

HOUSING CONSTRUCTION & INDUSTRIAL INFRASTRUCTURE IN EAST

-The Way Ahead

Ready to build tomorrow



THE Indian economy is not in the pink-est of health. And, let us not add to the clutter by being alarmist – the Cassandra who are now enjoying their “I told you so” moment, are already at it. Point is, in such times of a slump, when things (read the downward spiral) hit the bump, the antennas should be out picking up signals, as the only way out is up. It is the “darkest before the dawn” they say – the choice, of whether to bemoan the darkness or to look at it as the harbinger of light, however, is for you to make.

There are compelling arguments in favour of optimism. For one, a bounce-back is inevitable after the rock-bottom is hit. That's sheer nature. Secondly, following the basic tenets of economics, when the curve starts moving south, the only logical way to force it to change direction is for the Government to infuse funds – massive doses, especially in infrastructure. Such investments are aimed at unleashing their own multipliers and creating ripples, that over a period of time envelop the economy to pull it out from the morass and put it back on the growth path. The general sense of despondency is replaced by guarded cheer along the way, which adds to the process, often synergising the move up.

Times like these are also marked by the falling of the weak, the infirm and the inefficient. On the other end of the spectrum, those that had tightened their belts in time,

had bitten the bullet of hard times come out chastened but stronger. Naturally, the bounce-back is much faster than the descent, as the key players on the other side of the night, face the sun leaver, meaner and with appetites whetted for success.

Mind you, when the going gets tough, it is not because demand ebbs from the economy overnight. The demand remains constant but is unable to surface because of a plethora of socio-economic causes (let's keep politics out) which ensure that it cannot reach fruition. An example will suffice – the per capita consumption of steel in India is less than 70 kg, which is less than one third of the global average. At the current levels, on the ground, this anomaly will effectively be even more pronounced considering the realities. Now, even at 70 kg, India had potential to scale up things by at least three times to reach the average, which, considering the huge numbers involved, would give us a mindboggling figure. Just imagine the traffic signals changing and the economy, which had ground to a halt, pulling up. It will not only move forward but will also have a relatively uncongested stretch before

it, should it want to step on the accelerator. And that is the opportunity that we are talking about.

And this is precisely why things are optimistic to some. Following the natural laws of the boom-bust-boom cycles, they opine, the economy is in a stage where things are about to turn, for the better. They go on to predict that such a turn of direction will come about through the direct intervention of the Government, where it will seize the opportunity to address structural issues and pump in resources to trigger the multipliers, which in turn will lead to an overall improvement in the economic scenario. They also point out that for such an act to play out, the target area will be infrastructural development.

Now infrastructure is a term that is almost synonymous with construction and therefore the argument follows that any dollop of investment in the infrastructure segment will be a manna from heaven for the steel and the cement industries as the need for economic development will largely translate into higher construction activity.

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Our customers are an integral part of our success

Construction equipment manufacturers have played a significant role in the development of India's economy. Jaypee India Ltd, a premier construction equipment manufacturer since its inception (1982), has constantly upgraded its portfolio with diverse offerings, challenging projects and impressive clients. What does the future look like? **Kumar Mangalam Mehta**, Managing Director of Jaypee India, explains the same in a conversation with FE. Excerpts:

How does the future of the Indian economy look like from the core of the construction industry, where you reign? What underlying reasons make you so bullish about the future?

The construction industry is a major contributor to India's GDP, both directly & indirectly. It affects a number of associated industries such as cement, steel, technology, skill-enhancement, etc. Township housing & infrastructure will become major drivers for the construction sector in the immediate future. In most cases, the development of townships and their associated infrastructure happens in new corridors of our cities and the Government is extending a lot of support to develop untapped areas.

Apart from the Smart Cities project, the Government's 'Housing for All by 2022' will be a major gamechanger for the industry. Increased impetus to the creation of affordable housing, along with quicker approvals & other supportive policy changes, will soon result in an increase in construction activity. Likewise, the Atal Mission for Rejuvenation & Urban Transformation (AMRUT) will bring in increased activity in infrastructure and related sectors. We really believe better times lie ahead for India's construction sector.

What have been the major achievements of JAYPEE in the near past? Going forward, what are your plans for the near future?

We have been recognised by a couple of insti-



tutions for our Make in India initiative. I strongly believe in the same and plan to take it forward with utmost dedication.

