



CURRENT TRENDS AND DEVELOPMENTS IN INDIAN SERVICES SECTOR FOR SUSTAINABLE GROWTH

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Abstract

As per the United Nations' Brundtland Commission the apt definition of sustainable development is "to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs." Indian services sector, which is increasingly contributing innovative solutions for integration of development and environmental sustainability has propelled India's rapid emergence as a global economic player. Through this review paper we are attempting to bring forward various trends and developments that contribute to sustainable development and are being incorporated by Indian companies that can be used both by industry and governments to make strategic decisions from an economic, social and environmental perspective.

Keywords: Sustainability, Business and Industry Sector, Trends and Developments

What is Sustainable Development?

The United Nations' Brundtland Commission has produced the most recognizable definition of sustainable development—"to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs." The Brundtland definition of 'sustainable development' has some implicit and explicit values; based on these values, a set of guiding principles have evolved over the years in order to meet the needs now and in the future for human, economic and social development within the life support systems of the planet. Although the concept of "needs" or its implications have not been explained in the definition, most discussions "have retained the core ethic of intergenerational equity, emphasizing the current generation's moral obligation, to ensure that future generations enjoy at least as good a quality of life as the current generation has now" (World Development Report, 2003).

The constituent parts of sustainable development are notably three: environmental, economic, and social.

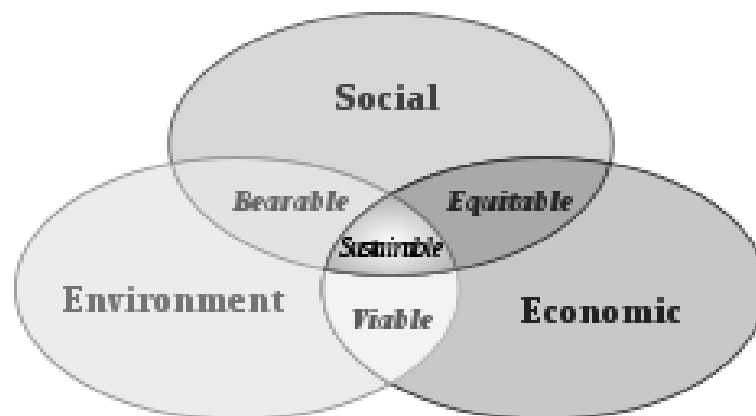


Figure 1: Sustainable Growth Constituents.
(Source: <http://en.wikipedia.org/wiki/Sustainability>)

Sustainable Growth Implies:

- a) Building a more competitive low-carbon economy that makes efficient, sustainable use of resources
- b) Protecting the environment, reducing emissions and preventing biodiversity loss
- c) Capitalising on Europe's leadership in developing new green technologies and production methods
- d) Introducing efficient smart electricity grids
- e) Harnessing EU-scale networks to give our businesses (especially small manufacturing firms) an additional competitive advantage
- f) Improving the business environment, in particular for SMEs
- g) Helping consumers make well-informed choices.

Indian Service Sector

India depends on service sector heavily around 60% of its GDP and growth. It is also a significant employment generator. Service sector encompasses a variety like tourism, rail freight, logistics, hotel industry; healthcare, financial services like insurance and banking have been growing at 28% over the last 5 years, which is remarkably higher than the GDP growth of 7%. Though manufacturing sector takes lion share when comes to garnering share in FDI but services sector have attracted FDI investments around 1/4th of the total investments over the years. With SEZ going into active mode, more investments have been made in IT & ITES. After success stories in IT, ITES; pharma contracting services, media and entertainment industries have been in lime light. Recent acclaim of Indian media in Oscars and global entertainment will pave way for future investments.

Services sector has taken note of need for sustainable growth and development and has been taking steps to incorporate the sustainable business practises. Though, many strands of thought have been woven into the concept of 'sustainable development' which has mostly been formulated through a deductive approach, on the basis of first principles or negotiated consensus. Though somewhat ambiguous, the concept has relevance and meaning as well as a broad appeal at national and international levels. In translating the concept into specific operational terms, it will be necessary to adapt its principles and values to specific economic, social and environmental circumstances. We will next examine as to which of these principles and rules are appropriate for promoting sustainable development in services sector and how these are being adapted for realizing this objective.

Sustainable Business Practises

Biotechnology

India has been projected to face shortfall in meeting the energy demand. The Bio-gas technologies whether it is in the form of cooking gas through Biomass digester or electricity generated through biomass gasifier based producer gas engines or direct fired boilers through steam turbines can play an important role in country's energy security. Survey was carried out by National Committee on Renewable Energy of CII, under the guidance & support of Department of Biotechnology, Ministry of Science & Technology based on technical study report on "Technology Assessment of Bio-Industrial Products in India" with real time data from the industries and other stakeholders' domain to identify different bio-based chemicals and fuels and assess the technology interventions required to ensure a sustainable growth of the same in India.

The associated business model are the most critical aspect in promoting bio energy projects. Hence special emphasis is laid on the ground reality that unless there is a sustainable business model, promoting any technology is tough even though the potential might be enormous. Hybrid solutions which combine Bio Energy with solar, wind and hydro look promising sustainable solutions. Further mentioned that the industry today have to think to have an integrated environment, bio and energy management strategies to become more sustainable. The development of Bio energy in India is being confronted with several teething challenges, especially with regard to dilemmas related to policy development, commercial sustainability, and feedstock availability, availability of appropriate technologies, appropriate financing and market linkages. During the Bio Energy summit, it was recommended to rationalize pricing of fuels and tariffs to reflect economic cost of supply, reduce cross subsidies, flexibility to capture changing fuel prices in a competitive market. It was also suggested that MNRE and Ministry of Power should interact closely with the "Forum of Regulators" to ensure that Biomass/Biogas tariffs fixation is in context to "displaced costs" of electricity generation firing imported coal/LNG. Generation Based Incentives should be extended to Biomass & Biogas Power Plants, which would be over and above the benchmark feed-in tariff to be adopted by States. Production based subsidy in the form of incentives or excise duty exemption or tax relief should be offered to make biomass based biofuels more viable and sustainable in longer run.

