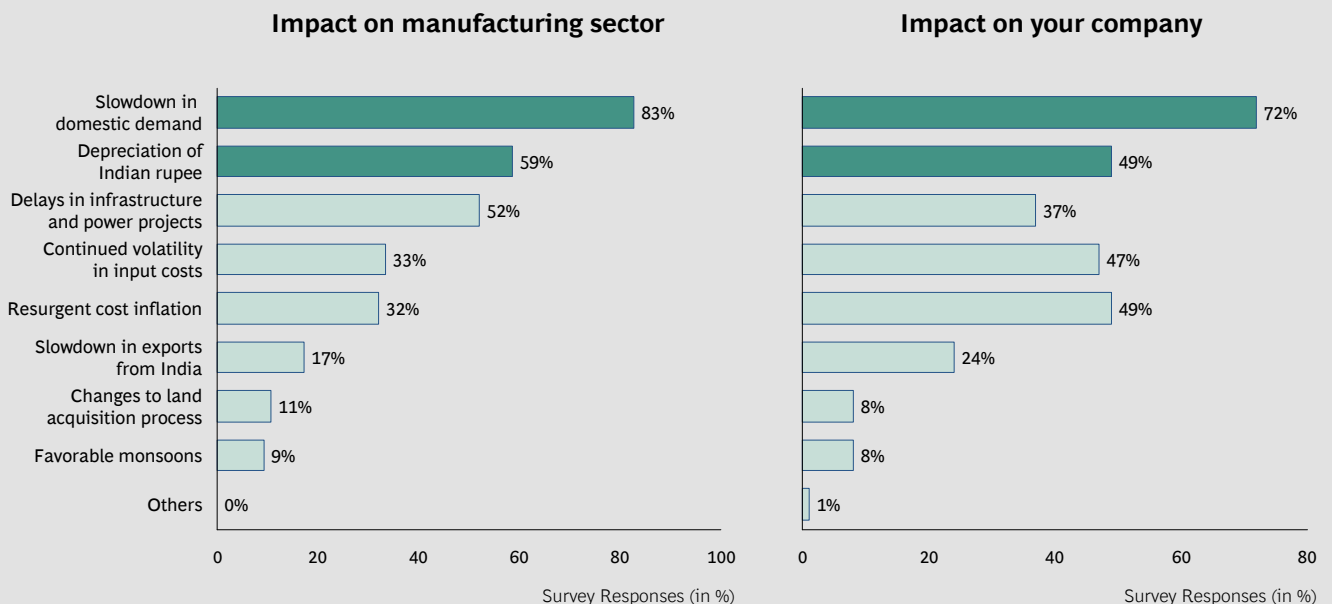
Regulatory burden and poor infrastructure stand out as the biggest impediments to manufacturing growth

What do you foresee as the biggest challenges for manufacturing growth in India over the next 5 years (top 3)?



