The Spirit Of Innovation

INDIA AT HANNOVER: (L-R) S N Menon, Commerce Secretary, and Chairman, IBEF, with Ajay Khanna, CEO, IBEF, Asha Swarup, Additional Secretary, and Financial Advisor, Ministry of Commerce and Industry, and Shefali Shah, Director, Ministry of Commerce and Industry at the Hannover Technology Fair

A few years ago, Hindustan Lever (a subsidiary of Unilever), was up against a unique problem. Market shares for its leading detergent brand in the Southern states of Tamil Nadu and Andhra Pradesh were under threat — not from rival brands but from an acute scarcity of water. Consumers spent more on procuring water than on the detergents and almost a quarter of the total water used, went into washing clothes. Inside the firm's laboratory, researchers went through several solutions before they came up with a detergent formulation that helps conserve water by generating less lather. The product was relaunched in 2004 and since then sales have almost doubled in these states. The solution is also being extended to Unilever operations in other countries.

The Daimler-Chrysler research centre in

India is one of three centres the company has outside Germany. In the office at Bangalore, India, engineers are involved with research in avionics, simulation and software development. The company sources components from the Indian plant for its markets in Europe and the US.

Hewlett-Packard's (HP) research centre in Bangalore has developed a product called Script Mail — a device targeted at people who speak languages that can't be typed on a standard keyboard. All the user has to do is type a message on a special pad with an electronic pen. Script Mail recognises the handwriting and displays the message on the monitor - ready to be edited, e-mailed or stored! Hindustan Lever, HP, General Electric, Maruti Udyog, Daimler-Chrysler, Ranbaxy and Dr Reddy's Laboratories are part of a fast-growing community of innovators in India. These companies are using innovation to secure lasting competitive advantage in a marketplace without borders. Companies have found a profitable way to leverage India's technological capabilities, price competitive resources, and its most important and abundant asset - people.

In many ways, it is this emergence of India as a hub for innovation that is attracting global attention - and what better proof than our recent high-profile participation as Partner Country in the world's most significant industry fair at Hannover, Germany (detailed report inside).

A recent report by the Boston Consulting Group (BCG) features 21 Indian companies in a list of 100 global challengers chosen from 12 rapidly developing countries. More important, the report explains how Indian companies have been able to harness their people power to create innovative solutions.

This can be seen from the fact that the number of patent applications from India has gone up by 36 per cent in the past one year. Also the number of patents issued to India has increased by 11 per cent, higher than the rates of Japan, Taiwan, Canada, Germany and China. A large number of the patent applications are coming from Indian pharmaceutical firms. Ranbaxy for instance, has set up a research centre dedicated to New Drug Delivery Research (NDDR) and is in the process of patenting an anti-malarial molecule.

According to McKinsey's Global Institute in San Francisco, future innovations will flow from the rise of capital-scarce but labour-abundant nations like India. Consider for example, the Tata group. Tata Motors has developed Indica, a compact car for $6,600 that is being exported to Europe and Africa. Many are closely studying the manufacturing process for Indica because Tata engineers used skilled and cost-effective local labour instead of industrial robots that are the norm in Japan, Germany or the U.S. This helped bring down costs by almost a billion dollars and lowered the volumes at which the Indica can break even. The Tata group is now working on a $2,200 car targeted at the rapidly growing aspirational socio-economic segments of India that cannot afford the standard economy car.

Car manufacturers everywhere are struck by India's engineering and design capabilities. Toyota is planning to set up a research centre in India. Daimler Chrysler and General Motors have done that already and Honda Siel, Ford India, Ashok Leyland and Maruti Udyog spend millions of dollars on research and development activities. Maruti Udyog is also setting up a complete automobile design centre in India and it plans to make India a hub for Suzuki's small cars.

Pharmaceutical research too is flourishing. Swiss drug-major Novartis has set up a global research centre at Thane, Ranbaxy and Dr Reddy's Laboratories have applied for patents for several new drug delivery systems and molecules. Biotech companies like Biocon and Shantha Biotech have developed new vaccines and the companies believe that India can make better and cheaper vaccines for the world.

Innovative products, innovative processes and innovative manufacturing methods are enticing foreign investors and multinationals. At the same time, the country is developing into a centre for innovative practices. And with knowledge and agility, Indian businessmen are ready to soar on the wings of innovation.

It is this spirit of innovation that will be showcased in Tokyo at the India-Japan Business Summit being organised on the sidelines of the World Economic Forum's East Asia Summit later in June. The journey for "India Everywhere" continues...

Ajay Khanna can be reached at
ajay.khanna@ciionline.org
The views expressed here are personal.

> Innovative products, innovative processes and innovative manufacturing methods are enticing foreign investors and multinationals.