PROGRAMME: MBA (2019-21)

Summer Internship Project

Final Report

Phase II

Company: Cummins India Limited

Project - Developing comprehensive framework to assess export opportunities for Cummins in India and establishing value of India manufactured products.

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Date: 5th July 2020

Company

Cummins India Limited

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Project Title

Developing comprehensive framework to assess export opportunities for Cummins in India and establishing value of India manufactured products.

Role: Market Research, Business Development & Strategic Planning

Team Responsible (Cummins)

Ajitesh Monga (Mentor) : Manufacturing & Supply Chain leader – Exports

Rohit Garg : Market Insights/Marketing, Strategy & Planning

Richa Khanna : Digital Accelerator Leader – India

Shailesh Zinge : Director – Marketing & Growth Initiative - India

Mihir & Rohan : Product Planning Team

Minh : Tax Leader (US), Global Legal Team

Rahul Sawdadkar : Taxation – India

Sanjay Singh : Deputy General Manager (Global Team)

Purpose

Partial fulfilment for the award of Degree of Master of Business Administration Batch 2019 – 2021

Prepared for,

Institute of Management, Nirma University

Date: 5th July, 2020

Acknowledgement

I would like to thank Institute of Management, Nirma University to keep mandatory summer internship training program for the benefits of the students. I would like to thank **Cummins India Limited** for providing me this opportunity to pursue my summer internship. I would like to use this opportunity to express my deepest gratitude to **Mr Ajitesh Monga, Rohit Garg and Richa Khanna** and all the other members of the department for taking out time from their busy schedules to provide me with the guidelines, feedback and constant support to carry out the project and provide me with the training required to conduct the analysis. I would also like to thank Prof. Jayesh Aagja (faculty mentor) for helping me with the project direction and all his support throughout the course of the internship.

Contents

List of Exhibits

Executive Summary

When a business deals with exports, the potential countries always consider so many parameters before initiating or changing the source of business hence, for manufacturer it is important to be competitive enough in the market especially for a country like India where the cost of production is significantly low compared to countries like US, China, UK and Brazil. The competition is high so it is necessary to position the country as a brand which can convince customer countries to source form a particular country in this case India. The initial research focuses mainly on understanding the current/past trends of export from India as it should be clear before exploring the export opportunities so it is important to understand what has been the trend and where it is moving towards in near future. The number shows huge potential in automotive business for India in regions like America, Europe, Asia and Africa. India faces major competition from China, USA, UK and Brazil in terms of cost, tax rates, trade tariff and logistics. India' performance is commendable in terms of cost, trade tariff and government policies related to export. However, India is less competitive in parameters like infrastructure, logistics and local tax rate. One major pitching point for India is the emission standard alignment as per the global standard which is important for automotive sector. Segmentation, Target market and Positioning clear the picture for India for increasing the export business and put focus where it is required. Points of parity and points of difference with competitor countries make India stand out and perceptual map is an outcome to compare the countries. India can take over the market and capture the potential business based on the low-cost parameter. It just requires development in some areas like infrastructure.

PART A

About the Company (Same as Phase I)

Cummins is one of the Fortune500 corporations founded by *Clessie Cummins* and *W.G. Irwin* in 1919. Cummins is mainly involved in designing and manufacturing service engines and related technologies including power generators, filtration and emission solution. Currently the company is present in more than 190 countries with around 8,000 dealers. The company is known for its powerful products and continuous innovation.

Cummins Inc. is currently 101 years (1919-2020) old corporation. Cummins started its operations in India in 1962 Presently there are total eight business entities of Cummins Inc. in India.

Cummins India Limited	Cummins Technology Pvt. Ltd
Cummins Generator Technology Pvt. Ltd	TATA Cummins Pvt. Ltd
Fleetguard Filters Pvt. Ltd	Valvoline Cummins Pvt. Ltd
Cummins Sales & Service Pvt. Ltd	Cummins Research & Tech. Pvt. Ltd

PART B

Project type – Research Based Project (Market Research & Strategic Planning)

Project Brief
Develop comprehensive framework to assess export opportunities for Cummins in India and establish value of India manufactured products. Key deliverables: # Identify potential areas of scope: Study market and Product roadmaps of Cummins globally and identify target regions and products # Comprehensive assessment of key cost levers: # Arrive at prioritised list of export geographies for India based on key cost elements- Logistics Cost by regions, Tax structure and treaties by regions, etc. # Establish impact of volumes & scale advantage - Manufacturing Cost wrt product volumes & scale of operations

Objectives

1. To understand how Cummins India can increase export potential to other Cummins plants considering products are completely similar.
2. To establish impact of volumes & scale advantage - Manufacturing Cost wrt product volumes & scale of operations
3. How and why it is beneficial to export from India.
4. Which are the right regions / geographies to pick.
5. To arrive at the right product - region match.

Utility

1. It is helpful for the company in targeting the right geographies for specific products.
2. Cost competitiveness study helps company in identifying the cost levers.
3. This study will help in reductions of cost and to create a roadmap for next 10 years in export business for the company.

Initial Research area / Gap in knowledge

The initial research was required mainly in terms of understanding the current/past trends of export from India as the project revolves around export opportunities, it is important to understand what has been the trend and where it is moving towards in near future. After looking for the India's auto-component export the focus is required for product wise export which is important to study as which product is exported to which country. Study and analysis of these data point helps in deciding the target market product wise.

For competitiveness purpose, a detailed analysis of Tax structure and Cost structure of targeted countries are required so there was a huge gap of information there. Research about various types of cost and different cost levers was required and for tax structure, study of import tax, duties, corporate tax of countries and proper structure of process are required.

There are mainly three segments for a product in auto-component industry 1. Emission Standards of products 2. On-highway products 3. Off-highway products. It is important to know country wise emission standards because if some country has higher emission standard than India, we cannot sell out product to that country. First step of segmentation was to bifurcate products emission standard wise. On-highway / Off-highway product details are provided by the company.

Methodology

Cummins Inc. is a multinational company and there are many manufacturing plants of Cummins across the world. As the project is related to export of Cummins India the study is based on international market where internal Cummins network is also involved so it is important to understand the Cummins internal network country wise and external environment in which study of other target countries is required.

In this study, a specific investigation for gathering the information and data has been followed. To accomplish the defined objective, there is a strong need for finding the information by research methodology. This particular research design consists of qualitative approach for analyzing the information that is being collected from different data sources.

The study was secondary research type as various articles was referred which are available online and few data source websites. This data is easy to get, simple and reliable. Quantitative data consists of statistical data and financial statements from which one can draw inferences. Qualitative approach and quantitative approach are used to study competitiveness across the globe.

A framework is created based on the above parameters and detailed research about each parameter is done keeping India in the center. The main objective of the framework is to look for competitive advantage of India. Detailed framework and detailed research are mentioned in the project work.

Method of Data analysis

Data analysis is done by qualitative and quantitative both the methods. Qualitative data analysis is based on inferences of past trends and articles referred while quantitative analysis is done based on financial statements of companies and various financial reports of countries.

Past trends and current export data are analyzed and converted into qualitative data points in brief format. Based on that data and inferences the target market or target countries are selected. The research revolves around study of countries like China, US, UK & Brazil.