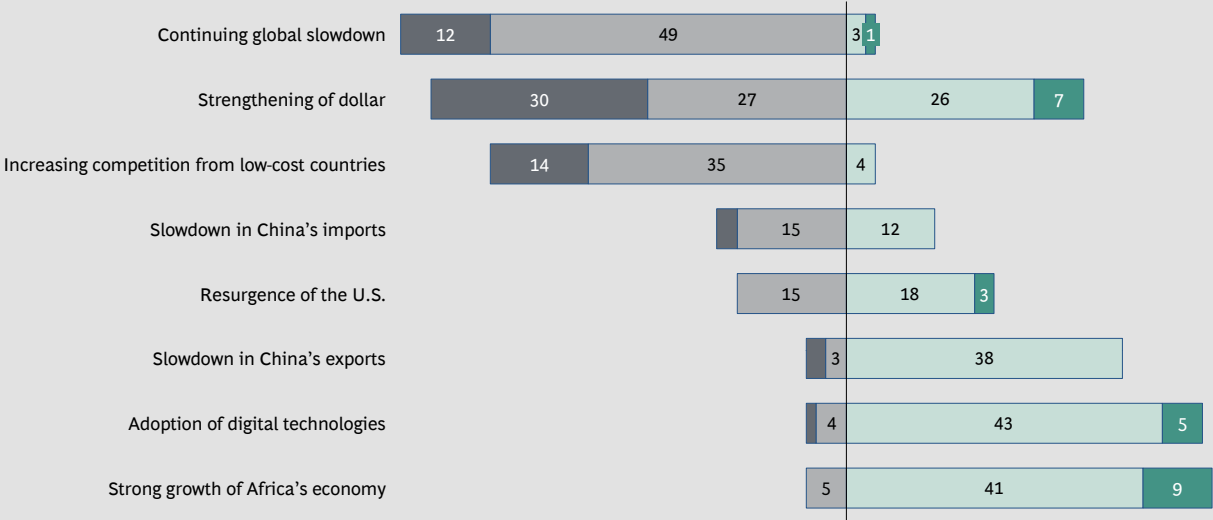
Slowdown in domestic demand and weakening rupee have had most impact on manufacturing sector and companies

What have been the key factors during the last 12 months that had the most impact on your company and the Indian manufacturing sector (top 3)?



Rise of Africa and newer technologies providing hope amidst global slowdown

What has been the impact of the following global trends on your company?



Survey Responses (in %)

