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INDIAN INSTITUTE OF MANAGEMENT AHMEDABAD

CONVOCATION ADDRESS

By

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INDIAN INSTITUTE OF MANAGEMENT CONVOCATION ADDRESS

Chairman and Members of the Board of Governors, Director and Members of the Faculty of the Institute, distinguished guests and Members of the Graduating Class.

You have done me a great honour in inviting me to speak on this solemn occasion. I however feel somewhat out of place, in this distinguished assemblage of management experts, learned in the most advanced theories of how to achieve results. In the four decades of working, I have unfortunately not had the opportunity to undergo any management training at any institution, leave alone one so eminent as IIMA. I have been busy merely managing, as best as I could, the business of my employers, some 1.2 million farmers, most of whom do not earn as much as the lowest paid employee of this or any other Institute. Collectively, though, their business is worth Rs 400 crore a year now, while 40 years ago, their original co-operative was hard put to envisage a business of a lakh of rupees a year.

Most of you doubtless expect me to advise you on how to manage your careers and how to seek opportunities. I find myself singularly ill-equipped to talk to you on this subject. The great success stories you have before you of your predecessors from the Institute and veterans of professional management in India and abroad are probably studded with examples of quick career changes, correctly timed lateral movements, rapid promotions and advancements and stewardships of corporate giants located in the great metropolitan centres of the world. I have had but one paid job in my career, never received a promotion, have lived in a small town called Anand, which even now does not have an automatic telephone exchange, and my employers, my Board members, wear not the Saville Row suits but simple dhotis and smoke beedies, not cigars. They do not understand dynamic programming and cost-effectiveness of various media in promotion campaigns. What they do understand is that their travails in the farms can have meaning and dignity only if they get a fair share out of the system and they will get a fair share only when it is realised, that if not given, they will take their share. To enable them to obtain their share, therefore, they should organise themselves into Unions, even as the Labour Unions have. They can best do so around an economic activity, like the procurement, processing and marketing of their agricultural produce. To do so effectively, they should engage professional managers in their service. This will bring about a combination of the biggest asset of India, the farmer power, over 70% of India's population, with professional management, to give this power direction and thrust.

What then is Operation Flood and the Anand Pattern? It is basically a dairy development programme. It is the organisation of 8 million farmers, giving them a platform to articulate their needs, to demand a better place under the Indian sun. The basis of Operation Flood is giving power to the producer of milk by combining their energies and resources with the talent and commitment of professional management. More than 75% of the milk producers are small and marginal farmers and landless labourers. It is therefore appropriate that some have dubbed Operation Flood the "White Revolution", for it is a revolution -- not only in production, but in creating a constituency of farmers who, served by professional managers, can exert pressures in their own interest thereby participating effectively in our democratic process. It is no accident that the incomes of dairy farmers have increased. They are organised and they have a voice. We can also take some pride in the fact that because their organisations are managed professionally, and because they are efficient, price increases to the consumer have been moderate.

This revolution has not taken place without opposition. It has been opposed by some politicians, by many bureaucrats, by all middlemen merchants and traders. It has been opposed by advanced dairying countries and by multi-national food companies. It has been opposed by a few who have made their life easy by calling themselves Scientists concerned with metaphysical, social and economic questions. Lacking the courage or conviction to be a participant they have chosen to watch the game as a spectator. But my colleagues and I, having chosen a cause, had to struggle for it. Yet this coalition of vested interests who wanted fame by criticising, who don't want the poor to emerge, who feel threatened when the poor gain access to the stage of democratic decision-making, has failed. They have failed because of the very fact that the farmers have organised. And they have failed because the salvation of India is that in high places, in all spheres, even among social scientists, there are people of good intentions, of good will and of ability. Such people have not only welcomed the poor to the arena of democratic decision-making, but have actively supported and encouraged this process.

The Government of India, beginning with Pandit Jawaharlal Nehru, has encouraged what we call the Anand Pattern of cooperative development. It was Shri Lal Bahadur Shastri who was instrumental in creating the National Dairy Development Board so that the Anand Pattern could be extended to every part of the country. It was Smt. Indira Gandhi whose encouragement and support was vital to Operation Flood and, very recently, to creating an alternative structure for vegetable and fruit marketing on the Anand Pattern. And it was Shri Morarji Desai and Shri HM Patel who saw the Anand Pattern as the way to replicate the success of Operation Flood with oilseeds and edible oil. It is our own Chief Minister, Shri Amarsingh Chaudhary, who now wants the Anand Pattern to be tried out on power generation and distribution by decentralising its functions.

