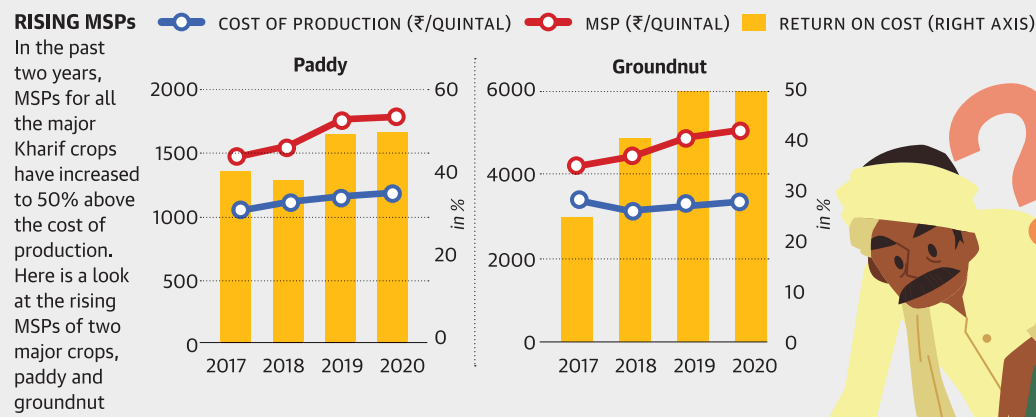


Who pays the price?

The Minimum Support Prices (MSPs) of all major crops for the Kharif season FY2020 have been set at 50% above the cost of production, according to an answer given in Parliament by the Agriculture Ministry. MSPs have been steadily rising, but there seems to be a variation in what is considered production cost. Varun B. Krishnan explores the data

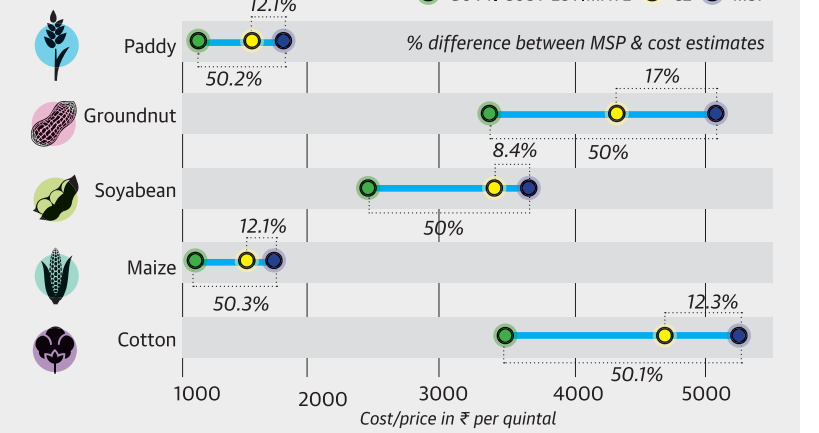


WHAT THE TERMS MEAN
A2 = actual expenses on seeds, fertilisers, irrigation
FL = Unpaid Family Labour
C2 = A2 + FL + rentals or interest foregone on owned land and fixed capital assets

The Centre has considered MSP to be (A2+FL)+50%. When the more comprehensive cost 'C2' is considered, the difference between MSP and cost of production drops by a large margin and in the case of soyabean, the difference is a mere 8.4%

COST VARIANCE

The cost of production depends on the calculation method used. The Centre's own Commission for Agricultural Costs and Prices gives two variants. If the more comprehensive cost 'C2' is considered, then MSPs are not 50% above the production cost



INTERVIEW | KESHAV MURUGESH

'In era of disruption, tech industry beat its employment target'

Clients are eyeing next level of impact from new tech: Nasscom chairman

K. BHARAT KUMAR

As a turnaround specialist, Keshav Murugesh has helped raise fortunes at both Syntel and now WNS. In the 9 years he has served as CEO of WNS, its shares have risen 4-fold to \$60. In an interview, Mr. Murugesh, who is also the chairman of industry body Nasscom, spoke on changing pricing models, need for new skills, and how spurring exports can help increase employment in India.

With growth having slowed these past few years, is there anything significant coming up for the IT-ITES industry?

Technology has become a core part of every business. It is impossible to separate technology from that core. Then there are firms looking at the next level of impact coming from analytics, robotics, all of these other things. As a result, I think that demand trends for the foreseeable future look very positive for the industry.

