

# **Annual Report – I**

**1962 – 1963**

FIRST ANNUAL REPORT  
of the  
INDIAN INSTITUTE OF MANAGEMENT, AHMEDABAD

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FIRST ANNUAL REPORT OF THE INDIAN  
INSTITUTE OF MANAGEMENT, AHMEDABAD

This is the first annual report of the Institute and covers the period from the date of its registration as Society to 31st March 1963. The Society for establishing the Institute was registered on 11th December 1961 and the administrative office started functioning from 1st June 1962. Since certain expenditure began to be incurred soon after the registration of the Society, appended to the report are the audited statements of receipts and payments, income and expenditure and balance sheets for the financial years 1961-62 and 1962-63.

Historical  
Background

2. Various changes in the social, economic and political institutions of the country and the growth of scientific and technological knowledge have underlined the importance of formal education for preparing young men and women for managerial careers in business, government and other organisations without replacing the need for intuitive judgement and personal qualities. Many individuals in India have, therefore, for long been interested in the establishment in this country of a high level institute for conducting research and imparting training in business management.

3. At the invitation of the Government of India and Ford Foundation, Prof. George W. Robbins, Associate Dean, Graduate School of Business Administration, University of California, visited India towards the end of 1959 and formulated a detailed scheme for the establishment of an All India Institute of Management. The scheme was examined by the Planning Commission and the Ministry of Scientific Research and Cultural Affairs. Discussions were also held between the Minister for Scientific Research and Cultural Affairs and Dr. Ensminger of the Ford Foundation. An important point considered was that for a vast country like India, there was need for starting immediately more than one Institute. It was, therefore, decided to establish two All India Institutes of Management - one at Calcutta and the other at Ahmedabad during the Third Plan period for training of higher management personnel required for industrial undertakings, both in the public and the private sectors.

4. The first concrete step for the establishment of the Indian Institute of Management, Ahmedabad was taken in July 1961 when the Government of India set up a Planning Committee under the chairmanship of Dr. Jivraj Mehta for proceeding with the scheme.

The following were the members of the Planning Committee:

1. Dr. Jivraj N. Mehta (Chairman)
2. Prof. M.S. Thacker  
Secretary, Ministry of  
Scientific Research &  
Cultural Affairs
3. Shri Kasturbhai Lalbhai
4. Shri Madanmohan Mangaldas
5. Shri V. Isvaran  
Chief Secretary to  
Govt. of Gujarat
6. Dr. Vikram A. Sarabhai
7. Shri S.P. Mahna  
Assistant Financial Adviser  
Ministry of Finance

The Planning Committee held three meetings - on 29th July 1961, on 28th January 1962 and on 31st January 1962. In consultation with the Government of India and the Government of Gujarat, it finalised the Memorandum of Association and the Rules relating to the establishment of the Institute. It made the initial arrangements for starting of the Institute and ceased functioning after the constitution of the Board of Governors as envisaged in the Rules of the Institute.

#### Society

5. The Society for conducting the Institute was registered under the Societies Registration Act on 11th December 1961. It was registered under the Public Trusts Act on 17th March 1962. The Society is a broad-based

Society and a provision has been made in the rules that any person contributing a sum of at least Rs.25,000 can become a member of the Society.

6. The following amendments to the rules of the Institute were made subsequent to its registration under the Societies Registration Act:

- (1) The number of members to be elected by the general body of the Society to the Board of Governors was increased from 2 to 4.
- (2) The Director of the Institute was relieved from the duties of working as Secretary to the Society and the Board, and a provision was made to nominate an officer of the Institute as ex-Officio Secretary of the Society and the Board.
- (3) It was considered that the use of the words "subordinate staff" in rule 15 of the Rules of the Institute is illustrative of structure which would be prejudicial to the growth of a sound faculty. Rule 15 was therefore amended by deleting the word "subordinate" used therein.

#### Sponsors

7. The Institute is sponsored by the Government of India, the Government of Gujarat, Industry and Ford Foundation. They agreed to share the financial responsibility of the Institute as follows:

- (a) The Central Government would provide for annual revenue expenditure through grants-in-aid.
- (b) The Government of Gujarat would provide land.
- (c) The Industry would bear the cost of buildings.
- (d) The Ford Foundation offered to help in the following ways:
  - (i) finding for at least the first five years top-ranking experts from abroad who would come and work with the Institute.
  - (ii) providing fellowships to enable Indian faculty of the Institute to go abroad for further studies and observation tours; and
  - (iii) providing the necessary funds for building the library of the Institute. Since almost all books will have to be from abroad, this amount will be entirely in foreign exchange.