Highly unfavorable
 Somewhat unfavorable
 Somewhat Favorable
 Highly Favorable

Agenda

Current performance

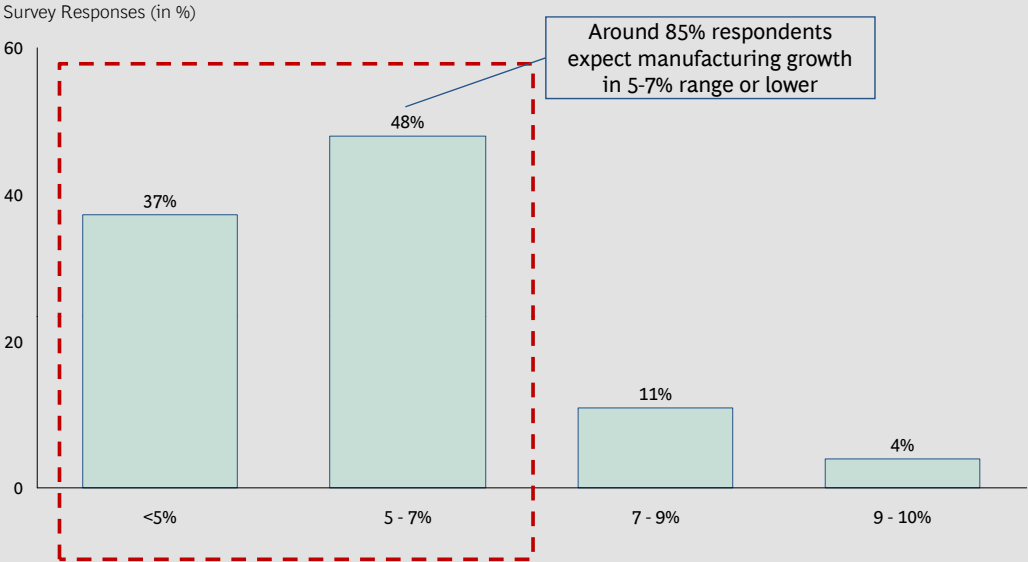
Key trends and challenges

Future outlook

Industry and government agenda

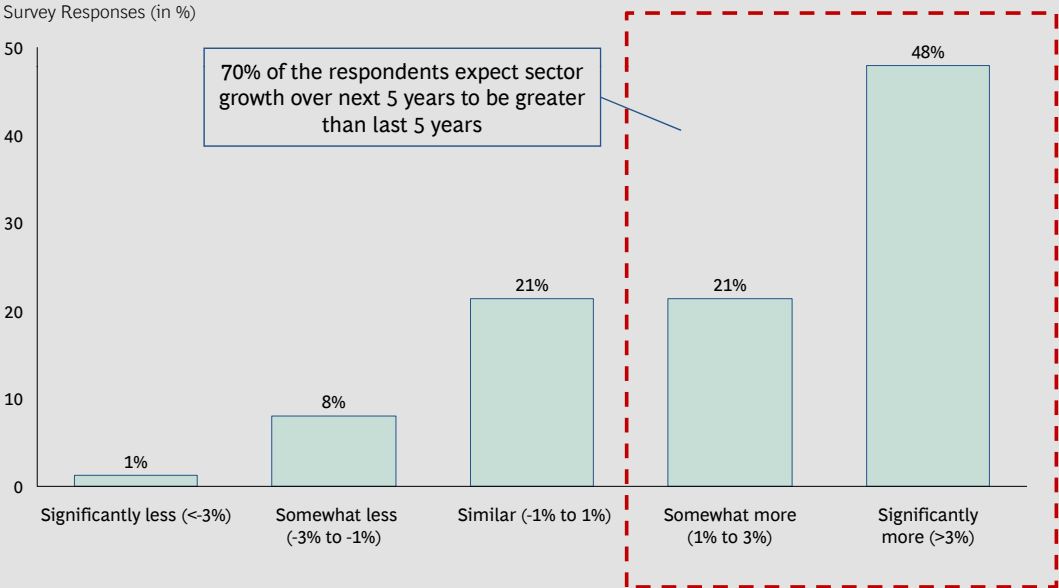
If current external conditions were to continue, India Inc. expects that the manufacturing sector will exhibit growth <7%

With no dramatic changes in external environment, how do you see the manufacturing sector growth in India over the next 5 years?



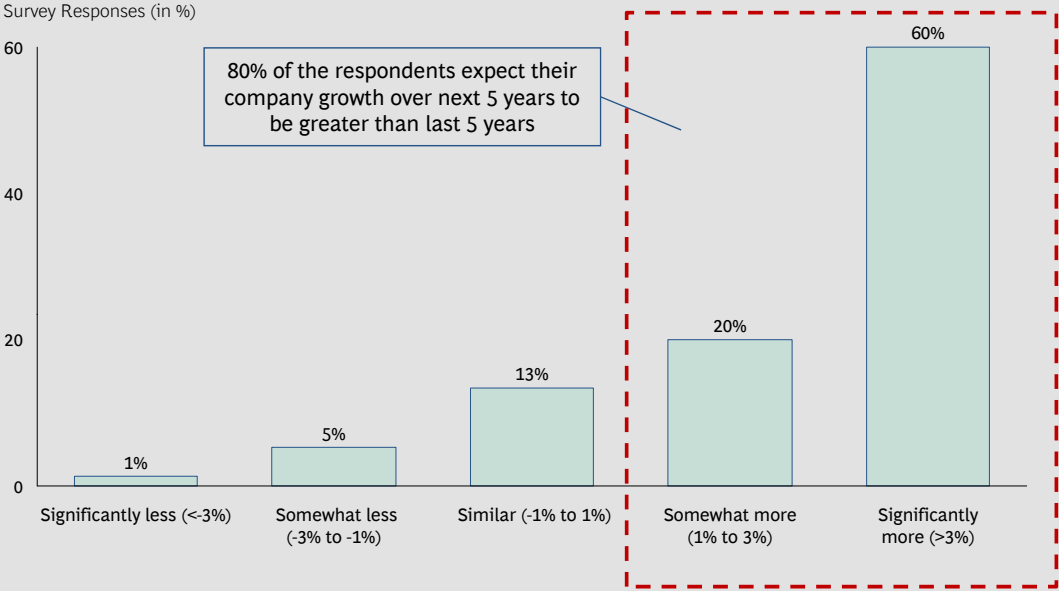
However, manufacturers confident of better times ahead

How do you see the growth in your sector over the next 5 years compared to last 5 years?