For comparison of Cost and Tax, quantitative approach is followed. First step was to calculate basic cost factor table based on profit & loss statements of various companies. After creating the basic cost factor for India, a table of cost index is generated for comparison of countries. Based on that cost index calculation, cost competitiveness is created country wise.
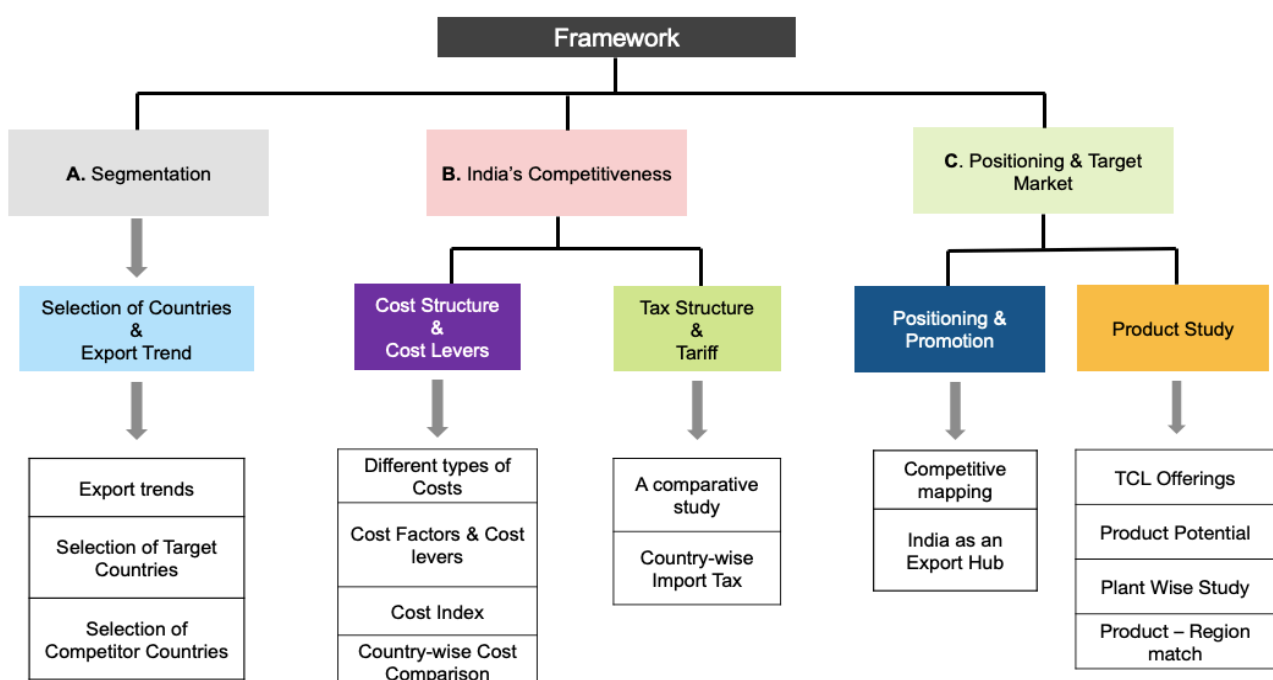
Various variable is taken for creating cost index. For cost structure, Labor, Raw material, Electricity, Fuel & Logistics cost are the variables taken for the study of the project. For tax structure, Corporate tax, withholding tax & VAT/GST are taken as variable. Product portfolio analysis is done internally with some confidential company data.

Project Work

To study the countries, following forces, drivers or parameters are taken for consideration which will help in comparing the countries and it will give the idea of competitiveness of manufactured products country wise.

Economy & Government	Cost Competitiveness
International Market	Legal & Tax system
Investments & Innovation	Infrastructure
Suppliers Network	Ease of doing Business

Country wise analysis of these forces and parameter will help in achieving the objectives of the project. This is a broad structure and for this specific project detailed study of few major parameter is done broadly. These drivers cover most of the criteria required for comparison of countries in terms of competition and target market by and large.

Framework

A. Segmentation

Selection of Countries & Export Trend

- Export trends
- Selection of Target Countries
- Selection of Competitor Countries

B. India's Competitiveness

Cost Structure & Cost Levers

- Different types of Costs
- Cost Factors & Cost levers
- Cost Index
- Country-wise Cost Comparison

Tax Structure & Tariff

- A comparative study
- Country-wise Import Tax

C. Positioning & Target Market

Positioning & Promotion

- Competitive mapping
- India as an Export Hub

Product Study

- TCL Offerings
- Product Potential
- Plant Wise Study
- Product – Region match

For the project the main two parameters are selected 1. International Market study 2. India's competitiveness in global context. Segmentation, Target market & positioning is part of International market research study which is further divided into detailed and specific area of research. Whereas for India's Competitiveness, Cost structure and Tax structure are researched to compare India with other countries.

The framework majorly has three verticals, Part A is Segmentation which focuses on selection of countries based on past trend of some internal & industry export data. Part B is about India's competitiveness in which the comparison of two major factors one COST & two TAX. A comparative study is done on that. The final vertical Part C focuses on Country's positioning about where India stands compared to other countries & Product study along with engine potential for Cummins India.

This is how the framework is created for the project study and points included in each part are studied thoroughly and conclusions are drawn from each data points and by combining them the final outcomes are generated which can be used for selling the product in perfect market and to perfect customer.

Main objective of the framework is to understand how India is better in terms of various parameters compared to competitor countries of Cummins. There are two parts of that external competitors and internal competitors. External competitors are other brands and internal competitors are Cummins plants of other countries. In simple words the project focuses on how Cummins India can increase export to other Cummins plants or how Cummins India can grab the export market of other Cummins plants as India is a low-cost country so the comparison in to arrive at a conclusion of how India stands better in terms of Cost, price, network etc. which will prove that it is beneficial to import from India.

In order to do so, following research and analysis are done on various different parameters globally and at country level also. This will give an idea to pitch India as a brand and how it is a better brand than other countries by maintaining the same and global level of quality and requirements.

Analysis & Discussion

A. Segmentation

Most of the data used or presented in the project is in tabulation format. Comparative data is show in the form of bar-graphs.

Below are some data which is used in the project and further analysis is done on the same line of it. Initial research was done on the past trends of Export data of India specific to auto-component industry (Refer to Exhibit 1).

**Exhibit 1: Export – Auto Component Industry 2018-19**
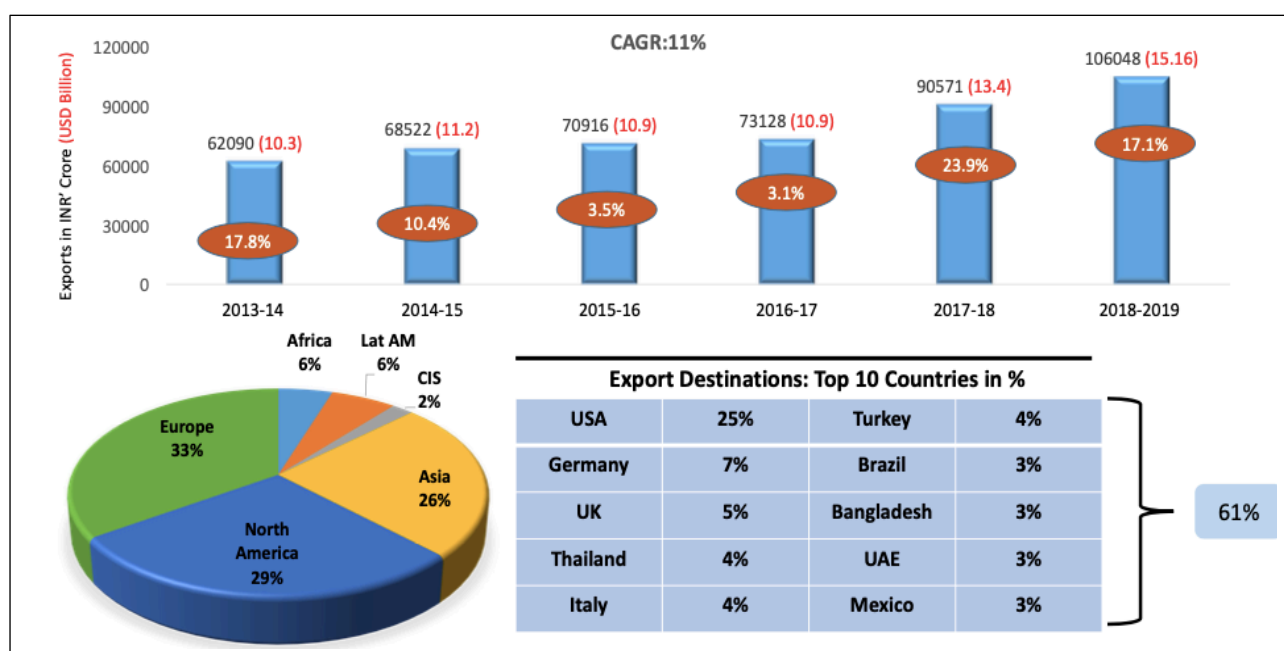
Source - ACMA

- For diesel engine (TDCV) India's export to China & USA in 2018-19 increased by 70% and 20% respectively.
- India's export of diesel engine (6BTA) to Turkey and Brazil in 2018-19 has doubled from the previous year.
- The total export of Cylinder parts (head, block & long block) from India to USA was approximately $ 95 million, followed by UK $ 55 million in 2019-20.