We have also launched a new range of concrete batching plant which will be more efficient and cost effective for our customers. Going forward, our focus will be to increase our exports and keep up with good customer retention for which JAYPEE is known today.

As one of the premier entities to have reached for the skies from these parts of the world, what do you feel needs to be done to accelerate the industrial growth and socio-economic development of Eastern India?

First & foremost, road & rail connectivity needs

to be looked into and improved, especially in remote and backward regions of eastern India including North Eastern India. With seaports in Orissa and Bengal, eastern India can be a major trade centre for South & South East Asian regions. Eastern India is the hub of the Indian steel, coal, cement sectors, etc which offer immense opportunities for growth of the overall economy. Availability of skilled and adequate manpower needs to be looked into at the earliest and suitable steps taken. With adequate power supply assured and local availability of raw materials, this region has immense growth possibilities.

What specific steps are called for to create enhanced growth multipliers in the East? What concrete steps should the government take to ensure this?

The Government needs to increase investment in core sectors such as infrastructure, thereby leading to an increase in employment and disposable incomes in a big way and improving consumption patterns in the overall economy. More investment needs to be introduced in the education and health sectors; also private sector players should play a major part. Public private partnership is the need of the hour.

How sustainable is your business? What have been your CSR initiatives?

We have taken initiatives such as local community development programmes, health

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ation of space – space that will need to be painted. Naturally, the paint makers too have reason to cheer.

Much of the postulations, however, are pure surmise. Even if they were to play out exactly the way they are being predicted, their timing cannot be prophesied about with any reasonable amount of accuracy. Besides, if at all the good times come a-calling, all the players in any given segment will not find its reflection in the bottom-line as those that are weak or infirm or incapable of digesting the spread will certainly fall by the wayside. Here, the key point to be noted is that during the good times almost every entity does reasonably well, and it is difficult times like the present that really separate the men from the boys. It naturally follows that mostly those that emerge stronger

from this current ordeal will be the ones that will post the most spectacular gains when the fireworks begin.

Again, as is the common nature of such trend-reversals, even within given segments the dispersion is often wide enough to be remarkable in its effects.

However, even with our fingers crossed, there is no harm in keeping ourselves – our readers that is, informed. There is a good possibility that there will be an infusion (a sizeable one, say the optimists) into the infrastructure sector in the near future and it makes compelling snooping to seek out the segments where such infusion, if or when it comes, will be reflected with the biggest effects.

A. Aditya

Premier targets ₹1,000-crore turnover in 5 years



The tough get going when the going gets tough, they say. The adage suits the story of Premier, which has battled odds, taking the test by fire, only to come out stronger. In an exclusive, SK Choraria, CMD, Premier Bearing, talks to the Express group about the immediate past, exuding confidence over the company's future prospects. Excerpts:

With the iron & steel industry not exactly in the pink of health, what steps are you taking to ride out the bad times?

The impact of the difficulties of the Iron and Steel Industry has been felt very badly by us and quite a large amount of payment is stuck, with many major players of the industry going to NCLT. This sector has been facing difficulties for quite a while and we, on our part, have been supporting them with better prices, credit and closer technical support, so as to keep their operational costs in check. Being a pan-India entity, we are doing business in other sectors also and we had to scale up our activities in other sectors aggressively to achieve our growth targets.

How has been the performance of the company in the immediate past? What steps are being taken to streamline operations further?

We have been maintaining growth of 8-10% with the efforts of our dedicated team, despite the difficulties. We are trying to capitalise on every business opportunity that comes our way and are also scaling up operations and expanding in areas where our physical presence is lacking, so



S.K. Choraria & Santosh Choraria receiving the prestigious Times Business Award from Bollywood star Anil Kapoor

as to be closer to the customers and serve them better.

What are your plans for the future? Where do you see the company in 5 years' time?

We have plans to set up distribution hubs in neighbouring countries and also in the Gulf region. Presently, we have a presence in major Indian cities close to the industrial belts. We will now expand, so as to be able to serve the customers even in the remote corners. In 5 years' time, we ideally want

our group to achieve a turnover of ₹1,000 crore.

What have been your initiatives as a socially responsible corporate citizen?

We have been at the forefront of CSR activities and have contributed immensely for the well-being of the underprivileged, providing them medical care, sponsoring education and also helping set up educational institutions, etc. Our contributions and assistance to people affected by natural calamities have been well appreciated.

