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**CONVOCATION OF THE INDIAN INSTITUTE OF
MANAGEMENT
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PRIME MINISTER'S SPEECH



I am grateful to the Director for having given me this opportunity to address you at this convocation of the Institute. This convocation has a special significance as it is being held when the Institute has completed 30 years of its existence. It has in this period become a centre of excellence and has made a very significant contribution in modernising management practices in India. This is an important and momentous occasion in the careers of those of you who are graduating today from this Institute. I am happy to share in your joy and excitement as you embark on your journey into the world and into the future with its immense possibilities and challenges. My congratulations to all of you and I wish you resounding success in the years ahead.

You follow in the footsteps of some of India's best and brightest managers, who have brought credit to their organisations and to the country alike. I hope that the rigorous training that you have undergone here will be fruitfully used, wherever you choose to work, and will help in the country's development. You will be among the very first graduates to enter upon your careers in the new economic environment that we are seeking to create. I need hardly remind you that the world is quite different from the classroom. The unsparing realities of an increasingly competitive world will confront you. We look to you, however, the new generation of managers, to take us with confidence and strength into the competitive global marketplace of the 21st century.

While we must assimilate into our management systems the latest advances in management science all over the world, the methods that we adopt would have to conform to our traditions and culture. They must be adapted to mesh with the characteristics of our trade and industry. There must not be a robotic application and we must remember that we too have had a long and ancient tradition of economic enquiry, trade and enterprise. We must make use of our traditional strengths, suitably modified to fit present circumstances so that our modern management practices are compatible with our conditions and our own genius. When we are able to evolve our own brand of management best suited to our needs, we will succeed in raising Indian industry more rapidly to the same league as that of the major industrialised countries of the world.

Major transformations have been taking place over the last few years in the international political and economic scene. The end of the cold war has given rise to hope of a new era of concern for the more basic issues facing the human race such as concerns for economic development, ecological

preservation and elimination of hunger and poverty. There has been a gradual decline of dogma and the emergence of a new pragmatism. The advantages of the market over centralised allocation of resources and its role in aiding the forces of economic growth have been recognized. However, while the new era has brought in many positive integrative trends through developments of technology and the emergence of a global marketplace, the lack of development and growing poverty in many parts of the world, the tendency to form economic blocs and continuation of the North-South divide have produced many new difficulties that can deflect us from our pursuit of economic advancement. Thus, the coming years pose both opportunities and challenges for all of us. You will have possibilities which our entire generation did not, but you will also have to cope with fresh challenges to stability and growth.

In conformity with changes occurring all over the world, we too, in the last few years have embarked on a major re-orientation of our economic policies. In the initial phase of our development, we concentrated on planned growth with the intention of building up a strong infrastructural base for our industry and rapid expansion of core sectors. This policy did help in giving India a large and diversified industrial base, a skilled labour force and a vast army of scientists, managers and technocrats. Over time, the means that we employed to achieve these, and other equally worthwhile objectives, tended to become ends in themselves. Instruments designed to foster growth, after a time started hindering it instead. Institutions designed to solve problems, became problems in themselves.

Let me say clearly that our objectives remain as they were when we set out to build an independent India : a fast growing economy, equality, technological excellence, self-reliance and an improvement in the quality of the life of the people through better access to education and health. For these purposes, we adopted policies such as licensing, directed credit, public ownership and management of vital sectors, protectionism. Without these policies, the initial stage of our development was in the obvious danger of being hijacked by vested interests, taking advantage of the extreme inequalities in the society as it existed at that time. But since then, situations have changed fast and quite significantly. The policies must therefore constantly be reviewed. Our policy instruments must change to cope with the new environment and we must make use of the new instruments with the knowledge and experience available to us.