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- Major players like Bharat Forge and Sundaram Clayton earn around 40% of total revenue from these countries.
- Internally, a lot of import-export is happening within Cummins plants. Cummins UK is exporting to China, Cummins USA is exporting to UK and Cummins Brazil is exporting to US.

Based on the trend the selection of countries is made which is shown below.

Exhibit 2: Target Countries
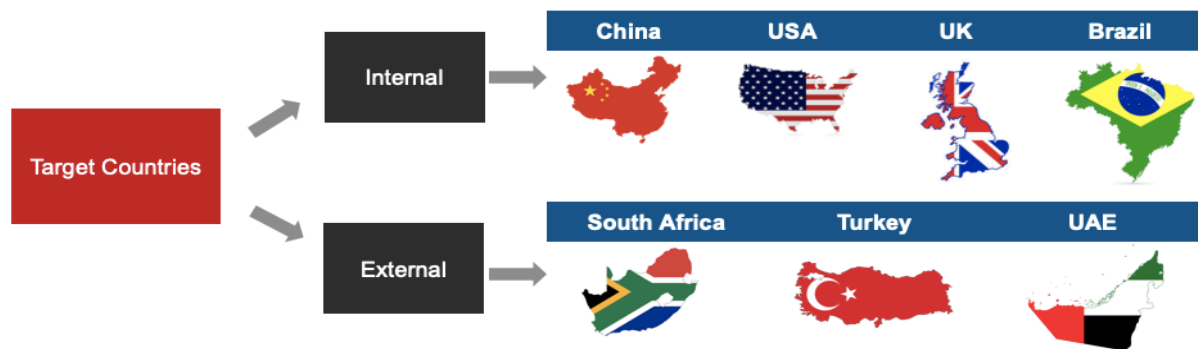

B. India's Competitiveness

For the cost data, bar-graph presentation is used to get the visual and comparative idea of cost competitiveness and how higher or lower the cost is in other countries compared to India (Refer to Exhibit 3). Tabulation format is used in cost of capital & labour cost comparison along with percentage comparison (Refer to Exhibit 4 & 5).

Exhibit 3: Raw Material
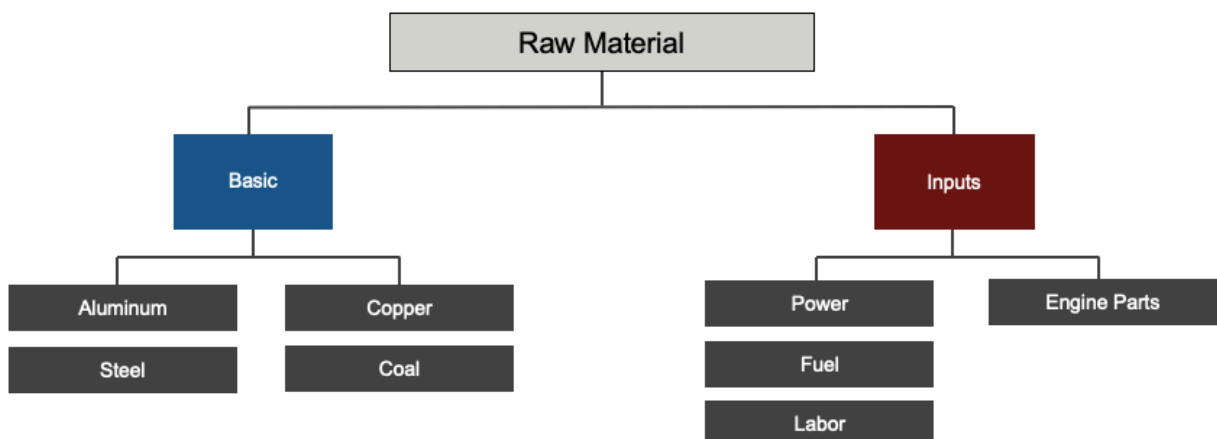
For basic raw material, the price is global in nature and sourcing the basic raw material creates minimal difference in cost country to country. The raw material used as inputs are considered as company wise cost of bought out raw material.

Exhibit 4: Power & fuel Cost comparison
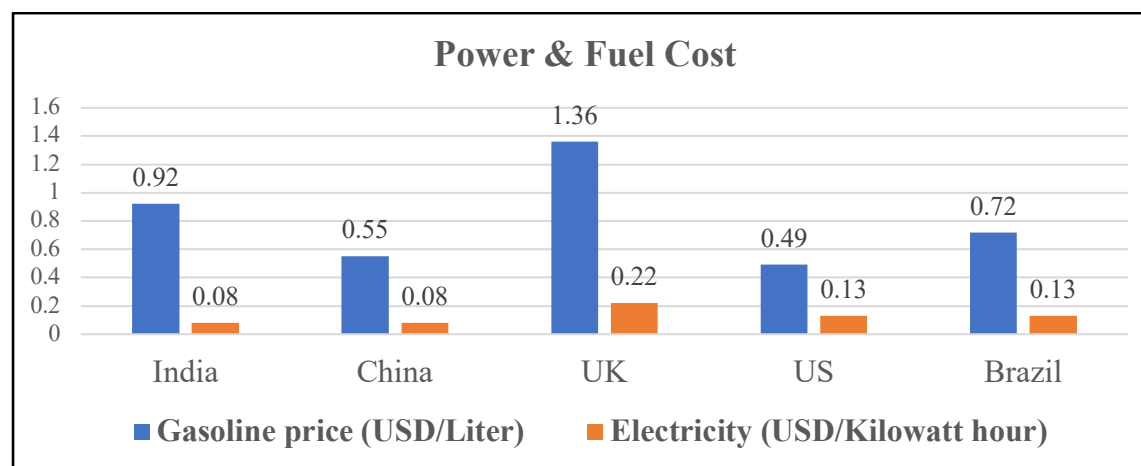
Exhibit 5: Cost of Capital & Labor cost comparison

	Cost of Capital* (Local Currency)	Compared to India
India	10.11%	NA
US	6.37%	37% lower
UK	7.49%	26% lower
China	12.17%	20% higher
Brazil	13.48%	33% higher

	Minimum Wages (USD/Day)	Compared to India
India	5 - 10	NA
China	15 - 20	130% higher
UK	60 - 80	830% higher
US	50 - 60	630% higher
Brazil	8 - 12	30% higher

Ranking was given to countries based on the cost data with few assumptions. Ranking will give holistic idea of where a country stands globally and where it needs to improve. Cost wise ranking was also given which helps a country to focus on a particular cost levers especially India where labor cost is too low and can make the manufacturing at lower cost compared to other nations. These data help in identifying cost competitiveness of India and also help in identifying the lagging area or weak area of India.