As a premier industrial conglomerate based out of eastern India, what steps do you feel should be taken to ensure the resurgence of the local economy, with a special emphasis on the core sector industries?

The East is a mineral-rich region and industries in Mining, Steel and Power sectors can drive the growth of this region. Since large industries in other sectors are still hesitant to set up new ventures, the immediate future growth needs to come through the MSME sector, with all encouragement being provided to this sector for the immediate resurgence of the local economy. Infrastructure development and developments of ports in this region will also contribute to growth and can help increase export/trade with the neighbouring countries of Bangladesh, Nepal, Bhutan and Myanmar.

Anything you would like to communicate to our readers?

With our experience of well over four decades and standing in the field, we hope to be a major facilitator of the growth to unfold in the future and we will be working hand in hand with industries to overcome difficulties and chart this growth story.

Our customers are an integral part of our success

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camp, outdoor sports activity sponsorship for local youth, etc. We believe in a fair and transparent approach of sharing benefits equitably with our employees, clients and other stakeholders, thus ensuring robust long-term business sustainability. Our buildings are all constructed to green standards and norms.

Where do you see the JAYPEE group in five years' time?

We see ourselves amongst the top 15 con-

struction equipment manufacturing companies worldwide in the next 5 years, offering world-class products at competitive rates. We are currently the largest construction equipment manufacturing company in India in our sector and we aim to keep growing fast.

Anything that you would like to communicate to our readers.

Our mission is to become synonymous with the term "construction equipment" by offer-

ing the latest technologies and concepts available in the world. We want to provide a wide range of technologies to our valued customers throughout the world as efficiently and cost effectively while ensuring international quality and integrity. We strive to excel in the development and well being of our employees, partners, customers and society.

We focus on our services and address our customers' concerns by sharing responsibility. We have been entrusted with keeping our customers as an integral part of our success.

Shyam Steel – part of Bengal's growth story

SHYAM STEEL has been at the forefront of West Bengal's efforts to live up to its rich legacy as an industrial powerhouse, her leap of resurgence forward. In an exclusive, Lalit Beriwal, Owner, Shyam Steel Industries, talks about the company's performance, plans for the future and what needs to be done to ensure that West Bengal reclaims its position of pre-eminence. Excerpts:



Lalit Beriwal, Owner, Shyam Steel Industries

What motivated you to venture into this sector?

As you are aware, we have been engaged in the steel sector for over six decades now, with our integrated Steel Plants (ISP) at Durgapur and Meija, Bankura and Specialty Rolling Mills in Howrah having significant market presence in West Bengal and other states of India. The company that began its journey in 1953 has over the years diversified into other sectors, too. As a matter of fact, my father, Shyam Sunder Beriwal, is one of the pioneering entrepreneurs of this sector and widely known across the country. He is a man with foresight and vision and remains for us a perennial source of strength, inspiration and motivation.

What is the current status of your industry in Bengal vis-a-vis rest of India?

As I have already said, we have been doing business in Bengal for over six decades. We have expanded our plants and increased production capacity to meet the demands of the market which is growing both in West Bengal and elsewhere in the country. Alongside the growth of the steel sector in the country, we have also grown during the last few years with our presence in key sectors like Railways, Defence, National Highways, Civil Aviation, among other infrastructure sectors. Our products are high in demand in the market due to their unmatched quality. In fact, our products are so much in demand that we can hardly meet the requirements. We are now a company with a ₹2,100-crore annual turnover and poised to grow further. In this connection, I must mention the driving factors behind our growth.

What basically drives the growth of the sector is the per capita consumption of steel in the domestic sector coupled with the emphasis of the Government – both Central and State – on infrastructural development in terms of the road network, transmission and distribution of power, telecommunication network, construction of bridges, flyovers, expansion and modernisation of airports, setting up of new airports, ports, expansion of the Railways including Metro rail, construction of buildings, including development of the housing sector both in urban and rural areas. There is no denying the fact that the steel industry continues to register growth with increasing per capita steel consumption since the time of liberalisation. But there still remains a wide gap between the demand and supply. If the infrastructural sector continues to grow throughout the country on a sustainable basis, the Indian economy will register higher growth with a far-reaching impact on the global economy as well.

Bengal means business today. Please explain how exactly the scenario has changed over the years?

