Q&A

'CMAs MUST ADVOCATE THE IMPORTANCE OF NEW MANAGEMENT ACCOUNTING TECHNIQUES'

SHRI. S. RAMADORAI is currently the Chairman of National Skill Development Agency (NSDA) and National Skill Development Corporation (NSDC). He recently retired as the Vice - Chairman of Tata Consultancy Services Ltd. He is also Chairman of the Bombay Stock Exchange (BSE Limited) and AirAsia (India) Pvt Ltd. He continues to be an Independent Director on the Boards of Hindustan Unilever Limited, Asian Paints Limited and Piramal Enterprises Limited.

MA **You have had many high points in your career, please share with us the experience of your journey.**

From the revenue perspective, the most significant achievement for me came in 2003, when TCS became a billion-dollar enterprise. It was an amazing achievement for both me and my team.

Beyond this milestone, another prominent achievement was when we got our first Burroughs mainframe computer; it was the highest level of technology in the country then and it took TCS to a completely different level, putting us on par with the best. Setting up an office for TCS overseas in 1979 as its first resident manager, was also a significant milestone in my career by establishing TCS' presence in the Western market. Then, of course, there was TCS's initial public offering in 2004, when we raised a billion dollars. That year was also special because TCS received the JRD QV Award for business excellence.

Today there is a larger vision that consumes me. I have chosen to be in public service focussed on skill development in India and this endeavour is hugely exciting and challenging for me. Even after a career spanning forty years in IT, I still feel the excitement when I take on a new responsibility, in this case contributing to the creation of demographic dividend by skilling millions of Indian youth.

Building a world class organization with a sustained human potential has been the most satisfying achievement.

MA **What are the challenges you have faced to get all these feathers on your crown? How did you overcome those bad times?**

My family has always been my strongest support system in anything that I have ventured into, especially my wife Mala. She has stood by me at all times giving me the confidence and courage to chase the impossible.

I believe one should never live in the past; tomorrow is a new day and you will have new experiences and a brighter future. There are always setbacks and lost opportunities in business, but one should not brood over them.

One often has to face personal setbacks as well and there are two ways to respond: get angry and react, or just keep quiet and perform your job to the best of you ability.. I have always followed the latter. It is difficult because you seem for a while to be on a dodgy wicket and even your own colleagues begin to treat you differently, but if you are strong internally and deliver on the ground, no one can take that credit away from you.

I have always put in my best and never worried about failure. I found that a bad day was always followed by a better one.

MA **TATA is always concerned with the issue of Corporate Social Responsibility. How critical is this to maintain, and would you highlight some of the initiatives in this regard?**

The Tata group's core purpose is to improve the quality of life of the communities it serves globally. If you recollect Jamsetji Tata's statement – "In a free enterprise, the community is not just another stakeholder in business, but in fact the very purpose of its existence". 66% of the equity of Tata Sons, is held by philanthropic trusts, thereby returning wealth to society. The group believes in doing good by being good and that both are two sides of the same coin. Tata pioneered many industrial practices that have now become standard, like the eight-hour working day, free medical aid, annual leave with pay, and workers provident fund schemes. Last year the Tata Group spent Rs 1000 Cr on CSR focussed programs on skill development, health and education.

Each Tata company has its own set of philanthropic programs and projects; TCS for instance promotes IT based solutions to address community-related programmes. The computer aided adult literacy program or IT training for the blind, both developed by TCS are such examples. Recently TCS has pledged Rs 100 crore toward financing hygienic sanitation facilities for girl students across 10,000 schools.

Then there are issues of national importance eg. Skill Development which is both an economic & social imperative. The Tata group recently started a new initiative called 'TATA Strive' which aims to aggregate strengths of Tata companies into a scaled up skilling programme.