Anyone now looking to integrate technology will ensure they are able to capture the market leveraging technology-based solutions, or gain deeper appreciation of customer-spending habits or behavioural habits; they're integrating a lot of analytics into it.

Along with that, they have the opportunity to integrate much more advanced technologies like artificial intelligence, machine learning, robotic processes and the like. That augurs well, whether it is for IT services players or for business process players.

Boutique players in the West and insourcing trends were tough to compete with, a few years ago. How has that played out?

Customers have become clear about what their core competency is. They are realising they have to focus on what's best for them and not really try to do everything at the back-end when there are others much better at doing it. What you saw, maybe 2-3 years ago, has changed.

Talent shortage continues to plague the system.

Even in the U.S., there is a shortfall of 6 million people annually and 37% of those are needed with technical skills, as per the U.S. Department of Labor. Place that in context with the noise around the H-1B visas, which comes to only 85,000 people for a whole year.

We need to have the right skills, the people who are proficient in these new technology areas, in soft skills and who can make a presentation, make upgrades...

So, all companies have integrated very strong internal skilling and training programmes that go beyond the traditional

domain-based skilling. The WNS Education platform offers our over 40,000 people access to training in new generation digital skills, machine learning and the like, all right at your desk.

Nasscom's target for last year was 110,000 jobs, but we actually created 170,000 in the country. In an era of disruption, we actually beat a target.

Isn't the IT industry still absorbing fresh graduates slower than earlier?

First and foremost, growth will continue to be strong. The days of 30-40% growth rates... that's over because the base was small.

At the same time, I think the future is going to be about the right skills. If somebody comes out of some engineering college and expects a job automatically, that's not going to happen.

The focus now is on curriculum, and of course development case studies, giving the people the opportunity through internships.

The Government of India has introduced very good schemes that allow people to start experiencing jobs in these companies before they're actually absorbed.

The government's mission of a \$5 trillion economy means exports have to continue to grow, and IT has always done well for Indian exports.

The government has been very supportive; understanding the opportunities, appreciating the challenges the industry faces, taking inputs from Nasscom and individual companies in terms of all the new generation changes in law that they're looking at, such as data protection and data localisation.

Aren't industry profits growing faster than revenues, indicating cost control rather than new business?

There are two reasons to this: one is that we are leveraging technology and changing the way we deliver processes. The second is that in some of the older processes, we change the model with the customers.

You make it much more of a variable costing model with the client. So the cost declines.

Making a killing from skilling raw grads

Post-campus training is catching up as 90% of jobs in India are skill-based, while only 6% of the workforce is skill-trained

MINI TEJASWI

Of the estimated one-and-a-half million graduates who pass out of India's engineering schools every year, less than 1% land jobs in its top 100 companies. That's because, a vast majority of them are unemployable and lacking in skills such as creative thinking, problem solving, learnability, human-centred design, collaboration and customer-centricity... all critical to new generation jobs.

Vikas Gupta, CMD of Wiley India, owned by the \$2 billion Jones Wiley & Sons in the U.S., says: "What students acquire mostly is textual education, which has little relevance to jobs in the new economy that requires contextual skills."

As per the HRD Ministry, India has 6,214 engineering and technology institutions which admit 2.9 million students. Every year, 1.5 million fresh engineers are released into the job market.

But sadly, only graduates who pass out of some 200 top colleges in the country come with some level of job-ready skills. Adds Neeti Sharma, senior vice-president TeamLease Services: "A majority of jobseekers don't get jobs in line with their education or wage expectation, because of a yawning academia-industry gap. Industry seeks people with 90% skill, but 90% of academic activities are still based on theoretical learning."

However, for years, IT service companies in India have had no option but to onboard masses of raw graduates and train them on their payrolls for many 'unbillable' months before being deployed, says Sridhar Raman,

director at Outsourced CMO, a Bengaluru-based consulting firm. "But this model has become increasingly unsustainable given the growing pressure on bottomlines and the life or death need to cut costs. The urgency in reskilling and upskilling engineering graduates is not merely a balance-sheet imperative, it's a matter of survival," adds Mr. Raman.

The problem-solving approach is changing from addressing a huge problem head on, to breaking it down into various problems and solving them from multiple angles.

Most business problems are open-ended and each would have five or up to a dozen answers, adds Mr. Gupta. Today's businesses need finance professionals, people managers and intelligent problem solvers, not accountants, payroll assistants and coders, say experts in the training, skilling and reskilling industry.

