

“Global manufacturing industry relies on machine tools for its core activities”



Karan Bajaj is the chief executive officer of Bajaj Machine Tools, a leading manufacturer of shearing machines, power presses & press brakes, and sheetmetal machines. He shares his views with **Geetha Jayaraman** on the current status of the machine tool sector in India and measures that could spur growth.

Industrial correlation...

Machine tools manufacturing is a huge industry. It acts as a central point for the goods industry, as it provides the principal industrial equipment base for manufacturing industries. Thus, in one way, the global manufacturing industry relies on machine tools for its core activities. In another way, the global economic activity and consumer spending would decide the growth of the industrial production, and in turn, the use of machine tools in manufacturing. The industry, therefore, has developed a strong correlation with the global economic growth & activities.

Scenario in India...

The growth of the machine tool industry in India was strong before the economic scenario changed. But, the impact of the downturn has taken its toll on the industry. The reduction of working days & shifts, layoff, slowing down in production & marketing, and slashing of import of basic materials indicate the decline in the performance of the industry. In terms of application, automobiles are the major end-users of machine tools. The global economic slowdown has affected automobiles production, and this in turn has affected the machine tool industry.

On the global scale, Europe and Asia Pacific dominate in both production & consumption of machine tools. Japan is the top producer of machine tools followed by Germany, while China comes third.

6 Best Practices

- Measures towards cost reduction
- Development of new products
- Increasing level of process automation
- Fixed cycle times
- Maximum utilisation of machines
- Extend credit lines to customers promising immediate delivery from factory stock

On the growth path...

Industries like electronics/electrical machinery and equipment manufacturing are expected to experience a fast growth. Even the automobile industry in India has started picking up gradually, as compared to the sales in the last three quarters. Filled with unpredictable highs and lows, 2008 was a veritable rollercoaster ride for global trade. Innovative solutions and strategies are now being employed by various stakeholders to protect themselves from the impact of the economic downturn.

Measures to be taken...

The measures taken by the government include tax incentives, rebates and policies to boost intercontinental trade. Logistics service providers are increasingly turning to innovative business and pricing strategies to attract customers. Machine tool manufacturers are doing their best to tackle this major economic slowdown. However, their survival in the current economic slowdown will depend on how innovative they are in reducing overall costs without compromising on quality. Organisations that are prepared to utilise the opportunities - with robust & proven risk management strategies in place, and clear objectives set for future success - will emerge prosperous.