Whether with milk, with vegetable and fruit, with oil, or with power, organisation of farmers into cooperative enterprises is the first step towards releasing our rural population from the bonds of poverty. By their command over procurement, processing and marketing, the farmers ensure that their share of the consumer's rupee increases, providing them with a remunerative and reliable return on their investment. Increased and stable income creates the conditions for further investment in production and productivity, an effort supported by the cooperatives which provide the services and inputs the farmers require. When the cooperatives achieve an influential share of the market -- this forces the trade to conform, to compete with fair prices to the farmer and to the consumer. Most important, the cooperative enterprise, linking farmers locally, regionally and nationally, empowers the rural poor and can give them a strong voice in our democratic process.

This is important because decision making of a Government is often not based on the merits of the case, but as a response to the pressures exerted on them. In our democratic form of Government, our decision makers weave their path between conflicting pressures, opposing a few, surrendering to many, and compromising with all. In our last forty years of free existence most of these pressures have come from our industrialists, our organised labour and from those who reside in cities. Hardly any pressure has been applied by our farmers who reside in our villages. That is why we have fly-overs in our cities but no approach roads to many of our villages. We have fountains with coloured lights in cities, but no safe drinking water in many of our villages. Fancy five star hospitals in cities, but no health system to put two drops of a disinfectant in a new born child's eye in a village to prevent the child from going blind. That is why we have Colleges and Universities in cities but no blackboards in many village schools. Our urban elite have shamelessly usurped the scarce resources of our land leaving very little to the 75% of our people who live in our villages. Our organised labour who work in our factories and offices have helped themselves to more and more for working less and less. They have assured pay scales which are revised every three years, Dearness Allowance related to cost of living index, House Rent Allowance, Bonus, Gratuity, Provident Fund, Leave Travel Concession, Overtime, Privilege Leave, Sick Leave, Maternity Leave, paid holidays and what not. As against this, those who work in our farms get no assured income, are exposed to the vagaries of the monsoon and have no assured jobs. Our constitution assures equality of treatment to all Indians and yet how is it that laws are passed to pay retrenchment compensation to those who lose their jobs but no jobs are assured to those who have none. Is it not time we converted the Labour Minister and his department who continue to specialise in giving more to those who already have so much into an Employment Ministry which will ensure that those who have no jobs will get one. Is it not time we stopped emptying our treasury for paying more and more to Government employees who keep proliferating. Should our factories

continue to provide us bad quality products at high costs because we have to surrender more and more to the unreasonable demands and suffer the increasing indiscipline of organised labour. At what point of time do we call a halt to this looting of India by a powerful minority and begin to look into the legitimate demands of 75% of our population who live in our villages?

It is perhaps tempting to try to achieve the changes we want to bring about by rasta rokos, revolution and violence. It is unfortunately true that those in authority often tend to ignore reasonable requests for redress, but surrender to a display of force. But the gains achieved by violence is often illusory and are always accompanied by losses which are more permanent. It is always better to organise the weak and the poor into institutional structures that are viable and strong and to combine their collective power with professional management, and to ensure that such structures will endure. For this, we need professional managers not professional politicians; we need servants of the farmers, not farmer leaders.

All this is not to say that a bureaucracy is not needed. Nor is it to say that systems of Government can easily avoid an urban orientation. The nature of Government and bureaucracies is such that their apex and focus is almost bound to be the big cities. Probably that can't be helped -- but it does mean that, when it comes to rural development, the Government structure can best confine itself to identifying national and State goals and priorities and that the bureaucratic structure can best confine itself to guiding, monitoring and, if necessary, correcting the implementation of the policies and goals established by the Government. It is only when the bureaucratic structure tries also to do the implementing itself that inevitable difficulties arise; a bureaucratic structure is not suited to the practical tasks of getting things done in our villages, or to working with farmers.

For effective rural transformation that India so badly needs we need to deploy productive manpower to tackle rural production and agro business. It is here that the graduates of this institute can play a decisive role and in the bargain obtain for themselves the satisfaction of having left this country a little better than they found it.