Manufacturers expect to grow faster in the next 5 years as compared to last 5 years

How do you see the growth in your company over the next 5 years compared to last 5 years?



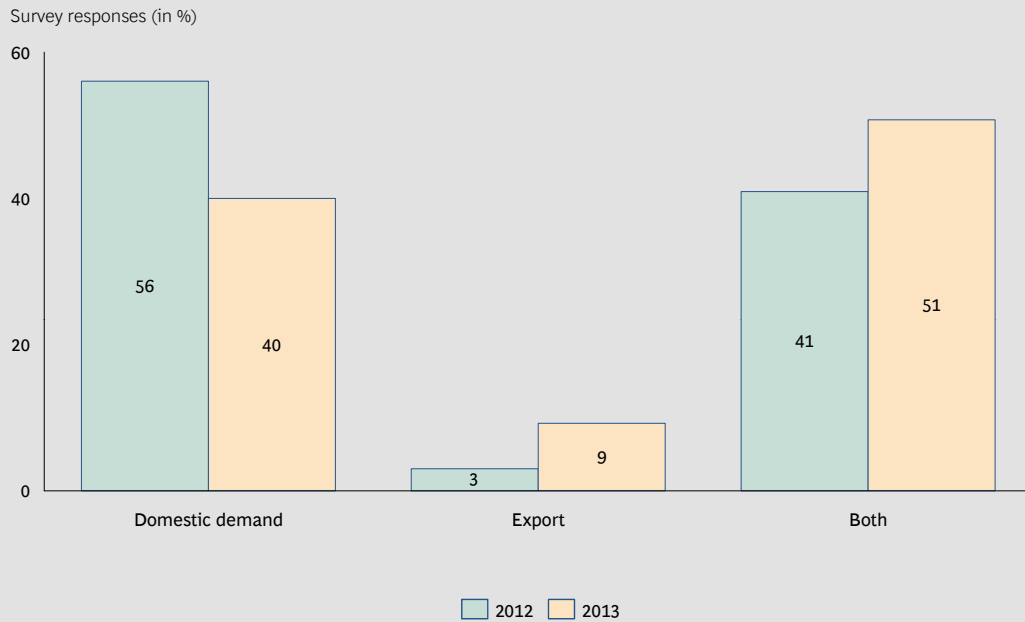
India Inc. marginally more optimistic about rebound in manufacturing growth

How confident are you now about the rebound in India's manufacturing growth in the next 2 years to pre FY 2010-11 averages, compared to 12 months ago?



Increasing priority for exports as demand driver

What would be the key demand-side driver for manufacturing growth in India for the next 5 years?



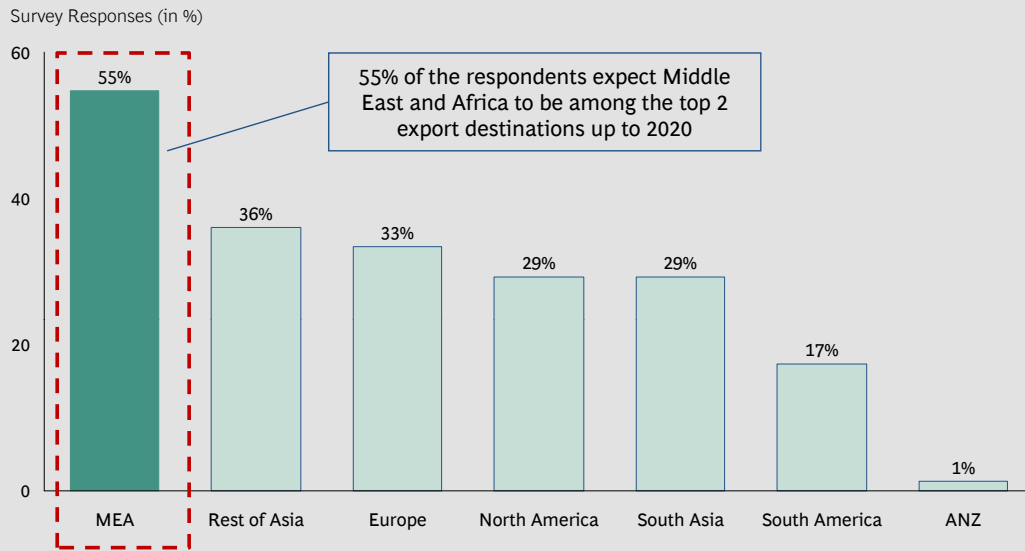
Rupee depreciation has improved competitiveness of Indian exports