Enterprises are scouting for plug-and-play professionals, billable from the start and ready to respond effectively to fast-changing, real-world business challenges. Jayant Krishna, former CEO, National Skill India Mission, says if India has to reap rich demographic dividends, skill development needs to be taken up far more seriously.

"Our skill initiatives must focus on apprenticeships, full operationalisation of the National Skill Qualification Framework (NSQF), mainstreaming of employability skills and greater industry participation." Says Ms. Sharma of TeamLease Services:



"Many jobs that exist today won't even be around 10 years from now. Skill-sets are already getting broad-based, with few takers for people with individual skills."

Mushrooming schools

The good news for the industry, particularly for tech firms, is the emergence of players like Wiley, Upgrad, ABC and IIHT in the 'education + employment' space, with job-readiness programmes designed to upskill engineering graduates with job-ready and future-ready expertise.

For example, Wiley India has unveiled a 3-month job-readiness programme in India called WileyNXT, in consultation with CXOs of 35 global IT firms and six top universities. According to

Mr. Gupta, the programme is co-created with CXOs and academic leaders with the intent of upskilling engineering graduates and setting up a supply line of future ready professionals for industry. Manjunath Aradhya, founder and CEO of ABC, an edu-tech company focussed on skilling, training and upskilling, says: "Industry expectations from freshers has drastically changed. For example, mere framework awareness is no longer enough. IT companies now want to hire people who are well-versed with full stack of Java and data-science."

"The market has plenty of jobs for candidates with problem-solving abilities, right attitude and entrepreneurial mindset," adds Mr. Aradhya of ABC that trained over

30,000 fresh graduates in 2018.

Training youth to break down problems and solving them from different angles is both challenging and critical — one, because the industry needs it and two, because prospective employees don't come ready-made with these skills.

"Though we normally associate youth with exuberance, inventive ability and positive energy, the application of knowledge to work, life skills, and the hunger to learn and innovate, remain crucial challenging areas for us to tackle," says Yeshasvini Ramaswamy, MD, e2e People Practices, a people development firm.

Training and development is a \$100 billion market in the U.S., of which corporate training alone accounts for \$70 billion. In India, it is already close to a \$5 billion business. Going ahead, the opportunity is huge as 90% of the jobs in the country currently are skill-based, whereas only 6% of its workforce is skill-trained.

The market already has dozens of players, ranging from the traditional NIIT and Apteck to Simplilearn and Upgrad, offering offline and online job-ready programmes. Upgrad, in partnership with University of Cambridge and BITS Pilani, promises to give careers a lift with a range of immersive, industry-curated, online programmes in areas of data science and machine learning and digital marketing.

Debjani Ghosh, president, Nasscom, said "Nasscom has

pioneered the FutureSkills initiative for India's IT-ITES industries. Our goal is to get India accelerated on the path to become the global hub for talent development in emerging technologies such as AI, ML, IoT, Cloud Computing, Blockchain, Big Data and others.

"Through various partnerships and skilling programs, we aim to build a future-ready workforce in IT and contribute meaningfully to the tech sector of the country."

The apex body predicted that going forward, the industry will face a shortage of 2.3 lakh skilled techies as jobs in AI and Big Data are estimated to reach 7.8 lakh by 2021. Wiley India has set up a think-tank called Wiley Innovation Advisory Council with global industry leaders to co-create curricula and teaching methodologies.

TeamLease Skill University has trained over 2.5 lakh fresh graduates in the last five years. The latest entrant into this space is Manipal Group, through its strategic investment (close to ₹20 crore) in Jigsaw Academy. The company will offer training in data science, digital marketing, cloud computing and cybersecurity.

Academia should act

In the face of such tectonic changes, academia faces the real risk of being driven to irrelevance unless it marries curricula and teaching methodologies that are designed around current industry needs, and are flexible enough to respond to future challenges.

For industry, the drying up of future ready professionals is an existential threat, experts caution.

Centre's push for EVs may make internal combustion engines stutter

Policy must evolve over years and not change things overnight, say analysts

LALATENDU MISHRA

The Union government's push for electric vehicles (EV) in the Budget and the Economic Survey may adversely impact the Internal Combustion Engine (ICE) auto industry, which is already under stress, in the medium to long term. The two-wheeler segment could be affected in the immediate future.

The tax benefits, GST rate reduction and the mammoth plan to make India the hub of EV manufacturing as well as elaborate measures for charging infrastructure through tax sops makes a strong case for EVs, but unless credible players come out with viable products, the EVs will remain a distant dream.