High level of cost analysis is done for the auto-component industry. By studying the financial statements of the major players like Clayton & Bharat Forge, the following table of cost factor (Exhibit 6) is created which suggests the proportion of different cost for manufacturing an engine in India.

Exhibit 6: Cost Factor Calculation

	Engine Manufacturing	Average of (Clayton & BFL) Tier I (component Manufacturing)	Basic Cost factors	
Revenue	100%	100%		
Raw Material	42%	43%	18.1%	Basic Raw Material Cost
Labour	8%	8%	11.4%	Total Labour Cost
Electricity	9%	7%	11.9%	Total Electricity Cost
Logistics	4%	3%	5.3%	Total Logistics Cost
Depreciation & Interest	8%	7%	10.7%	Total Depreciation and Interest Cost
Other Costs	12%	9%	17.0%	Total Other Cost

Source – Constructed by the Author from the Financial Statements

Based on the cost factor and other cost comparison, the cost index (Exhibit 7) is calculated and for that India is taken as a base.

Exhibit 7: Cost Index

Basic Cost factors	India	China	US	UK	Brazil
Basic Raw Material Cost	18.1%	18.1%	18.1%	18.1%	18.1%
Total Labour Cost*	11.4%	26.13%	82.93%	105.65%	14.77%
Total Electricity Cost	11.9%	7.52%	7.40%	18.87%	10.15%
Total Logistics Cost**	5.3%	5.3%	5.3%	5.3%	5.3%
Total Depreciation & Interest Cost	10.7%	12.80%	6.74%	7.91%	14.23%
Total Other Cost**	17.0%	17.0%	17.0%	17.0%	17.0%
Grand Total of Costs	74.3%	86.8%	137.4%	172.7%	79.5%
Revenue	**100.0%**				

Source – Constructed by the Author

This cost index gives the idea of global cost proportion compared to India. This is a detailed analysis of individual cost. The Index suggests which costs are low in India and which cost are high in India compared to other countries.

Exhibit 8: Tax Structure Comparison

	Corporate Tax	Withholding Tax	VAT/GST	Additional Tax
India	22%	15% (proposed)	18% / 28%	3.2% (Surcharge), Gross receipt tax
China	25%	10%	13% to 17%	Consumption and business tax
US	21%	30% (Can be reduced)	10%	2% (State Tax)
UK	19%	0%	20%	-
Brazil	15%	15% (Can be increased)	17% to 25%	10% (Surcharge) Local service tax, Gross revenue tax

Source – Constructed by the Author

After the cost analysis, Tax analysis is one of the most important factors as it affects the price of the product and income of the company. As shown in the Exhibit 8 India has the highest tax rates among these countries. In terms of tax, Brazil & UK are the most competitive countries.

Exhibit 9: Tariff Rate Comparison

From \ To	China	US	UK	Brazil
	Product: Diesel Engine HS code – 840820			
India	17.5%	0%	0%	18%
China	NA	2.5%	4.2%	18%
US	25%	NA	4.2%	18%
UK	25%	2.5%	NA	18%
Brazil	25%	2.5%	4.2%	NA

Source - https://santandertrade.com/en/portal/international-shipments/custom-duties-and-local-taxes#result

The data in Exhibit 9 suggests product wise import tax applied by the countries. If China imports from India the tariff is 17.5% and if china imports from other countries the tariff is 25% which creates advantage for additional 7.5% for India.

US-CHINA Trade war Dynamics

**Exhibit 10: Average Tariff Percent**
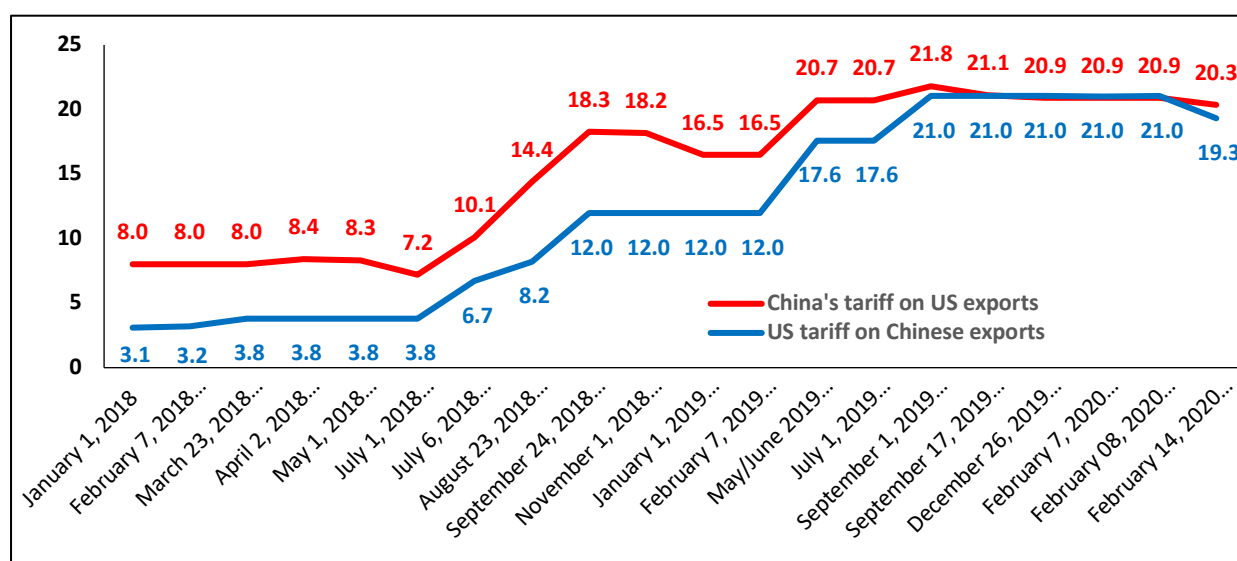
Source - Constructed with data from Trade Map and Market Access Map (International Trade Centre, marketanalysis.intracen.org), and China's Ministry of Finance's announcements, and USTR announcements

The trade war analysis is considered for the project because it created trade diversion effect and from that many countries have benefited from additional export and India is among them. In Exhibit 9 the tariff rate of both countries has been increasing since July 2018 when the trade war started and it is marginally increasing throughout the period.

US-China trade war has a great impact on global economy. Due to increase in tariff the imports-exports of US & China have decreased and as a result trade is shifted to other countries to meet demand. US & China had to find alternative for imports hence, countries like Chile, Malaysia and Argentina gained from additional exports to China and countries like Vietnam and South Korea gained from additional exports to US.

The impact was spread across many sectors and industry and different countries gained from different industry. Exhibit 11 shows which country gained how much industry wise. Most countries' gain was diversified however India was able to gain only $ 0.9 billion which is comparatively lower to other low-cost countries.