Collaboration  
with Harvard

8. In 1962, the Government of India and the Ford Foundation requested the collaboration of the Harvard Business School for establishing the Institute at Ahmedabad. Prof. Harry L. Hansen of Harvard University visited India in January 1962 and as a result of the recommendations made by him and discussions by Dr. Vikram Sarabhai during his visit to the States during May-June 1962 the Harvard University approved the collaboration of the Graduate School of Business Administration with this Institute. The

role of the Harvard Business School in relation to the Institute at Ahmedabad can best be stated in terms of the report prepared by the Ad Hoc Committee of the Harvard Business School on the Indian Project.

"The underlying premise is that it is not the School's responsibility to develop an Institute and turn it over to the Indians but that there is a mutual creating, developing, and building of the Institute. The exact nature of the relationship between Institute and School staff cannot be stated because it will be evolutionary in form and will depend upon the particular people involved and the specific problems faced. In essence, a cooperative effort is looked forward to, one that depends upon a mutual understanding of goals and means rather than upon a predetermined and carefully calculated division of responsibilities among contractual parties."

Board of Governors

9. The general direction of the affairs of the Institute vests in the Board of Governors. The Board has nominees of the Central Government, the Government of Gujarat, All India Council for Technical Education, All India Management Association, National Productivity Council, and representatives of commerce, industry, labour and other interests. The names of the members of the Board as of 31st March 1963 are given in Appendix I. The Board held its first meeting on 28th February 1962 and four meetings in the year 1962-63, viz., on 30th June 1962, 3rd August 1962, 12th October 1962 and 31st January 1963.

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The Board of Governors coopted the following four persons as members of the Board and the Society under rules 2 and 5 of the Rules of the Institute.

1. Shri P.L.Tandon, Chairman  
Hindustan Lever Ltd., Bombay
2. Shri Navnitlal Shodhan,  
Ahmedabad
3. Shri S. S. Khara, Cabinet Secretary,  
Government of India, New Delhi.
4. Shri S.T.Sadasivan, General Manager  
The United Commercial Bank Ltd.,  
Calcutta.

The Chairman nominated Dr. Kamla Chowdhry, Coordinator of Programmes as faculty nominee on the Governing Body for a period of two years with effect from 10th October 1962. Shri G. C. Baveja, Officer on Special Duty was appointed as the Secretary of the Society and the Board.

10. The board has appointed the following three committees:-

- (1) Personnel Committee - for making appointments to various posts which are not within the competence of the Director and Officer on Special Duty.
- (2) Building Committee - for giving sanction for the designing, preparation of plans and estimates and construction of the buildings.
- (3) Budget Committee - to consider the budget estimates before they are placed before the Board.

The names of the members of these Committees are given in Appendix II. During 1962-63 the Personnel Committee held two

meetings, on 3rd August 1962 and 31st January 1963. The Building Committee met once on 11th November 1962, and the Budget Committee once on 21st January 1963.

#### Faculty and Staff

11. The post of Director for the Institute was advertised in October 1961 by the Government of India, Ministry of Scientific Research and Cultural Affairs. The Selection Committee considered various applications received in response to the advertisement, but none of the candidates was found suitable for the post. At the request of the Board, Dr. Vikram Sarabhai worked as the Coordinator of the Institute in an honorary capacity and later on has been designated as the Honorary Director.

12. The Government of Gujarat was requested to depute a senior officer from the I.A.S. cadre for the post of Officer on Special Duty and Shri G. C. Baveja was deputed by the Government of Gujarat to work on this post for a period of one year in the first instance.

13. Dr. Kamla Chowdhry who was a faculty member at the Harvard Business School in the academic year 1961-62 was requested by the Honorary Director to work with Prof. Hansa in preparing academic plans and the selection of faculty. She was actively associated with these activities in May-June 1962 while still at Harvard. From July 1962 she was appointed on a full-time basis as Professor and Coordinator of Programmes.

14. The following other faculty appointments were made during the year 1962-63:

Shri S. C. Kuchhal	Finance
Dr. V. L. Mote	Control
Shri B. C. Dalal	Marketing
Shri M. N. Vora*	Marketing
Shri Asgar Karim	Marketing
Shri B. K. Hegde*	Production
Shri C. N. S. Nambudiri	Production
Shri H. N. Pathak*	Business Environment
Dr. S. Paul*	Business Environment
Dr. S. P. S. Pruthi	Business Environment
Miss Malathi Bolar*	Case Collection
Shri S. K. Sheth	Librarian

\* Joined after 31st March 1963

Part-time faculty:

15. It was decided to encourage part-time and visiting faculty in order to take advantage of senior persons with experience in business, government or other organisations who would not be available as full-time

faculty. Shri Shrenik Kasturbhai, Shri K.N. Taneja and Shri D. V. N. Sarma joined the Institute as part-time faculty. Their fields of specialisation are finance, accounting and operations research respectively.

