

# ‘India is in the best position to become the second factory for the world in future’



“India is the best alternative, as we are the biggest democracy, have a stable government, and highly skilled manpower. I see the current geopolitical situation is perfect for India. Now it’s all up to how we grab these opportunities. We are already a hub for medicine manufacturing, and automotive manufacturing. Now, we should aim to become a hub for tool manufacturing,” says **Viral Shah, Managing Director, XCUT Technologies.**

## Amol Padhye

### Q What is the present state of the Indian tooling industry?

At present, the tooling industry in India is growing at a fast pace, and we see vast opportunities in the coming days. The growth is due to several reasons, like:

- ▶▶ The present geopolitical situation between India and China has given opportunities to Indian manufacturers, as companies want to reduce their dependency on China.
- ▶▶ The ongoing pandemic has also taught why it is important to be self-reliant in the long run, resulting in the localisation of tools and parts.
- ▶▶ The emergence of sectors like aerospace, railways, medical, infrastructure, and agriculture is also leading the growth.
- ▶▶ Changes in the auto industry like facelift and new safety norms will also help drive business for toolmakers.

However, several tools are still imported from Taiwan, Korea, and China because of the quality and delivery. But I feel, Indian toolmakers have grown and are ready to serve the complex and growing demands of customers.

### Q The market size of the tool room industry in India is estimated to be ~INR 18,000 crore with ~70% of demand being met domestically and ~30% from imports. What should Indian toolmakers do to reduce imports?

There are a few factors that impact the tooling business in India and make it tough to operate. They are:

**Duty structure of machines:** Some of the critical machines are not manufactured in India, so toolmakers import machines like 5-axis CNCs, high-end CMMs, and injection moulding machines. The duty structure is so high on importing these machines that it becomes very expensive for toolmakers. If we have to make quality tools and compete globally, we must make these critical machines easily available to toolmakers.

**Awareness:** In terms of cutting tools, we are more or less at par with the global brands. Tooling companies need to trust Indian cutting tool suppliers. It will help them reduce the cost and enhance delivery.

**Policy framework:** The Indian government needs to help the industry with more business-friendly policies that include easy finance options, export incentives, and skill development, among others. The government needs to understand the needs of toolmakers and form policies accordingly.

### Q What are the various schemes and policies that support Indian tool rooms?

There are a few schemes by the Ministry of MSME to support the industry. Also, the government is providing several different packages to uplift the

# Leaders Speak

condition of the Indian tooling industry. The recently announced PLI schemes are also beneficial. The government is making an effort, but we need to speed up and implement them soon. The tooling industry is a strategic sector and plays a vital role in the development of the overall manufacturing sector. The industry needs some exclusive policies to uplift the condition of Indian toolmakers.

## Q How will campaigns like 'Aatmanirbhar Bharat' and Production-Linked Incentive (PLI) Schemes help domestic toolmakers in the long run?

For the economy to further grow, we must increase our manufacturing output. These campaigns will help the Indian manufacturing industry achieve that. It will further help in FDIs, technology transfer, employment generation, and business opportunities for SMEs. PLI schemes are a great initiative and will help the tooling industry as well.

And, 'Aatmanirbhar Bharat' or 'Self-reliant India' campaign encourages localisation. This campaign has given SMEs the much-needed confidence and business. Many OEMs are now looking for Indian alternatives for parts and tools, which is a good sign. The idea of this campaign is to increase our production capacity and reduce dependency on imports.

These campaigns will help us enhance our manufacturing industry, as well as help in skill development, and employment generation. India is blessed with a huge pool of skilled manpower. These campaigns will not only help the industry grow, but will further help in employment generation.

## Q Automotive is the largest consumer of tooling accounting for almost 60% of the total demand. However, the new trends in automotive such as EVs, BS-VI, shared mobility, etc., have led to uncertainties among the suppliers. In such cases, what are the other emerging sectors that the toolmakers can focus on?

This is a good question. The automotive industry will remain the biggest consumer of tools even in the coming days. I feel all the changes taking place in the automotive industry will help toolmakers, as more and more tools will be needed. ICE or EV vehicles will not make much of a difference to toolmakers, as the car would need the body to be sturdy and new models would mean more tooling opportunities.

Apart from that, we are seeing good growth in the aerospace and defence sectors. The government expenditure on defence is increasing and we are seeing good FDIs in the aerospace sector in India.

The medical equipment and implant industry is also growing rapidly in India and will grow further.

The power sector is also on the rise. Other sectors like agriculture and construction equipment industry will also generate good business in India.

## Q What are the technology trends in the tooling industry? How will the emergence of industry 4.0, hybrid manufacturing, and machine learning shape the industry?

The world is moving towards automation and intelligent manufacturing. Let's talk about robotic machines, the productivity of the non-robotic machine and a robotic machine is unparalleled. One high-end component machine with robotics does the same work as four regular CNC machines and the chances of error are negligible. This way of work is very successful in a mass production environment. But when it comes to die mould making, things are different.

Coming to smart manufacturing, I think the world is shifting from automated manufacturing to intelligent manufacturing. Smart manufacturing is something where you generate data, analyse it and make informed decisions related to the health of the machine and the outcome of the project.

We need both, many of our job shops are not yet there in terms of automation. We should make a gradual shift towards automation and smart manufacturing but adopt a futuristic solution.

## Q What, short and long-term, opportunities do you see amid this COVID-19 crisis and growing geopolitical situation?

Businesses have been affected, the purchasing pattern of consumers changed, but as we are gradually coming out of the pandemic, I see there is a huge, suppressed demand coming in for us. Some companies are not able to serve the demand because they are already running at full capacity.

Regarding the long run, I feel India is in the best position to become the second factory for the world in future. We have seen how many companies are reducing their dependence on China and India is the best alternative, as we are the biggest democracy, have a stable government, and highly skilled manpower. I see the current geopolitical situation is perfect for India. Now it's all up to how we grab these opportunities. We are already a hub for medicine manufacturing, and automotive manufacturing. Now, we should aim to become a hub for tool manufacturing. 🇮🇳