

## **Speech Delivered by Mr. Bhargava.**

Mrs Rai, Prof. Bhattacharya and all the assembled dignitaries here and most of all those who have completed their diplomas here and are receiving today a certificate which signifies that they have successfully completed their course and are now ready to step forth in the world, my heartiest congratulations to them. I would also like to congratulate all the award winners because they have excelled in what they have been doing not to say that others have not done well but in any area of life there will be somebody who will be little bit ahead. The task for the others is to better your own performance at all point of life and not to worry about who wins a prize at any point of time. The task is to compete with yourself more than anybody else. I'm really very privileged and honoured that I'm given this opportunity of being with you on this forth convocation of the institute. It brings back the days when I attended my first convocation and it was delivered by Dr. S. Radhakrishnan. It makes me feel that have you come down so much that I'm delivering a convocation address when my convocation address was delivered by Dr. S. Radhakrishnan. He was really a great man and hearing him was absolutely inspiring. I shall in this convocation address try and put forward before you some of the things that might stand you in good stead as you venture out into the world. Because I believe that you people today are extremely fortunate that you are entering the world at a time when the opportunities and challenges are far more exciting than they were ever before in this country.

The world has been opening up. India has been opening up. As a result of this opening, we have both opportunities as well as challenges and threats because world becomes more and more competitive as you open up. Other countries can come and invest in your country. Other people can send their goods and services to compete to goods and services in this country. We have seen in the past how many of our old established industrial empires have been scared about the opening process and have worried that as the barriers to import have come down and the barriers of investments have come down, they are worried about what would happen to them. What has actually happened is that, as the barriers have come down, the rate of growth of the Indian economy has grown. India has become more and more competitive as compared to what we were in 1991 when because of the barriers which existed we had become almost a bankrupt country where we could not export, we could not earn foreign exchange to pay for the basic imports needed to keep ourselves going and all of that happened because the Indian government decided to open up to the global areas. Competition brings out the best and it is the best to survive in the competitive environment. I do believe that Indians are the best in the world.

When you have this opportunity today where you faced foreign competition but you must remember all the foreign countries are open to you and they have to face your competition. You have to see then how you can become more competitive than anybody else in the world and that is the challenge and that really should define your goal. When you go out and start looking to make a mark in this world as to how do you make this country more competitive and through competition the ability to grow faster than we have ever grown before. What is it that we need in India? We have a large young population which is our strength and this makes a rapid growth of our domestic market. It is the domestic market that has driven the Indian economic growth in the last several years. It is the insulation of the domestic market that insulated us from the worst of the recession which took place since last year and it is the domestic market which makes us more competitive with the rest of the world. This is an advantage which very countries other than China and India enjoy. India needs to have an economic growth of at least 9-10% a year if we are to provide jobs to all the people who are entering the job market and who are today coming out of the educational institutions of various kinds and who are aspirants of a better quality of life. This growth is not achievable if we do not grow in our manufacturing sector. The services sector cannot provide this growth in this country on a sustained basis at all. It is the manufacturing sector which has to sustain a high rate of growth and the growth of the services sector. While the services

sector, financial sector, marketing have a great deal of glamour and attraction, we must not forget the basic importance of manufacturing in this country because it is that sector which will ultimately drive us. Along with the manufacturing sector is the agricultural sector. More than 60% of our population are dependent on agriculture. Our agricultural productivity has been very low. Our growth per acre is far lower than most other countries are able to manage. There is enormous scope for people to apply skills and management systems and others to make sure that agricultural growth grows. Whether it is the policy of the agricultural sector of the education sector, I believe that both these two key sectors are the areas where the government policies over the last 15 years have failed to deregulate and liberalize whereas it has happened in industry and trade and commerce.

China today is considered to be much more productive country and lower manufacturing country than we are. China will not remain alone in that area. We have other countries in the developing world which are coming up, countries like Vietnam and Cambodia which are going to become very competitive. Therefore, it is all the more important for our country to look at what we can do to bring about a higher level of competitiveness in the manufacturing sector.

Why is the Indian manufacturing not as competitive as China? People say that the Chinese government subsidizes their industries. There is no proper financial costing in China. Stories which I used to hear earlier on when Japan had become the most competitive manufacturing country in the world, people in India talked about that Japan subsidizes so how can we compare with us. As it turned out, this was nowhere near the truth. Same is the case in China. Decisions in China where decision making is centralized and quicker helps in making the flow there. But the democratic system that we have in India on long term basis will prove much more robust than many system that does not involve people in decision making. Having said this it does not mean that a democratic system should become less competitive than any other system. In China, decisions are made at the top. In Japan, decision-making is done from the bottom. In India, decision-making is by consensus and we have to remember the value of democracy in creating acceptable, sustainable which people will not question afterwards. What brings us down in India is the fact that our infrastructure creation is well below the level which is required for a progressive industrial country. Cost of infrastructure certainly add substantially to the manufacturing cost. Fortunately, the present government is better aligned to the need for better infrastructure building and I hope that in the coming years will get addressed better.