Will the depreciated Indian currency fundamentally improve India's manufacturing export competitiveness in the long term?



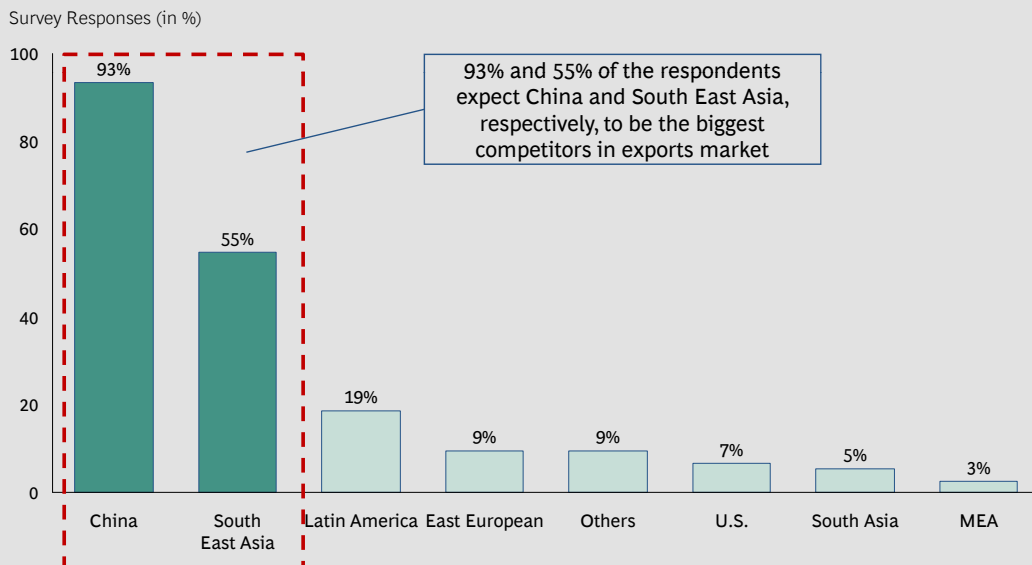
Middle East and Africa emerge as front line drivers for future manufacturing exports from India, ahead of the U.S. and EU

What are the key geographies to drive exports in, up to 2020 (top 2)?