Exhibit 11: Trade Diversion Effect
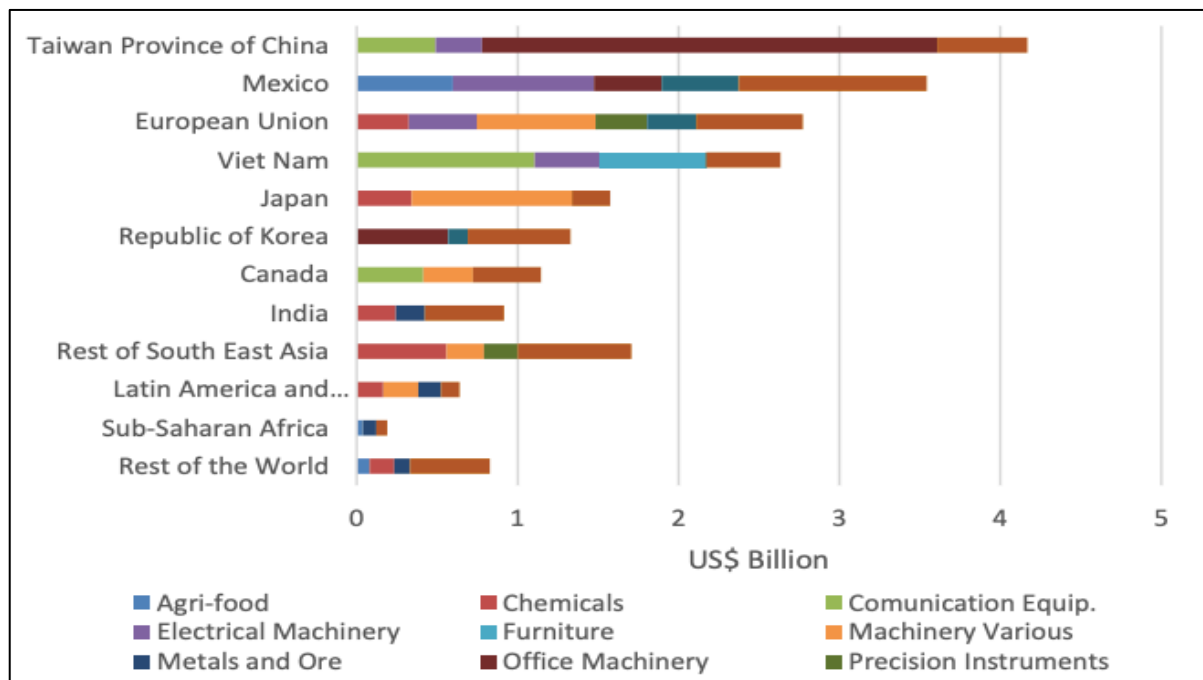
US-CHINA trade war is a big opportunity for expanding the export business across sectors for all the low-cost countries like India. The benefits of additional exports to both the countries are in billions of US dollar.

C. Positioning & Target Market

This part of the projects focuses on current position of India among other countries like China, US, UK and Brazil as these are the major competitors. First part shows the ranking of countries given by World Economic Forum (Refer Exhibit 12).

Exhibit 12: Comparative Position of India

Global Competitiveness – 2019					
	India	**China**	**UK**	**US**	**Brazil**
Overall Rank	68th	28th	9th	2nd	71st
Infrastructure	70th	36th	11th	13th	78th
Innovation Capability	35th	24th	8th	2nd	40th
Logistics Performance Rank	44th	26th	9th	14th	56th

India is behind these countries; one major reason is slow growth. India is growing but at a slow rate compared to these countries. The infrastructure is of poor quality which is a major factor affecting trade. In Innovation India's performance is relatively quite good however, UK and US are way ahead of India. Specifically, in terms of trade there are some different parameters for comparison. Refer to Exhibit 13 which shows trade friendliness of a country.

**Exhibit 13: Trade Openness Comparison**
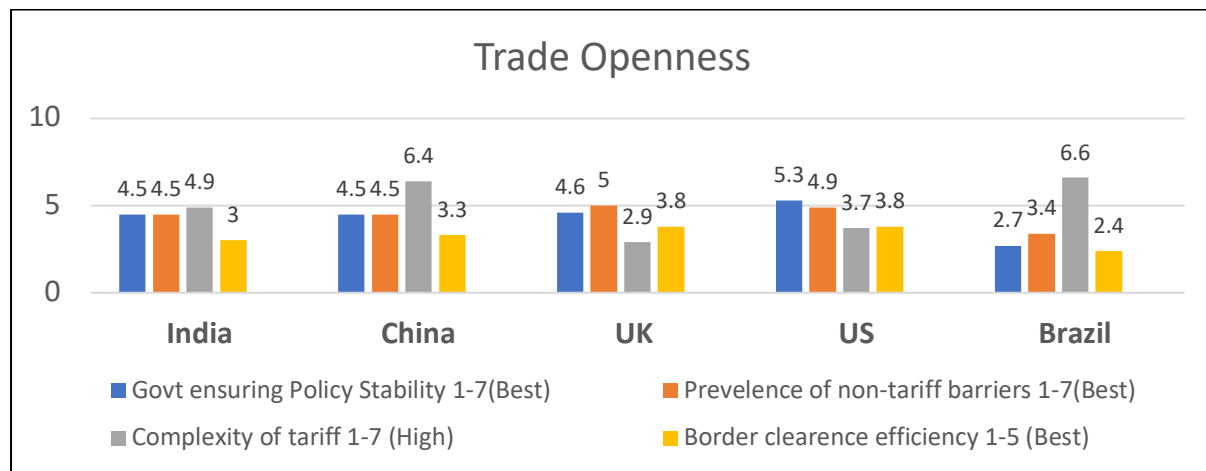
In terms of trade openness, government support in terms of policies is proper. UK here is the friendliest country for trade. This shows the quality of a country in terms of trade. India is competitive in terms of trade openness which outweighs the poor infrastructure to some extent and it can remove many barriers to trade with other countries.

After manufacturing cost and tax rates comparison the important parameter for Import-Export is logistics. There are two kinds of logistics 1. Domestic Logistics 2. International Logistics. Domestic logistics is depended on many internal factors of company and distance of manufacturing facility to port of export so for the project, domestic logistics is taken same for all the countries however, International Logistics varies because of distance between countries and cost of sea freight. These costs make a huge difference in overall cost hence it is important to consider it and compare it with other countries.

Following Exhibit 14 shows the Logistics Performance Index which is calculated every two years by world bank to check the logistics efficiency of every country.

Exhibit 14: Logistics Performance Index
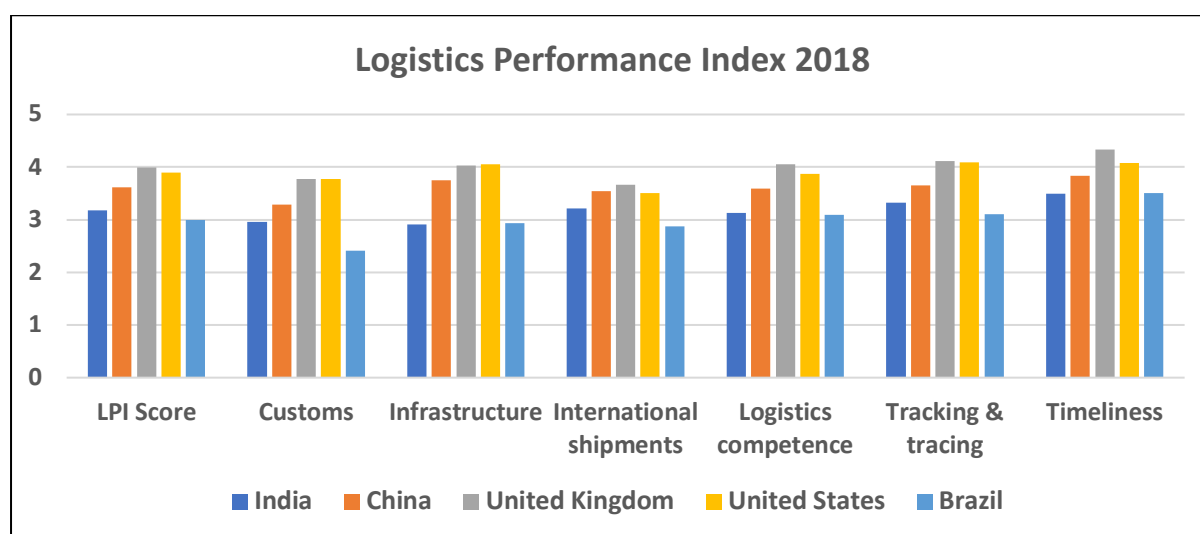
Source – World Bank

The Logistics Performance Index is calculated considering the above seven parameters. It ensures the quality and ease of trade between any two countries. The overall score of India is lower than that of China, US & UK. In terms of logistics the major advantage for India is its geographical location and major disadvantage is poor infrastructure which can be a big challenge for India. These parameters and comparison also suggest that where India needs to improve and where it needs to maintain the quality at par with other to stand out among these countries.