Faculty : An Overall Plan

16. In terms of the various educational programmes and research activities it was envisaged that the Institute would require a faculty of about 40 members. The Institute plans to emphasis research and to encourage

consultation. The faculty will be expected to devote about half of their time to research projects and case collection, including consultation work. Both research and consultation work will help the faculty members to be in active touch with real problems of government, business and industry, and will turn enrich the teaching process.

#### Foreign Faculty

17. From the Harvard Business School, senior faculty will come to the Institute for teaching in the Advanced Management program. Other faculty members and research workers would also come for providing consultation and guidance on course development, teaching development of cases, and other forms of research. In early 1963, Mr. Michael Halse and Mr. Melvyn Copen were deputed to help the Institute in course development and case collection for a period of 18 to 24 months the first instance.

#### Activities of the Institute

Programme for understanding Business and Government in Indian Environment.

18. The Institute can function effectively only through the most active collaboration with business, industry and government organisations. One of the first tasks, therefore, was to bring into contact faculty members concerned with the development of Institute both at Harvard and at Ahmedabad with executives in Indian organisations. For this purpose, the Harvard Business School arranged the visit to India of the following five senior professors during January 1963.

Prof. John B. Fox	Director of Overseas Relations
Prof. Henry Bradford Arthur	Professor of Agriculture and Business
Prof. Robert W. Austin	Professor of Business Administration
Prof. Milton P. Brown	Professor of Marketing
Prof. James R. Bright	Professor of Business Administration

They undertook a programme of understanding business and Government in the Indian environment in association with Dr. Kamla Chowdhry, Shri G. C. Baveja and Prof. S.C. Kuchhal, and visited about 40 organisations in industry, business and government and various educational and research institutions in Ahmedabad, Baroda, Bombay and Delhi. These visits proved very valuable in developing contacts with other organisations and in explaining to them the future programmes of the Institute.

Programme for training.

19. It is planned that each year, for the next five years, a group of 6-8 faculty members from the Institute will be deputed to the Harvard Business School for further training. The following 5 faculty members were deputed for training for the academic year 1962-63:

Shri Asgar Karim  
Dr. V. L. Mote  
Shri C. N. S. Nambudiri  
Dr. S. P. S. Pruthi  
Shri S. K. Sheth (Librarian)

During the course of their training, they were also engaged in designing the first year MBA courses in their respective fields, while the Librarian, Shri S. K. Sheth, with the help of the librarian of the Harvard Business School, compiled and placed orders for foreign

books and journals required at the Institute. Dr. Kamla Chowdhry was deputed to participate in the Advanced Management Programme at Harvard Business School in February 1963.

#### Faculty matters

20. Dr. Kamla Chowdhry was engaged in (i) developing an overall plan for faculty recruitment and training, (ii) helping and guiding other faculty in their field work, and (iii) visiting various institutes to discuss problems of mutual interest and concern relating to management education and development.

With the help of Shri Shrenik Kasturji and Shri K. N. Taneja, Prof. S. C. Kuchhal was engaged in two inter-related tasks, firstly, organising the course for 'finance' and secondly, in writing cases obtained from Indian business and commerce related to the teaching of the finance course.

Shri B. C. Dalal initiated work in collection of case material in the areas of marketing and sales management by contacting various companies at Bombay and Ahmedabad.

Mr. Michael Halse engaged himself in field of management of agricultural product enterprises. His attention was mainly focused on problems facing large dairies and the role of government in the growing of Gujarat's dairy industry.

Mr. Melvyn Copen whose field of specialisation is 'production' initiated a study to examine problems facing small industrial firms in the Ahmedabad area.

Survey for Post-Graduate training in business administration.

21. Shri G. C. Baveja initiated a survey for post-graduate training in business administration. The purpose of the survey is (a) to ascertain from industry the prospects of employment for those who pass MBA and to collect information regarding the existing employment pattern of the managerial personnel; the future requirements of personnel trained in business management and the areas of specialisation preferred by business at the time of recruitment; and (b) to ascertain from the students who are in the final years of degree courses and those who passed their degree courses some period back, their preference for MBA course vis-a-vis other careers, the reasons why they are interested in receiving formal training in business administration and the financial assistance required by them. The information so collected will be of use to the Institute in designing the MBA programme and the facilities to be offered by the Institute. In consultation with Prof. H. N. Pathak and Shri D.V.N. Sharma the questionnaires of the survey were finalised in March 1963, after interviewing various students on a pilot basis and after discussion with various persons connected with industry. The actual work of collection of data would be commenced after the academic year starts, when students could be available for oral interviews.