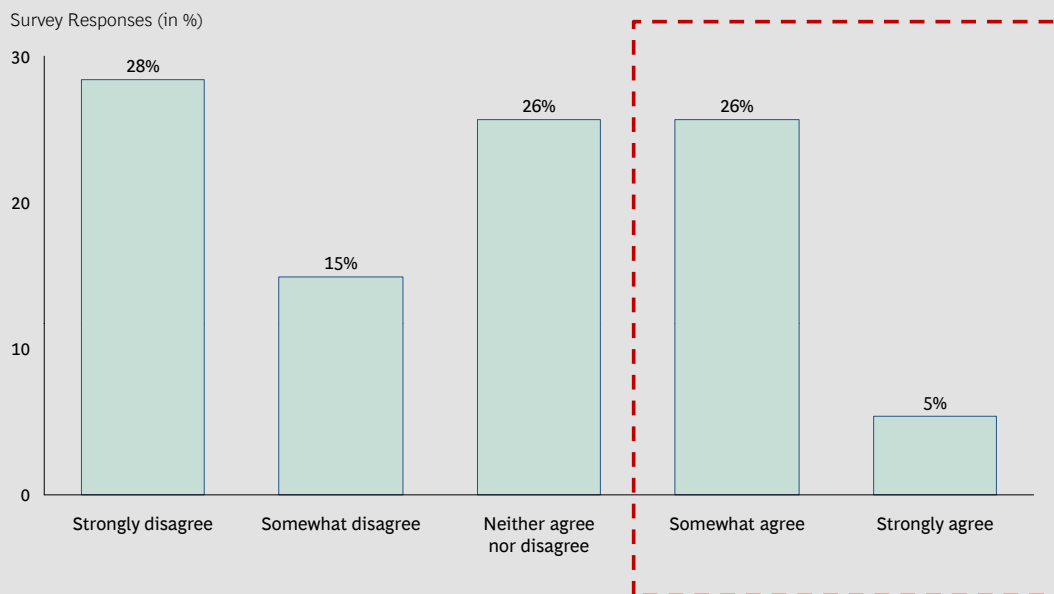
China and SE Asian countries expected to be the biggest competitors in global manufacturing exports

Which countries will be our biggest competitors in the exports market, over next 5 years (top 2)?



One third of companies expect their manufacturing footprint to shift outside India in the next 2-3 years

Do you see your company's manufacturing footprint shifting outside India to other countries in the next 2-3 years?