Exhibit 15: Sea Distance Between Countries

To / From	China	US	UK	Brazil	South Africa	Turkey	UAE
India	6,644 km	16,586 km	12,517 km	14,286 km	8,130 km	7,357 km	2,807 km
China	NA	10,184 km	18,934 km	19,338 km	13,182 km	13,775 km	9,398 km
US	10,184 km	NA	15,732 km	12,484 km	23,092 km	18,410 km	19,340 km
UK	18,934 km	15,732 km	NA	10,456 km	11,937 km	6,350 km	11,926 km
Brazil	19,338 km	12,484 km	10,456 km	NA	6,246 km	11,306 km	14,945 km

Sea Distance between countries is considered for the international logistics cost comparison.

< 12,000 km ➡ low	12,000 km to 18,000 km ➡ medium	> 18,000 km ➡ high
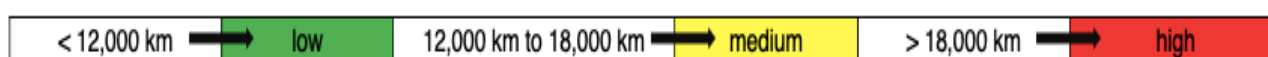
To capture the essence of the positioning part or overall competitiveness of India, exhibit 16.1 is the competitive mapping or a kind of perceptual map which shows where India stands compared to competitor countries. The mapping is created based on parameter which is shown in Exhibit 16.2 and based on the parameter a conclusion is drawn of preferred country parameter wise (Refer to Exhibit 16.3). The major parameters are cost, export network, tax & tariff. The weightage is different. Cost is the most important parameter followed by tax & tariff and lastly export network. The table shows the preferred country for each parameter. It also shows that in tariff India is competing with UK.

Exhibit 16.1: Competitive Mapping
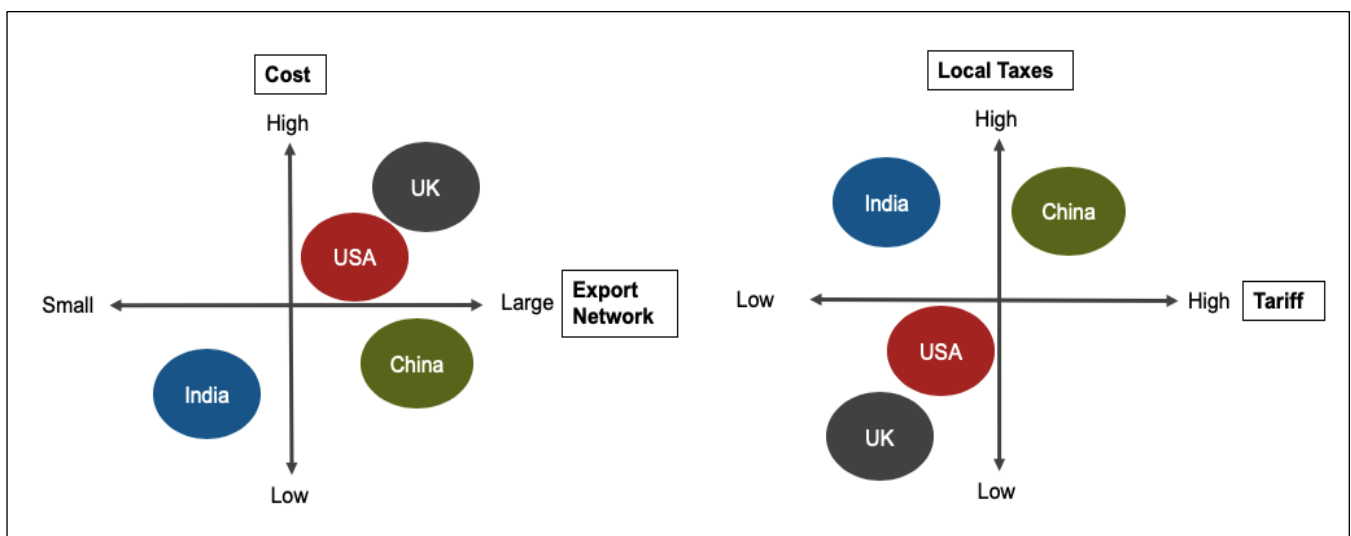
Source – Constructed by the Author

Exhibit 16.2 Weightage of Parameters

Parameter	Cost	Export network	Local Tax	Tariff
Weightage	65%	5%	20%	10%

Source – Constructed by the Author

As it is shown in the above figure the overall cost of an engine in India is significantly low in India. It is marginal lower than China and It is cheap to produce engine in India compared to USA and UK as their cost is much higher than India. This suggests where India needs to improve and where it is lagging behind. India is lagging behind in export network and high taxes. However, the weightage of consideration is different and based on that the following Exhibit 16.3 is the conclusion.

Exhibit 16.3 Conclusive Preference

Parameter	Preferred Country
Cost	India
Export network	UK / China
Local Tax	UK / USA
Tariff	India / UK

Source – Constructed by the Author

Global consumers are becoming increasingly aware, and even selective, of the country of origin of the goods they purchase. Since the late twentieth century, issues such as concerns over working practices in some Asian processing plants, growing geopolitical and environmental consciousness have ensured that the picture of the country has become increasingly blurred. It became very important to hold role in shaping market understanding. Looking at today's global economy, countries are closely connected to other manufacturing capabilities: Italy for architecture, France for apparel, Germany for mechanical products, Japan for telecommunications, Switzerland for precision and the US for entertainment, among others. Such alliances do a great deal to lend prestige to the output of these countries and to encourage them to charge a premium for their products. In order to change India's SMEs, it should be advocated for businessmen to take a long-term commitment to their investments and establish an Indian manufacturing strategy.

Exhibit 17: India Pitch

Geographical Location

Low Manufacturing Cost

Ease of Trade – FTAs/PTAs

Capacity to meet demand

Low Trade Tariff
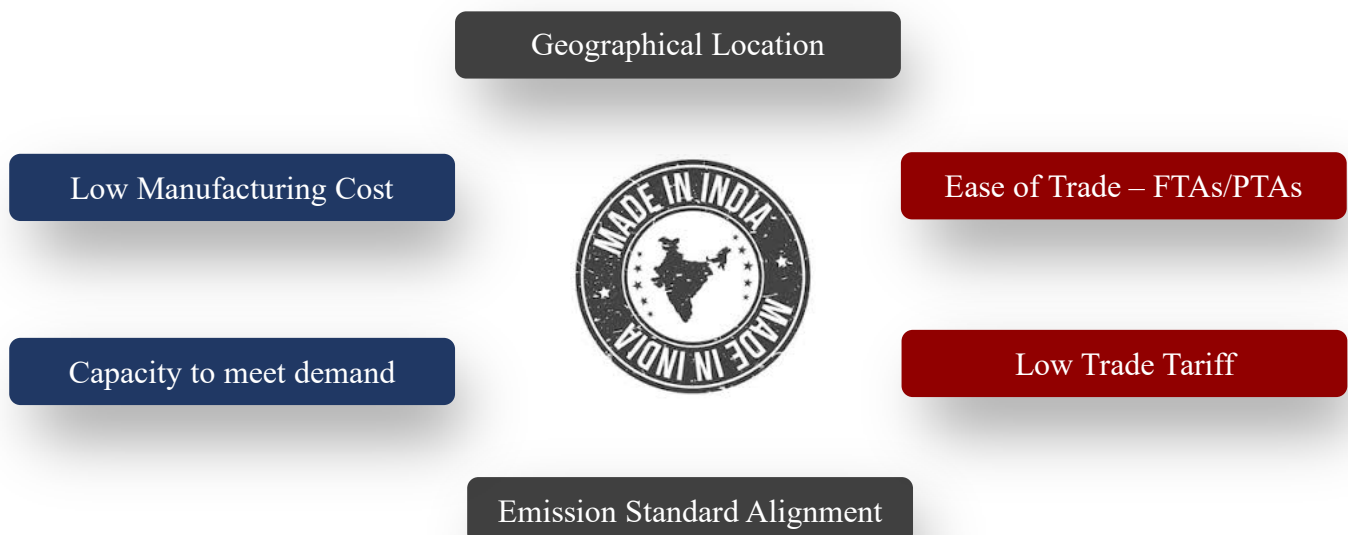
Emission Standard Alignment