MA **You are an advisor to the Prime Minister in the National Council for Skill Development. What are the major initiatives taken during your tenure with this organization?**

The National Skills Development Agency was formed which subsumed the office of the advisor to the Prime Minister in the National Council for Skill Development to co-ordinate and harmonize the skill development efforts of the Government and the private sector to achieve the skilling targets of the 12th Five year plan. One of the major initiatives which we have undertaken is to anchor and operationalise the National skills qualification framework (NSQF). This is a competency based framework, allowing every person to accumulate skills and capabilities throughout their lifetime and to be certified for the same. This will also help remove the barrier between vocational training, technical education and general education.

Recognition of Prior learning skills is another issue which we have faced and we are working to incorporate this in the NSQF. The NSDA is also focussed on rationalisation of the Central Government Schemes under various ministries on Skill development in order to achieve maximum convergence and efficiency across them. The NSDA is on track

to create a National Labour Market Information Service (LMIS) and has already gone live with two modules for training providers registry and the candidate registry. This will be a one stop shop for all information on the Indian labour market.

MA In the last couple of years, the skill pool has increased remarkably in India, but the job market is still dull. What is your view in this regard? What should be the role of the new Government to create more jobs?

The Government is strongly focussed on job creation and the recently announced budget strengthens its resolve. The government's 'Make in India' programme to make India a manufacturing hub, presents a huge opportunity for job creation. The Government's emphasis to boost growth and facilitate investments in high productivity sectors like infrastructure, manufacturing and related industries paves the way for creating a vast pool of job opportunities in the coming years. The Government is also focussed on Entrepreneurship as it realises that entrepreneurs will help create jobs and has launched several schemes to support and encourage them in India

Of course it is important that the skill pool continues to increase and is employable. For that to happen, relevant skills training and skills upgradation is necessary. The Government is thus focussing on the demand side (by creating more jobs through initiatives like 'Make in India' and on the supply side (by launching 'Skill India Mission') to ensure that both supply and demand can be met in the forthcoming years. In fact our Prime minister has explained how Skill India needs to be closely coordinated with Make in India to ensure that our

youth are both educated and employable for the jobs of the 21st century.

We also believe that the demographic dividend that India enjoys can be truly leveraged by enabling or skilled people to work in overseas markets. And we are working with various international bodies to benchmark our skilling frameworks with international standards.

MA What changes would you like to see in the IT sector globally? What is the potential of the Indian software industry to cope with the competitive market?

Globally in the IT sector 'Going Digital' is the most important mandate for CIO's. Companies are now moving towards 'asset light' models for IT where both the hardware and the software is now owned by the service provider. The focus is on using new technologies and analytics to increase customer centricity for every company. Companies are becoming more open with outsourcing design and product development to Indian IT companies. This is a major change as the Indian IT industry is slowly moving from a cost advantage to a value advantage which means that more high value work is coming to Indian IT companies and their focus is on providing value and quality to the customer. NASSCOM has recently forecast that the Indian IT industry growth in the coming financial year would be about the same as in the current one around 12-14%.

Focus on IP, new technologies and having 'innovation centers' are key to sustaining growth in this competitive market where cost is no longer seen as a differentiator. Indian IT companies now are focussed on 'non-linear growth' which is growth not just by adding more people but due to new innovations; value added services,

products and tools.

There is a lot of scope for Indian IT companies in the domestic sector also. The domestic IT-BPM sector is expected to outpace the country's IT exports. It's expected to grow by 15%-17% this year. The growth is expected to come from e-ecommerce and the government's push to boost technology adoption.

MA You are also appointed as the Chairman of AirAsia India which is a low cost airline in India. What are the key areas would your company like to focus to become cost competitive and cost effective?

Being in India which is a very competitive market, our first focus is to ensure that we can maintain to have the edge for today's cost competitive consumer. We need to allow the common man to fly. With a hawk's eye on operations and ensuring customer satisfaction is key to the growth of Air Asia in India.