Agenda

Current performance

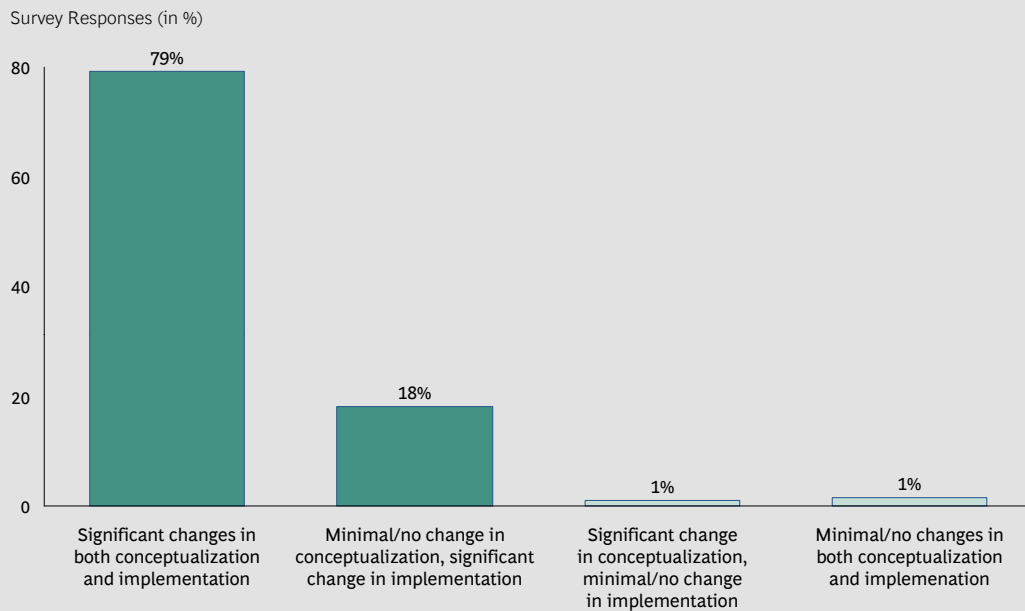
Key trends and challenges

Future outlook

Industry and government agenda

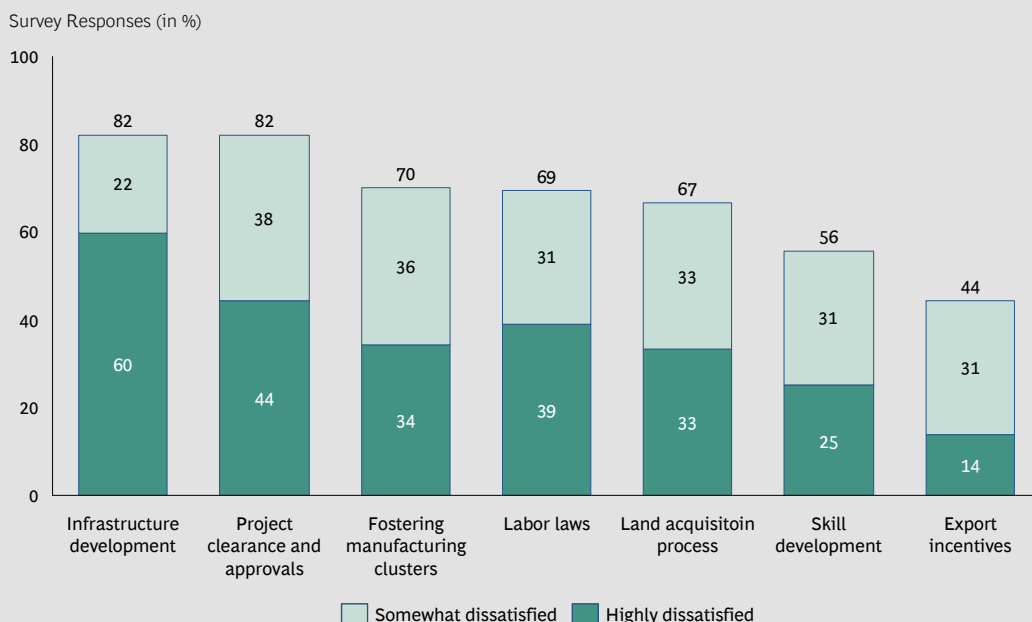
India Inc. expects significant changes in policy conceptualization and implementation to boost growth

What is the magnitude of change required in policy conceptualization and implementation to support manufacturing growth in India?



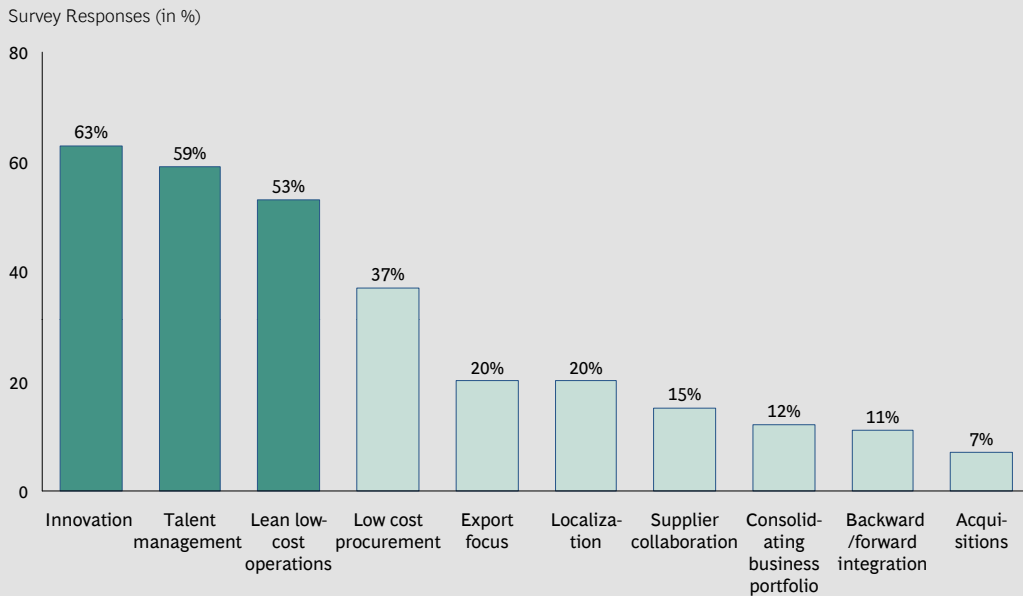
India Inc. largely dissatisfied with the role of government in the last 1-2 years