#### Future Programmes

22. During the period under report the future plans of the Institute were worked out. It was proposed to organise the following

educational programmes:

(a) A post-graduate course of two years, equivalent to an MBA course, for young men and women preparing for executive positions. This would commence in July, 1964.

(b) Management development programmes for senior and middle level executives sponsored by their organisations. The programme will be of short duration, varying in length from about 2 to 16 weeks. First management development programme would be held at Jaipur in January-February, 1964.

(c) The Doctoral Programmes to encourage research and to advance knowledge in management.

(d) Special programmes - from time to time the Institute will attempt to organise special programmes such as, a programme for university teachers engaged in teaching and conducting research, a programme for those interested in case writing, a programme for persons engaged in Industrial Relations, in Cooperatives etc.

All educational programmes will normally be residential in nature. The main emphasis in teaching will be on the case method which would bring most vividly into the class room realistic and live experiences. These real and specific cases would be presented to students for their analysis, discussion and decision as to the type of action which should be taken.

Donations

23. The question of allowing the donations made to the Institute as deductions from income for the purpose of income-tax was taken up with the Council of Scientific and Industrial Research. The Council approved the Institute for the purposes of Section 35(1)(iii) of the Income Tax Act 1961. A Gazette notification to that effect was issued by the Ministry of Finance (Dept. of Revenue). (Appendix III). During the year 1962-63 donation of Rs. 2.25 lakhs was received from the following organisations:

M/s. Arvind Mills Ltd.	Rs.	50,000
M/s. Asoka Mills Ltd		25,000
M/s. Raipur Mfg. Co. Ltd.		25,000
M/s. Aruna Mills Ltd.		25,000
M/s. Saraspur Mills Ltd.		25,000
M/s. Nutan Mills Ltd.		25,000
M/s. Ahmedabad New Cotton Mills Ltd.		25,000
M/s. Anil Starch Products Ltd.		<u>25,000</u>
	Total	Rs. <u>2,25,000</u>

According to the rules of the Institute, any person contributing a sum of at least Rs. 25,000 becomes a member of the Society governing the Institute. By virtue of this provision, the above organisations have become the members of the Society.

Building Programme

24. In May 1962 the Government of Gujarat transferred to the Institute land admeasuring 64 acres 34 gunthas. The land is located near Atira and Gujarat University Campus, and has cost the Government of Gujarat more than Rs.25 lakhs. Contour survey of the land

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Conclusion

27. It will thus be seen that during the period under report, initial steps were taken towards the recruitment and training of the first group of faculty, working out future academic programmes and developing contacts with industry, business and government which would be not merely useful in collecting teaching material but also in getting participants for various programmes. The Institute was fortunate in securing the collaboration of the Harvard Business School which has a long tradition of management education, behind it. The Institute got a fine piece of land for its campus from the Government of Gujarat and preliminary work was done on the designing of the campus buildings. The Institute is particularly grateful to Prof. Humayun Kabir, Minister for Scientific Research and Cultural Affairs, Prof. M. S. Thacker, the then Secretary of the Ministry and now Member, Planning Commission and Dr. Douglas Ensminger, Representative of Ford Foundation in India for their active efforts in setting up this Institute.

was got done from the Public Works Department and the demarcation of its boundaries and fixation of boundary stones was got done from the Land Revenue Department of the Government of Gujarat. The work of designing of the Institute buildings was entrusted to the National Design Institute, Ahmedabad. The Design Institute engaged Mr. Louis Kahn as foreign consultant and Mr. B. V. Doshi as Indian architect to work directly on the project. Mr. Louis Kahn visited India in November 1962 and the preliminary work on the designing of the project was carried out during the period under report. The Institute campus would consist of class rooms, administrative buildings, library, dormitories for 240 MBA students, residential facilities for 60 participants for special programmes, housing faculty and staff, canteen, club and recreational facilities. The Institute at present is located in a rented premises in Shahibad.

Finance and  
Accounts

25. During the financial year 1961-62, Government of India sanctioned Rs. 18,000 during 1962-63 Rs. 2.65 lakhs as grants-in-aid. The Government of India has agreed to bear 50 per cent of the cost of indigenous equipment, the balance being borne by the State Government and industry in equal proportions.

