

## Market Trends with Mr. Prabhash Gokarn



*Mr. Prabhash Gokarn with students of IMT, Nagpur*

Institute of Management Technology, Nagpur had the privilege to host an interactive session with Mr. Prabhash Gokarn, Head Marketing & Business Development, TATA Steel, on 6<sup>th</sup> January, 2017. Mr. Gokarn has corporate experience of over 25 years in marketing and sales. The topic of the lecture was 'B2B Business Ecosystem', wherein he enlightened the student managers on "Marketplace changes and how to change the marketplace".

Following is an excerpt of the interview.

**Q1.** How in your opinion has the recent demonetisation affected the steel industry?

**Ans.** Demonetisation has not affected the steel industry directly, but there have been short-term impacts on two sectors which are of concern to TATA Steel. One is the housing sector and another is the auto sector. Apart from the usual seasonal decline, demonetisation has also affected the third quarter of the financial year. The affect has been much higher on the auto sector, since 30-40% of the vehicles, which used to be purchased in cash, got wiped-out, which has directly affected the demand and indirectly affected the steel industry.

The second effect has been on the housing sector, which is a more complex aspect. Over the time, the housing prices have gone beyond the reach of most of the people. Apart from that, a huge amount of black money in the system goes into real estate. We have cases where on one hand people have no houses and on the other hand there are places like Gurgaon where people have 3-4 houses. With demonetisation, all of us expect two things to happen. There will be

tracking of unnamed properties, which means there will not be people having 3-4 houses and people will only buy houses to live in or as genuine investment. Therefore, there will not be any case of people hiding their wealth in houses. Moreover, housing will become more affordable which will increase the construction of more real estate. Much of the loans that the common man takes is for housing, which proves to be the largest expense in their lifetime. And since these loans are usually taken in substantial amounts, the announcement by Prime Minister Narendra Modi on 31<sup>st</sup> December, 2016 will increase the demand for loans for housing.

**Q2.** As per recent news in Business Standard, TATA Steel is planning to explore new frontiers in material alternatives to develop a new product line. Could you please throw some light on the same?

**Ans.** There is nothing new in this. TATA Steel had tried to get into titanium and a few other materials some time back. There were also talks whether we should consider getting into aluminum or not, long back. On one hand, all the material companies know very well that the cost of alternative material is very high and has high risk factors, and on the other hand, all companies, at least the front-line, are doing some amount of research and development for alternatives. Another alternative is making steel more competent through alternative materials. One of the major drawbacks of steel is corrosion. In such a case, you not only try finding long-term alternatives, but also try incorporating the characteristics of other materials, such as the corrosion resistance of plastic and the low weights of copper, titanium and aluminum alloys.

**Q3.** What would be your suggestions to young student managers aspiring to become entrepreneurs and establishing sustainable and competent start-ups?

**Ans.** The start-up universe has gone through an upheaval recently. One of the reasons is that one cannot use seed capital to fund revenue expenses, at least not for a long time. The basics of running successful business remain the same, whether they are start-ups or 100 year old companies; you cannot make losses continuously. Although we get enamoured by the new spaces offered by start-ups, whether it is a new product or an old product, the rules of business, marketing and profitability do not change. If you do not keep a sharp eye on these things, you can ruin a company. One such example can be of Kingfisher, which in spite of being one of the leading airlines could not make enough money to survive. Project Innovent by TATA Steel is one initiative to sponsor start-ups as venture capitalist through seed capital to develop solutions and revolutionise the B2B ecosystem of the steel industry. The idea is to take advantage of young minds who want to do something new and provide the reliability of a customer as well as a financier.

**Q4.** How was your experience at IMT, Nagpur?

**Ans.** It was really nice interacting with all the student managers. The campus is really large, beautiful and green, and it was truly enjoyable coming here.