"Bengal means business" has been aptly coined. As a matter of fact, Bengal has emerged as a hub of opportunities as an investment des-

tinuation. Located on the East Coast and providing a gateway to South East Asia and North East India, Bengal has got strategic geographical advantages for business development. The industry-friendly environment, availability of skilled human resources, well-knit road network with enormous development in the infrastructural sector, both in the urban and rural areas, in recent years, availability of power at competitive tariffs, industry-friendly policy framework and above all, the vision of the Chief Minister for making things happen on the ground have contributed to remarkable growth of the industrial sector, particularly the SME sector, as also service sectors, impacting the quality of life of the people.

What are the key challenges that you face in your field?

The major challenge we face today is inadequacy of enabling policies for the growth of industry. As far as the steel sector is concerned, it is imperative to have a steady supply of raw materials for growth. What we see today is that the 24 minerals that are required for the steel industry lie with a few hands in our country. There is no hassle-free and transparent policy for making raw materials easily available to the steel industries. Besides, logistics support is not there. Railway rakes for transportation of iron ore, etc. are not available in desired numbers. The process of developing any private railway siding is both cumbersome and time-consuming. What is required is linkage of raw materials in a transparent manner and fast-tracking of the auction process for raw materials, besides simplification of procedures. It is also imperative to develop proper synergy among different Ministries and Departments for removing the prevailing bottlenecks.

OUR PRODUCTS ARE SO MUCH IN DEMAND THAT WE CAN HARDLY MEET MARKET NEEDS. OUR ANNUAL TURNOVER STANDS AT ₹2,100 CR

What more could be done to remove these bottlenecks?

As I have already mentioned, we have been trying to overcome the bottlenecks in our own way but there is no substitute for Government interventions in terms of policy formulation like fast-tracking of the auction process for minerals, easy availability of logistic support in terms of railway rakes, sidings, etc. besides issuance of directives at all levels to ensure quality of products by specifying the acceptable route of production of steel and its use in both public and private sector projects. Once enabling transparent and fair Government policies are put in place and the intended synergy is developed, steadier and faster industrial development will automatically follow. Incidentally, most of these issues need to be addressed at the Central level and the State Government has to facilitate them for steady industrial devel-

opment of the state.

What has been your organisation's contribution to the success story of Bengal?

At the cost of repetition, I would like to state that we have been working in the state for more than 60 years with our plants located in this state only, and this simple fact has made us an inextricably distinct partner in the whole development trajectory of the state. The plants apart, a huge number of people across the state are either directly or indirectly employed in our company, including its sister companies, which means we remain one of the major providers of employment in the state. Through our CSR activities, too, we have been contributing to the strengthening of the health and education sectors, providing quality education through our Secondary School located on the outskirts of Salt Lake, health care facilities to the socially and economically marginalised sections of society, infrastructural development in the rural areas, besides social welfare activities across the State throughout the year.

We have also been making a substantial contribution to the state exchequer through payment of GST; our contribution to the state coffers during 2017-18 on this count alone was around ₹100 crore. We do not, however, measure our contributions in terms of the employment generated, taxes paid or social services rendered, but in terms of our long and enduring partnership with the state and its people through our humble efforts to change the quality of life of the people across caste, creed and religious lines. To that extent, I must say that our organisation and the success story of Bengal go together.

Any achievement that you would want to talk about?

Our major achievement lies in the fact that since the beginning we have been growing. Our growth has been slow but steady. Even during the most critical times of the steel industry, our growth did not suffer. With this growth trajectory, we have diversified into infrastructure, agro-horticultural and food processing sectors. We are also preparing to diversify into other areas like IT and IT-enabled services and Mining.

What is the way forward if the momentum in Bengal's stupendous growth is to be sustained?

Given the firm commitment of the Government to bring about industrial revival of the State, I think it to be imperative to put in place the necessary mechanism to ensure hassle-free clearances in a time-bound manner. This would value the investment made or proposed to be made by industries and do away with red-tapism. It is also equally important to ensure synergy in activities among the various Government departments dealing with industries as a step towards boosting business confidence. Besides, like in other states of the country, the Incentive policies of the Government should be implemented in a transparent manner to encourage industries to grow and benefit the state. These very small steps will, I believe, give further momentum to the industrial growth of Bengal.

Moving on, what is your vision for the future?

Expansion and growth on a sustainable basis with an aim to serve the state and its people with complete dedication and sincerity is what we seek to achieve.



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