26. The Ford Foundation approved a grant of \$471,000 (approximately Rs. 22.42 lakhs) for a period of first two years commencing from September 1962. Out of this grant \$5,000 (Rs. 23,648) were received by the Institute for architectural services and the remaining amount was placed at the disposal of Harvard Business School.

## APPENDIX I

Members of the Board of Governors  
( as on 31-3-1963 )

- |     |  |   |
|-----|--|---|
| 1.  | Dr. Jivraj N. Mehta,<br>Chief Minister of Gujarat,<br>Ahmedabad.                           | Chairman.   |
| 2.  | Prof. M.S. Thacker,<br>Member, Planning Commission,<br>New Delhi.                          | Nominees of the<br>Central Government.                                      |
| 3.  | Shri R.P. Padhi,<br>Joint Secretary,<br>Ministry of Finance.,<br>New Delhi.                |   |
| 4.  | Shri B.S. Manchanda,<br>Joint Secretary,<br>Ministry of Commerce & Industry,<br>New Delhi. |   |
| 5.  | Shri V. Isvaran,<br>Chief Secretary to Government of Gujarat,<br>Ahmedabad.                | Nominees of the<br>Government of Gujarat                                    |
| 6.  | Shri Madanmohan Mangaldas,<br>Ahmedabad.   |   |
| 7.  | Shri N. Dandekar,<br>Bombay.   | Representative of the<br>All India Council for<br>Technical Education.      |
| 8.  | Shri Kasturbhai Lalbhai,<br>Ahmedabad.   | Representatives of<br>Commerce, Industry,<br>Labour and other<br>Interests. |
| 9.  | Shri R.D. Choksi,<br>Tata Industries Private Ltd.,<br>Bombay.                              |   |
| 10. | Shri Shanta Ram S. Tawde,<br>Secretary,<br>Engineering Mazdoor Sabha,<br>Bombay.           |   |
| 11. | Lala Charat Ram,<br>Shri Ram Associates Private Ltd.,<br>Delhi.                            | Representative of the<br>All India Management<br>Association.               |
| 12. | Shri N.K. Bhojwani,<br>National Productivity Council,<br>New Delhi.                        | Representative of the<br>National Productivity<br>Council.                  |
| 13. | Shri P.L. Tandon,<br>Chairman, Hindustan Lever Ltd.,<br>Bombay.                            | Co-opted by the Board<br>of Governors.                                      |
| 14. | Shri Navnitlal Shodhan,<br>Ahmedabad.  |   |
| 15. | Shri S.S. Khera,<br>Cabinet Secretary,<br>Government of India,<br>New Delhi                |   |

16. Shri S.T. Sadasivan,  
General Manager,  
The United Commercial Bank Ltd.,  
Calcutta. Co-opted by the Board  
of Governors.
17. Dr. Kamla Chowdhry,  
Coordinator of Programmes,  
Indian Institute of Management,  
Ahmedabad. Faculty Nominee of  
the Chairman.
18. Dr. Vikram A. Sarabhai,  
Ahmedabad. Hon. Director.

Shri G.C. Baveja,  
Officer on Special Duty, acts as the  
Secretary of the  
Board of Governors.

APPENDIX II

Members of Committees set up by the Board of  
Governors (as on 31-3-1963)

Personnel Committee

1. Dr. Jivraj N. Mehta (Chairman)
2. Prof. M.S. Thacker or in his absence  
Shri G.F. Chandiramani.
3. Shri Kasturbhai Lalbhai.
4. Shri V. Isvaran.
5. Dr. Fayette W. Parvin.
6. Shri P.L. Tandon
7. Dr. Vikram A. Sarabhai.

Building Committee

1. Shri Kasturbhai Lalbhai (Chairman)
2. Shri V. Isvaran.
3. Shri Madanmohan Mangaldas
4. Dr. Vikram A. Sarabhai.

Budget Committee

1. The Hon. Director.
2. A Representative of the  
Ministry of Scientific Research  
and Cultural Affairs.
3. A Representative of the Ministry  
of Finance.

Shri G.C. Baveja is the Secretary of these  
Committees.

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GOVERNMENT OF INDIA  
MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)  
NEW DELHI, THE 22ND NOVEMBER, 1962

NOTIFICATION  
INCOME-TAX

No.79(F.No.10/62/62-IT(AI). It is now hereby notified for general information that the institution mentioned below has been approved by the Council of Scientific and Industrial Research, the "prescribed authority", for the purpose of clause (iii) of sub-section(1) of section 35 of the Income-tax Act, 1961, (43 of 1961 )

INSTITUTION

Indian Institute of Management, Ahmedabad.

( Sd.) G.R. Desai.  
Deputy Secretary to the Govt. of India.