Six Sigma Approach

Six Sigma is a process variation reduction and waste elimination approach and is being widely used all over the world. A large number of organizations are using Six Sigma approach in the following areas:-

1. Reduce rejection, scrap and rework
2. Reduce customer complaints
3. Reduce field failures
4. Optimize processes to improve productivity and reduce manufacturing costs in terms of energy consumption
5. Set appropriate tolerances on dimensions process and parameters.

There are two key principles used in decision making to achieve the above waste reduction. They are decision making through a) Data and b) Observation. Six sigma initiatives is a focused approach to resolve problems and optimize processes. The Certified Black Belts acquires the skills of Problem Solving and making Process improvements in a very scientific manner. They will be of great resource to the Organisation in their Process/Design trouble-shooting and can help in making Process improvements very fast and effectively.

Business Process Outsourcing

"It's not governments, but industries that will push the agenda for a more sustainable development," said Prof Jeremy Williams, an ecological economist and Chief Academic Officer of the Singapore-based Knowledge Universe, while addressing an exclusive session on Sustainable Development & Competitive Advantage. Explaining how 'sustainability' has moved away from being merely an environmentalist concern to the centrestage of global politics

since the beginning of this century, he expressed the view that being unsustainable is not good business anymore, and that's the reason why, in a globalised economy, climate change is a major talking point in all international forums.

Sustainable Development has become a priority for businesses across the globe. Since, corporations are vital organs of society, corporate interests must serve societal concerns. Such a focus of corporate interest will eventually transform into multifold business advantages be cost and risk reduction, reputation and legitimacy, innovation and repositioning, clean technologies and growth trajectory. Institution like CII-ITC Centre of Excellence for Sustainable Development at New Delhi creates a conducive, enabling climate for Indian businesses to pursue sustainability goals. It creates awareness, promotes thought leadership, and builds capacity to achieve sustainability across a broad spectrum of issues.

Information Technology and Communication

With today's advanced technological innovations it is possible to yields better results. To excel in today's global business environment, TelePresence gives us that edge by creating a viable alternative to traditional face-to-face meetings, without the cost and hassle of travel. The facility is now within our reach since a global network of Public Telepresence Rooms has been launched. Combined with the Telepresence Managed Services offering, our collaboration with internal teams, supply chain and channel partners, service providers and customers will be enhanced and accelerated.

Cloud Based Services

Cloud based services can be leveraged by the Government to launch new e-Governance initiatives quicker and with lower overhead costs. A common Cloud platform will also enable local Governments and other public agencies to adopt e-Governance for better citizen services, without requiring the setting up of significant IT infrastructure. The Cloud provides public agencies with distinct advantages to meet new 'open' Government requirements. Cloud services make available an environment that provides Government agencies with access to a shared pool of easily usable computing resources (such as hardware and software). Government bodies across India currently operate with moderate to low level of IT involvement – many departments having undertaken computerization in the past decade.

Cloud not only addresses reach as well as quality issues in the education sector by low cost implementation of IT tools leading to qualitative improvement in educational content and delivery and by enabling remote education, Cloud can also enable services such as telemedicine to remote areas and can make healthcare affordable for masses in India. The Cloud unlike previous technology shifts is not a mere collection of technologies but a transformational concept which requires the ecosystem to be developed. Power, Connectivity & Bandwidth, Real Estate, Technology enablers, Awareness and Local language support make the base of the cloud computing pyramid. The primary step towards enabling Cloud computing in Government is the formulation of a Cloud Policy. A Cloud policy will lay a foundation for a large scale adoption of the Cloud by various Government entities. Existing regulators such as the Reserve Bank of India (RBI) or Telecom Regulatory Authority of India (TRAI), Insurance Regulatory Development Authority (IRDA), and Securities Exchange Board of India (SEBI) will have to be directed to develop guidelines keeping in mind how the Cloud can potentially affect the entities they regulate.

With growing population, growth of entrepreneurship and the SME sector is a key to generate employment. Cloud with its ability to provide quick and easy provisioning of IT resources will only help accelerate the growth in the SME segment and setting up of new businesses. The key proposition of the Cloud is to transform the current IT infrastructure model from CAPEX (Capital Expenditure) based into a 'Pay-as-you-go' or OPEX (Operational Expenditure) based. This makes setting up IT infrastructure easier for startups and provides flexibility, scalability and ease of implementation to SMEs in particular according to the report.

Conclusion

Sustainable development in India encompasses a variety of development schemes in social, cleantech (clean energy, clean water and sustainable agriculture) and human resources segments, having caught the attention of both Central and State governments and also public and private sectors. India is expected to begin the greening of its national income accounting, making depletion in natural resources wealth a key component in its measurement of gross domestic product (GDP).

India's sustained efforts towards reducing greenhouse gases (GHG) will ensure that the country's per capita emission of GHG will continue to be low until 2030-31, and it is estimated that the per capita emission in 2031 will be lower than per capita global emission of GHG in 2005, according to a new study. Even in 2031, India's per capita GHG emissions would stay under four tonnes of CO₂, which is lower than the global per capita emission of 4.22 tonnes of CO₂ in 2005.

Finally the sustainability of business definitely will have a visible social impression on the lives and life styles of people involved in this business and as is evident from the our discussion that India has already taken firm steps in this director so far service sector is concerned.

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