Aspects like lean Management is an important theme which we follow in Air Asia, right from the size of our management team to other non-operating staff at airports. We also are focussing a lot on customer self-service with options like kiosk printing and self-baggage drop. At the same time we ensure that we do not lose sight of our primary goal – Customer satisfaction.

MA Are the Indian companies actually taking a major part into the global competition? Can you enrich us with some examples from your experience?

Yes, Indian companies are certainly taking a major part in the global competition. There are two ways to expand globally, one is to acquire other global companies and the oth-

er is to grow organically and expand. The Tata group has adopted both of these approaches. It has acquired marquee global brands like Tetley tea, Jaguar and Land Rover, Corus steel to mark its presence in the world. Then there are group companies like TCS which is currently in the top 5 IT companies in the world and has a global presence across all 5 continents.

Companies like Sun Pharma and Dr. Reddy's labs are amongst the top pharmaceutical companies in providing generic drugs and molecules worldwide. Mahindra & Mahindra is among the top five tractor brands and top three tractor manufacturers in the world. Hindalco is also among the world's leading producer of aluminum rolled products. Suzlon is the fifth-largest wind turbine manufacturer in the world, with a 10% market share, and India's largest turbine manufacturer.

Innovation ecosystem and Sustainability at the heart of everything we do is coming into being in the country.

MA **Cost Management always plays a pivotal role to gain competitiveness for the industries. Please suggest in what ways Cost and Management Accountants may offer their expertise more effectively in this quest.**

Management accounting techniques such as activity based costing, balance scorecard, target costing and value chain analysis have been instrumental in creating a rigour and competitiveness in industry across the world. Companies now are better able to understand their costing structure and doing activity analysis can also find out which activities are value creating v/s consuming cost. This also helps in companies achiev-

ing better overall profitability as now they can detail analysis of profitability at a product level. With an improved Management accounting system, companies can access reliable and accurate cost information on a timely basis and significantly improve their decision making process.

As Cost and Management accountants, I would call upon all of you for advocating the importance of adopting such management accounting techniques across companies. Many times, companies are not aware about the various techniques available or do not want to change their old practices. It is useful to create a business case showing the benefits of adopting the new accounting technique. I also take this opportunity to applaud the ICMA for playing a big role in advocating the importance of Cost and Management accountants in India

MA **What policy or other initiatives would you expect from the Government to boost the software industry?**

Our Hon. Prime Minister has sought the counsel of the IT industry to help the government achieve its goals for Digital India, calling for increased innovation and greater focus on the global challenges of Cybersecurity.

With the Government focused on improving the ease of doing business, there is an implicit focus on e-Governance and digitization of various regulatory practices. This in turn will give rise to huge opportunities to the software industry in India. Already projects like Adhaar, e-passport , MCA have been game changers for India's economic progress and are excellent examples of how the software industry has con-

tributed to India's growth.

MA **Would you like to give any message to those young aspirants who wish to choose career in software industry?**

The broader and more enduring role of education is to prepare students to face the challenges of life. It is important to make use of school life to find out where your interests lie. In today's world it is important to have the right focus in order to be successful. The herd mentality of dashing towards the software industry no longer exists. One of the pain points in the IT industry is the lack of employable students available immediately after graduation. It is important that young students are abreast of the latest happenings in the software industry by regularly following the news, media and internet.

With start ups growing so rapidly there are always new technologies and frameworks emerging. The Software industry itself is a very vast field and there are numerous options available where students can apply be it in the business process industry or software testing, mobility, enterprise applications and Analytics to name a few. I would also encourage the youth to become entrepreneurs given the vast opportunities out there in a country like ours. E-Commerce is booming in India and provides numerous opportunities for entrepreneurs to start their own venture. The Government is also encouraging such start ups and has allocated funds for them as well. Hardware, Software and Embedded systems are the future and Indian Entrepreneurs must be passionate and willing to take the risks.

At the end of the day, my most important message to the youth today would be 'Dare to Dream'.