Second part is the high cost of doing business in India because there is a whole lot of transaction costs which are non-value adding but they are incurred because of outdated rules, regulations and laws, the need to provide employment to people who have been there in a system for a long time and I think that is the area that the government needs to look at. What I want to emphasize is, when we are trying to become more competitive and more productive, we must not only look at the external factors which add to our cost. We must look inwards because there is much more that can be done if you are looking inwards than what we can do looking outwards. In most organizations, if something goes wrong, there is tendency to find an alibi for that by blaming somebody outside the system. My suggestion to you is that when you are in your employment don't find scapegoats outside the system. First look inwards and you will find that in most instances the larger part of the cause for the goof up would be something which has happened internally and not externally. Secondly, if we want to make improvements in this country, we must remember the social and political environment in which we are functioning. Business does not function in a vacuum. Any decisions, changes, or improvements must be such that people will accept around you and which can be implemented therefore because of acceptance. Acceptance means recognizing what the people around you think, how they behave and how they understand what you are trying to do. Communication becomes the key to getting decisions accepted. Unless you communicate adequately, understand what you are telling people and they understand what you are telling and both

sides discuss and understand each other's doubts and clarifications. .you will not get to a situation where you will find that you are very effective in decision-making. Many excellent things fall down because of lack of communication. I would like to stress upon you the importance of recognizing communication amongst human beings in open society as being of extremely great value in determining on how you will succeed in your jobs. Those who communicate well will succeed better.

Then it is team building and people involvement. We have had an old tradition in Indian industry and it is something that goes back 50-60 years back of unions and labour being adversarial to management. Most managements have looked upon workers as something which they have to have but wish they did not have to have. They treat workers as a kind of necessary evil which they have to find means of managing somehow. In any manufacturing organization the workforce will be close to 80% of the total employees. Just consider what kind of synergies and growth you could get if the 80% pulled in the same direction as the remaining 20% of the management. And what happens when that 80% is often fragmented between different unions and they pull in different directions from the management and you have adversarial relation. One of the reasons why productivity in most Indian industries have not gone up very much and we are far below the productivity of other countries is the fact that there is no involvement of the workers in the company. Workers do not think that their future is dependent on the future of the company. They do not believe that each is interdependent on the other. If you really think again, you will recognize that in a company the greatest and the most vulnerable stakeholder is the worker. If something happens to the company in today's environment, the managers and engineers will find jobs elsewhere and will not really suffer any economic hardship. Where does a worker go? Where is the job opportunity for a worker who is in mid 30s or 40s? I think what managers have to understand is that if you really communicate with workers, if you explain to them what is actually happening in the marketplace and in the industry and what their role should be, and if the company adopts practices which are transparent and fair, where the workers can see that the management is actually concerned about their long-term welfare, treats them as equal human beings, then you will get a very positive response from the workers and the whole picture changes. I'm telling you this because this is what the Japanese did when in the 50s they found that their country was shattered by the war. They also had militant trade unions, there were strikes, cases of arsons, cases of vandalism in the factory. They realized that it required a lot of education, training and communication with workers to turn them around. Today, if you go to a Japanese company, there is no distinction between the managers and the workers. This is something we tried in Maruti and I can tell you it works very well. If you look after the workers they will look after you far better. They will innovate, make suggestions for improvements, improve productivity beyond what you can imagine. When Maruti started, in the project report prepared between the government of India and Japanese, we have said that we will reach a production of 100,000 cars with 4000 employees in the company. In a public sector company to reach that kind of target set in the project report is not very common. Today, we are producing a million cars in Maruti per year and we have around 9000 employees. This has happened only because the workers and management have cooperated and a culture has been built up.

We need to bring in a new work culture in India. If we are going to compete with the rest of the world, we need a new work culture and this is the kind of work culture I'm talking about. This work culture cannot come if top management promoters do not set an example for the workers. It cannot come if the workers feel that they are being exploited. It cannot come if they find that the CEO of the company is paid 20 crores a year while they are subjected to all kinds of indignity when asked a raise of Rs 200. Just remember that there is a great value in what we had earlier thought of socialism. Socialism is not a bad thing. But it has to be applied keeping in view the fact that individual motivation should not be killed. My request is to try and build a work culture, educate people, communicate and I think you will find great rewards. Other two points I wanted to make quickly is that as Dr Bhattacharya had said, you

have a life-long learning process. Please remember that getting an MBA degree from a prestigious institution does not signify the end of a road. It is the beginning of a road. You must keep learning. The best way to learn anything where you feel that you don't know enough is to get hold of different people who have been working in that area. Never be afraid to say "I don't know". That is the way you get the other person to open up and give you all his experiences and accept you if he feels that you are learning from him. So, try and learn this little trick by getting people to work with you by saying "I don't know". The other thing is that try to take a long-term view about any decisions about your life you take. Don't get carried away by short-term decisions. Consider job changes carefully and see what they will do in your long-term career remembering that the maximum benefit which you will derive in your career and growth is if the institution where you are working grows faster than anybody else. Take a holistic vision of what happens and you will go very far.

With these words, thank you very much for having me here and listening to me patiently and I wish you all success in your future lives.

Thank you.