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Exhibit 17 shows the major considerable points or strengths of India by which manufacturer can pitch their products and convince other countries to source their products from India. As the data and facts suggest that India has a competitive edge in manufacturing cost, geographical location as it is closer to potential countries, good trade relation with many countries, enough capacity to fulfil demand, comparatively low trade tariff for international trade and India has an alignment of emission standard as per the global requirements. These factors make India a preferable country for sourcing automotive parts. In the foreign market, India will have to radically upgrade its brand. It needs to make continuous efforts to market the brand — internationally, in key forums (governments, industry organizations, etc.), Encourage and promote the changes in efficiency made (R&D expenditure, increased productivity, etc.) Developing a sponsoring network of international corporate leaders who have invested in India and who will advocate Indian goods among their peer networks is required and improvements on issues previously addressed, like making it simpler to do business, proceed and intensify.

Combined exports of products and services are forecast to rise to US$ 800 billion by 2022-23 from US$ 478 billion in 2017-18. Industrial production was not powered by exports. Domestic demand alone cannot be adequate for long-term output of high value.

The logistics cost is projected to be 14% of India's GDP, compared with 9% of US GDP, 11% in Japan, 12% in Korea, and 14.9% in China. A 10 % reduction in indirect costs for logistics could result in exports increasing by 5-8%. In recognition of its importance for exports and growth.

Government Policies and treaties

Policies:

- Merchandise Exports from India Scheme (MEIS) & Incentives to be available for SEZs
- Automotive Mission Plan - 2026
- Rebate of duty on "export goods" and "material" used in manufacture of such goods
- Market Access Initiative (MAI) Scheme (promotional scheme)
- Remission of Duties and Taxes on Exported Products (RoDTEP) scheme is WTO compliant, will reimburse taxes/duties/levies at the central, state and local level, which are currently not being refunded.
- Export Promotion Capital Goods (EPCG) Scheme

Treaties:

- FTA with Indonesia, Myanmar, Malaysia, Philippines, Singapore, Thailand, Vietnam, Korea & Japan
- India and the Southern Africa Custom Unions (SACU) FTA
- India-ASEAN agreement (AIFTA)
- Asia-Pacific Trade agreement & South Asian Free Trade Agreement (SAFTA)
- India-Japan Comprehensive Economic partnership agreement (CEPA) & India-Korea CEPA. India-Singapore Comprehensive Economic Cooperation Agreement (CECA)
- India-MERCOSUR PTA (Brazil, Argentina, Paraguay & Uruguay)

Benefits of policies & treaties

- MEIS scheme provides incentive in the form of duty credit scrip to the exporter to compensate for his loss on payment of duties. The incentive is paid as percentage of the realized FOB value (in free foreign exchange) for notified goods going to notified markets. This makes India's products more competitive in the global markets.
- RoDTEP scheme will reimburse taxes/duties/levies at the central, state and local level, which are currently not being refunded. It reduces the cost for exporters.
- AMP 2026 seeks to increase net export of the Indian Automotive industry. It is also an promotional scheme for Make in India & for exports.
- EPCG enables an importer (being an export-oriented business) to import capital goods at zero rates of customs duty. However, the scheme is subject to an export value equivalent to 6 times of duty saved.
- The ASEAN-India FTA is about tariff liberalisation of over 90 percent of products traded between the two dynamic regions.
- CEPA encourages trade between two countries and promote expansion of import-export business.
- CECA is a free trade agreement to strengthen bilateral trade. It eases the overall trade process including trade facilitation & customs.

Considering all the point a detailed SWOT analysis was created. It suggests the areas at which India is good and can continue to develop and in some areas India is lagging behind and some factors are needed to improve to compete globally specially in automotive market. In terms of competition UK is the toughest competitor as of now.

SWOT Analysis

Strengths

LOCATION: Geographically closer to most of the potential regions

COST: Overall low manufacturing cost compared to competitor countries

Emission: Local Emission Standards alignment with global emission standards

CAPACITY: Capacity to build & distribute products with high demands and adherence to quality

Weaknesses

PRODUCTIVITY: Low labour productivity might slow down the production process

INFRASTRUCTURE: Comparatively weak infrastructure in terms of domestic & international logistics

RELATION: Already established export trade relation of countries like UK

COST: Relatively high cost of capital, fuel cost & high local tax rates

Opportunity

EMISSION: Opportunities in countries with lagging emissions

LOCATION: Potential to grab market of those countries which are closer to India

PRODUCTS: Opportunity to produce products which are not exported by competitors (e.g. B5.9)

LOW-COST: To reduce price, Global OEMs & Tier 1 suppliers have to source from low cost countries

Threats

COMPETITION:

- Competition from other low cost countries like China & Brazil
- Extensive competition from UK in terms of tariff, shipping cost, low tax rates & trade network

AGREEMENTS: Free Trade Agreements / Preferential Trade Agreements (FTA's) of other countries

India has many opportunites to explore globally and there is a tough competition as well.

Suggestions and Recommendations

A detailed product study was done after the overall research of different countries and comparisons of the same on different parameters. However, the product study data is confidential and presenting such data and its analysis violates the agreement so it is not shown in this report.

Based on the framework research and product study, conclusion is drawn. Exhibit 18 is one of the important outcomes of the project. According to me, the countries/region shown in the Exhibit 18 can be a potential regions for Cummins India and the company can pitch the respective products mentioned along with region to that particular regions. It involved product study as the base but briefly Cummins India can pitch the list of products to these selected regions as they are the potential regions for the respective products.

Exhibit 18: Export Opportunities for Cummins India
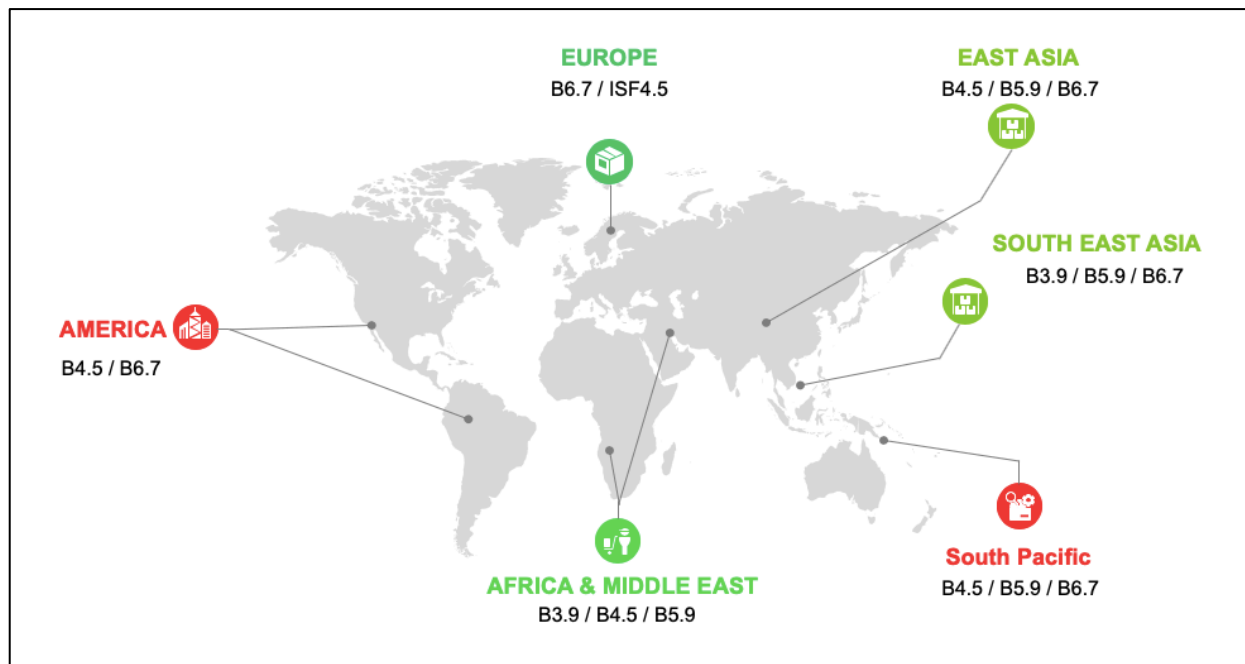
Constructed by Author. B3.9, B4.5, ISF4.5, B5.9 and B6.7 are the products offered by Cummins India.