What is your level of satisfaction with the role of government during the last 1-2 years in the following areas?



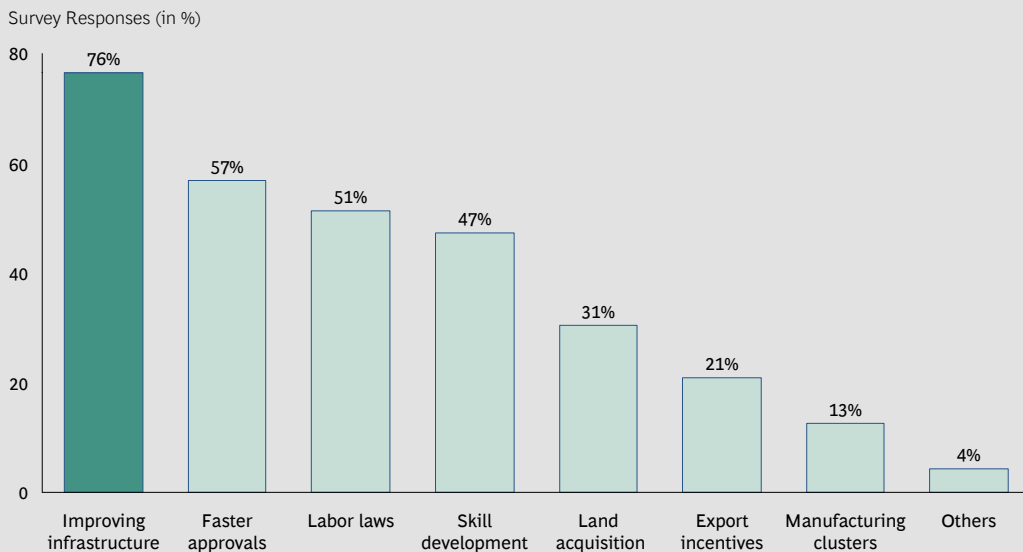
Innovation, talent management and lean operations viewed as the most important KSFs

What are the most important key success factors for an Indian manufacturing company towards manufacturing leadership (top 3)?



Improving infrastructure emerges as the strongest focus area for industry bodies

What are the most important factors that an industry body needs to focus on (top 3)?



© The Boston Consulting Group, Inc. 2013. All rights reserved.

For information or permission to reprint, please contact BCG at:

E-mail: bcg-info@bcg.com

Fax: +91 22 6749 7001, attention BCG/Permissions

Mail: BCG/Permissions

The Boston Consulting Group (India) Private Limited.

Nariman Bhavan

14th Floor

227, Nariman Point

Mumbai 400 021

India

For information or permission to reprint, please contact Confederation of Indian Industry at:

E-mail: ciiwr@cii.in Web: www.cii.in

Tel: +91 22 24931790

Fax: +91 22 24939463/ 24945831

Mail: Confederation of Indian Industry

Western Region

105, Kakad Chambers,

132, Dr Annie Besant Road,

Worli,

Mumbai – 400 018

To find the latest BCG content and register to receive e-alerts on this topic or others, please visit bcgperspectives.com.

Follow [bcg.perspectives](https://www.facebook.com/bcg.perspectives) on Facebook and Twitter.

BCG

THE BOSTON CONSULTING GROUP



Confederation of Indian Industry