"The government has provided benefits to the EV industry both directly and indirectly. There is no import duty on components and batteries. We all have to see how it pans out," said Jinesh Gandhi, Auto Analyst, Motilal Oswal Financial Services Ltd. None of the Indian OEMs [except Hyundai India] has developed any reliable solution. Currently, the cost difference between an ICE vehicle and an EV is very



Wake-up call: Adapting to EVs is a huge technology shift and many component industries will be impacted. •MONICA TIWARI

high. The budgetary sops will make it cheaper by ₹50,000, but that is not convincing enough for someone to buy an EV at a time when there is no clarity on the charging infrastructure, Mr. Gandhi added.

'BS-VI will cut emissions'

Besides, one needs to consider the impact the traditional industry will have to take. "The whole ecosystem has to be reviewed. The auto industry is a large employer and job creator in India. Besides, emissions will reduce much after BS-VI is rolled out," he added.

According to analysts, EV is a step in the right direction but a policy should evolve over a period of years rather

than everything changing overnight. To promote fleet services, the government provides subsidy under FAME, but at the same time it is now promoting personal transport through tax benefits for purchase of personal EVs. "There is a conflict here. So there is ambiguity in terms of policy," an analyst said.

The automotive industry must restructure its business and seriously rework its strategy right from the product plan to how supply chains must develop in order to cater to the government's clear direction on increasing EV penetration, said Vinodkumar Ramachandran, partner and head, automotive and industrial manufacturing,

KPMG in India. "This is a huge shift in technology and several component industries will be impacted. There will also be a fundamental rethinking on the retail model since EVs are not maintenance intensive. The implications will be played out in the next five years and winners will be ones who are able to adapt to this shift in technology," he said.

According to Mudasar Mohamed, COO, Ezyhaul which provides logistics solutions to large companies, EVs will play a big part in the future. "The traditional auto sector will need to develop clear strategies on how it wants to partake in this impending revolution - auto manufacturers will need to either adapt or fall behind."

The EV may be the future, but the automotive sector is currently undergoing one of its worst phases. Sales are dropping for the last six to nine months. As per June 2019 sales data by the Society of Indian Automobile Manufacturers (SIAM), auto companies sold 16.28% less passenger vehicles as compared to June 2018. There has been a 23.39% drop in the same of commercial vehicles.

Tribal SHG women create an organic agro revolution

Reap rich dividends via bio agents

E.M. MANOJ

Even as organic agriculture is gaining momentum in the country, a self-help group of tribal women in Wayanad district of Kerala is scripting a success story in production of 13 different varieties of bio agents to support organic farming.

Eight members of the Sabari Swaraya Sangham of Nellarachal tribal hamlet were guided to biotechnology by the Krishi Vigyan Kendra (KVK) under the Kerala Agricultural University (KAU) at Ambalavayal, a decade ago. They began their venture with production of trichoderma and pseudomonas, biocontrol agents to fight quick wilt disease in various crops, and are producing 13 varieties of bio agents now. "When the Kendra met them on a field visit, they were facing a hard time since their paddy fields had been submerged [in water] from the Karapuzha irrigation project," said N.E. Safia, head of the KVK.

The Kendra gave them training for six months in fungal and bacterial culture and packing, she added.

Last year alone, the members produced nearly 183 tonnes of bio agents, including 16 tonnes of bio fertilizers such as azospirillum,

azotobacter, rhizobium, bio potash and vesicular-arbuscular mycorrhiza; 80 tonnes of biocontrol agents like pseudomonas and trichoderma as well as 20 tonnes of bio pesticides, including beauveria, verticillium, pochnonia, paecilomyces and metarhizium, said Sruthi Krishnan, research assistant, microbiology, KVK.

GREEN SHOOTS

The KVK's income was in excess of ₹1.67 crore from the sale of the products last year. Under an MoU with Kerala Agricultural University, group members will get 35% of the income, Ms. Sruthi said. Now, the unit is gearing up to produce pseudomonas and trichoderma.

"When we started off, the various scientific processes in the lab posed a challenge, but now we are acquainted with them," K. Sharmila, president of the SHG, said. Now, each group member gets an average monthly income of ₹8,500. A major share of the produce was procured by the Agriculture Department and the Spices Board for supply to farmers. "Our products have good demand in the market. Many times, we unable to meet the demand," she added.