Our new economic policies seek to do precisely this. Within a short time, we have removed controls on economic activity and opened up our

economy substantially by relaxing barriers to trade, exchange and foreign investment. Government's energies were however initially devoted to bring back the economy from the crisis it was facing in the balance of payments and to restore macro-economic stability. These necessitated immediate measures to improve reserves, bring about fiscal correction by measures to reduce the fiscal deficit and put in place a somewhat restrictive monetary policy to control the inflationary situation being faced. The pace of the reforms had therefore been affected by the necessity to bring about stabilisation. While inflation has been brought under control and stability restored to the balance of payments, these have naturally had a somewhat dampening impact on domestic economic activity and also on export growth last year. With success in our stabilisation efforts, it is possible now to concentrate upon growth of economic and commercial activity. With this in mind, Government has in the new Budget for 1993-94 brought about substantial increases in public investment, especially in agriculture and rural development, has given major incentives to domestic industry, has brought about some relaxations in monetary policy, and has provided a stimulus to exports through measures such as the unification of the exchange rate, lowering of interest on credit for exports and so on.

The integration of India into the world economy, by greater openness in trade and lower protectionism is essential, if we are to make our industries competitive. Greater competitiveness will benefit consumers at home as well as promote exports both of which are important objectives for us. Exports are especially crucial, if we are to successfully manage our balance of payments and pay for vital imports such as petroleum and fertilisers. Greater exports will also free us from having to make large borrowings abroad and help retire our external debt. That will be the true measure of our self-reliance.

A major advantage of greater openness is the possibility of attracting larger volumes of foreign investment which apart from helping to obtain greater resources for development, is also a means of bringing in advanced technology and management techniques to meet the same objective of competitiveness and efficiency. Industry along with Government has to play an increasingly greater role in this national effort.

We fully recognize the need to allow time to Indian industry to adjust as it has functioned behind high tariff barriers for a long period and has been subjected to high cost of credits and inputs. It is for these reasons that changes in tariffs and duties are being made in a graduated manner. While the reductions announced in the recent Budget are deep by our standards, they still leave our tariffs much above the rates prevailing in many countries,

which are our competitors in the global marketplace. There need thus be no fear that our industry will be swamped by imports or by international competition. We believe that Indian industry has the strength and resilience to meet these challenges and to prosper in the new environment in a manner profitable for itself, as well as for the consumer and the country.

Though substantial economic reforms have already taken place, we recognise that much remains to be done. We will continue and consolidate this process by phasing out remaining restrictive controls in the economy and trade; bring about further changes in the regime of taxes and duties; improve the functioning of the financial and industrial sectors, and evolve reform designed to improve the atmosphere of industrial relations. At the same time we will continue to focus on anti-poverty measures, eradication of illiteracy and improvement of health and nutrition standards of the population. Much larger resources will be allocated for these programmes. We are conscious of the fact that the reforms must meet with the approval of all sections of our population and so they will be brought about only through consensus and with the co-operation of all. Our new economic policies are designed to benefit all sections of our population and no group or class should feel left out of this major national endeavour.

Though the country needs to devote all its energies at present to emerge as a major global economic power, attempts are being made to distract us and keep us away from this goal and from our relentless pursuit of poverty elimination, development and growth. The edifice of modernity and advancement that we have been trying to build up painstakingly is being assailed. Untold misery and suffering has been caused in the recent past by ideas and utterances of persons whose advocacy of certain causes are entirely deviant from the culture and tradition of our country. Stability and harmony in society is essential, and without their restoration economic advancement is not possible. I therefore call upon all intellectuals and opinion makers in our country to work for the immediate restoration of social harmony and understanding in our society. You all have a definite role to play and I hope you will discharge your responsibility effectively.

Problems and challenges confront all nations. It is the struggle to overcome them unitedly that foster permanent bonds that create nations out of a conglomerate of seemingly diverse races and peoples. I therefore call upon all Indians to help forge unity and understanding which is the first task facing our country and without which we cannot attain the prosperity we aspire to.

Finally for the graduating students and the youth of the country, let me leave you with a simple message. Do not let the events of the times blur your vision of the future or inject in it any traces of cynicism. I urge you to recall our unifying ethos and tradition. Let them guide you in your future endeavours. Our country's progress and position in world affairs will be determined ultimately by the collective and painstaking effort put in by you.

Immense possibilities have emerged and we will work together determinedly to achieve them.

Thank you.