The world map suggests that Cummins India can pitch B3.9, B4.5 and B5.9 products to Africa & Middle East because these regions have demand for those products. The same is true for all the regions. It also suggests that there is no point in selling B3.9 or B5.9 products to Europe market as there is not demand or potential for those products. This is a partial map as the sales number and product volume are not shown.

PART C

Learning from the Project

1. Application and insights of concepts, tools, techniques and skills:

As the project is of marketing domain so the most of the concepts used for the projects or theoretical knowledge applied here are related to marketing majorly. Apart from the marketing concepts it also includes some concept of Indian Economy in Global Context, its thorough analysis, interpretation and Economical facts.

1.1 Segmenting, Targeting and Positioning

The project is based on a very popular concept of marketing which is Segmenting, Targeting & Positioning. From the start of the project till the end this concept is used and on this concept only the outcome is derived. First starting with the selection of countries which is segmentation, Second comparing the countries based on different parameters and derive a competitive mapping which is a part of positioning and third, targeting which is based on potential and product study of the company. It also includes manufacturing cost, tax, logistics and product roadmaps of the company.

1.2 Points of Parity, Points of difference and Perceptual Maps

Apart from STP, few important concepts of marketing like point of parity, point of difference and perceptual map are used to arrive at conclusion and strategic insights of the project work. Points of parity is used for alignment of India with other countries in terms of global parameters and point of difference is used to differentiate India from other countries. Perceptual maps are used to show where India stands and what qualities it uses to pitch. It has different parameters and different weightage as well. Based on that preferred countries are selected for different parameters.

1.3 <u>SWOT Analysis</u>

As learned in the subject of Strategic management, SWOT analysis is important part before entering into strategic decisions or giving strategic insights for a particular project. Here, in the project a detailed SWOT analysis on company level as well as country level is done so that it will be easier to draw strategic insights based on that analysis.

1.4 <u>Statistical Analysis</u>

Mostly for this project, statistical analysis deals with analysis based on excel data, excel charts and excel figures. It helped in drawing quantitative analysis and understanding the trend of the graphs and slopes of data for a long term.

1.5 <u>Predictive Analysis</u>

For specific part of product study, I have used predictive analysis based on some parameter used in company and predicted the product wise sales in number of units for next 10 years. The data is confidential and that is why it is not shown in the report.

1.6 <u>Research methodology</u>

Secondary research method is used for the project and for the qualitative research and inferences, the common methods of the subject Business Research methods are used. Online articles and reports uploaded by reputed companies like McKinsey, Deloitte and BCG are referred. Some reports of the government bodies such as NITI Aayog, World bank and United Nations are referred.

2. **New knowledge, tools, techniques or skills adopted**

2.1 <u>Basic Cost-factor Calculation</u>

Any cost can be broken down to few indirect costs and to understand cost levers, it is necessary to understand all the indirect cost. In order to do that we have created a basic cost factor of India for an engine to get value proposition and overall cost of production. From the financial

statements of major player in the automotive industry, we have taken the data of manufacturing cost as a percentage of revenue and combining them we arrived at a basic cost factor which suggests that in India how much percent of revenue goes to raw material, how much goes to labor and so on and so forth for other indirect costs. It is a detailed and extensive analysis and it is very helpful in comparing the cost levers also.

2.2 <u>Cost-Index Calculation</u>

One of the first aim of the project to serve the purpose is to look at the manufacturing cost of an engine in different countries and to compare it with India. So In order to achieve that, I was instructed to derive a Cost Indexation table showing all type of manufacturing cost, starting from Raw material till the shipping cost. Individual cost comparison is taken at first and it is converted into percentage higher and lower. With the help of basic break-up of the cost and the percentage comparison a whole cost-index is calculated. It is a very high level of cost comparison among countries and it was a significant learning for me as well. It will be helpful in many projects of the future. The table is shown in Exhibit 7.

2.3 <u>Conversion of volume potential into revenue potential</u>

Based on sales data I figured out how much country wise sales potential is there but in addition to that I have also learned to convert that into revenue potential for Cummins India. Not all products have same price for all countries so bifurcation of pricing was a new learning for me and I divided the price and proportion is taken with the volume to arrive at revenue potential. This data is also confidential hence, it is not shown in the report.

3. **Soft Skills**

3.1 <u>Connecting the dots</u>

It is a team based project and many members from different departments were working along with me. It included Legal team (Tax department), Finance team (Cost department), Marketing team (Product Planning department) and Global team (Export Department). I used to get data from all the teams and I had to discuss different aspect with different teams and at the end I had to align all the data and summarize it to make it in a presentable form.

3.2 <u>Multitasking</u>

As I mentioned, there were different departments involved, majorly marketing, I had to align all the data and I used to coordinate with each team at the same time on different aspect of the project. I developed multitasking skills and it was necessary and practical. I had to occupy my mind in not only marketing perspective but also all the perspective and it results in a good strategic insights because one knows all different aspect.

3.3 <u>Presentation, Everyone listens</u>

It is very general and obvious but in this case I learned different things. It is easy to present product details and analysis to marketing team but it is not the same when you explain it to a finance team so the presentation should be made in a way that can be understood by every department and it should be concise and to the point at the same time. My mentor has spent significant amount of time on mentoring me about how to present and what to present.

If one is able to do the above things properly then it is easy to build relationship among the team members and each department can help out for anything. According to me I have learned these skills and it helped me build good relationship in the company.

4. **A way ahead**

Overall, it was a great experience working with Cummins India. I used to report to the respective team leader who has around 15-20 years of corporate experience in the field so this was a good opportunity for me to learn from them. Their perspective to look at things were very different and detailed. Every small detail matters to them and how they used to pull strategic and relevant information from a pool of data was also a great learning for me.

My internship project was inclined towards marketing but I got work related to all departments and which gave me a holistic view and approach for the work and it helped me broaden my horizon. As a manger it is necessary to have knowledge about every field and from the experience I think it is a good career choice and it is going to take hard work and dedication for the work. Long hours are required but it is something that I would like to pursue in future. Specifically I want to pursue my career in field of Market Research and Brand management as

according to me they are broad field and aligned with my interests as well. It will serve the purpose also. There is a lot to learn, from my internship I have learned that there is always something more that can be improved and can be done in a better way. In a managerial role it is not only about how you work it also deals with how you mange people of your team and your superiors as well.

Every piece of work should be aligned with the mission and vision of the company no matter in which department you are. It is important for every employee to understand mission, vision and values of the company and then only you can serve your customers better. A learning journey from doing a work to align the work with purpose, objective and convert the work into strategic planning is very much required in a corporate job. I am satisfied with my work and I want to keep going in the same line of work.

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