Your education has been made possible with an enormous commitment of scarce national resources. You must not forget that while the country spends over a lakh of rupees to train a professional manager at an IIM, with the same amount of money, 50 or more children could complete their entire primary education and perhaps be somewhat more productive farmers and artisans.

I am not grudging the use of national resources to train managers; indeed, we need them in large numbers. Our enterprises and creation of income-generating opportunities would slow down even more if we did not have professional managers to run them. I do wish to impress upon you, though, the fact that since there is a trade-off in the use of the resources, there will be questions about their effective use.

For example, one could very well ask: "What happens to the managers who are trained at such an enormous cost to the country?" The answer, I am afraid, would not necessarily bring unalloyed credit to those associated with the training of professional managers in India.

The reservations about professional training of managers nursed by people including myself arise largely from the employment records of professional managers. I can speak without fear of contradiction that a very large proportion of the alumni of this Institute and others like it are either out of India, or serving Indian affiliates of multi-nationals or are engaged in selling of consumer products. I have myself often referred to the management institutes as training schools for shampoo salesmen. I trust that I will be forgiven an element of levity in this statement; I trust equally that the discomfiture underlying it will be taken seriously enough.

I notice that for your silver jubilee, you have espoused the theme of excellence. Thanks to the work done once again in the Mecca of professional management, the United States, the phrase excellence has gained much currency. But have we stopped to think what it means in our context? I submit to you that it does not mean creating a few islands of what the researchers might call excellence, but bringing about an all-round change in our decision-making abilities, in our abilities to tackle our most immediate problems.

In the 40 years of independence, we have gained much, achieved much. Still we face awesome problems. Three out of four Indians are still in villages; every second Indian is below the poverty line - and our definition of the poverty line is merely keeping the body and soul together. Two out of three Indians are dependent on agriculture for their livelihood, but they earn only one rupee out of every three of the national income. Our achievements in increasing our food, fibre and commodity production are laudable, but as the just concluded year has shown, they are still precariously dependent upon the vagaries of nature. These are all challenges for those fortunate few who have had the opportunity to imbibe the principles of excellence in management.

The students graduating today will also graduate from a world of learning and analysis to one of action and achievement. While learning never stops, we must remember what Aristotle said: honour and rewards always fall on those who show their knowledge and good qualities in action. Action, especially effective action, invites opposition and anger from established structure. You must learn to withstand such opposition and if possible, to turn it into sources of internal strength.

The tasks before us require that the poor and the weak must be organised into institutional structures that are strong. The collective power of these organisations, these new structures if you will, must be wielded so as to confer the legitimate and democratic rights upon the members of such structures. The structures must themselves survive and gain in strength. This is not a task for politicians, but I submit, the ultimate challenge for excellence in professional management in India.

You, the graduating class, are equipped with tools of modern management and. I hope, a practical understanding of how to use them in the management of the country's organisations. You must add to this knowledge a more important ingredient: a commitment to the society and all its members. This combination will make your professionalisation complete and bring honour to you and your Institute.

Every time I come to this Institute, I remember your first full-time Director, Professor Ravi Matthai and I cannot help recalling the personal example he set. Even as he excelled in all his tasks - studying, managing affairs of a multi-national, teaching, building this great institution - he was restless; he felt a sense of non-fulfilment. I would like to believe that he found that fulfilment in the last phase of his life, when even as his physical strength declined, he committed himself and all his considerable abilities to the service of the poorest. The process of professionalisation of Ravi Matthai was completed only then and it would be as much for this as for this fine institution that he would be remembered.

It is said that there used to be a speculation as to how Ravi would conclude his convocation address, quoting either from Shakespeare or from the Bible. On this Easter Monday, I would like to turn to the Bible. The parable of the Sower says: "Behold, a sower went forth to sow; and when he sowed, some seeds fell by the way-side, and the fowls came and devoured them up. Some fell upon stony places where they had not much earth; and forthwith they sprung up. Because they had no deepness of earth,

and when the sun was up they were scorched; and because they had no roots, they withered away. And some fell among thorns and thorns sprung up and choked them. -- But others fell into good ground and brought forth fruit some hundredfold, some sixtyfold, some thirtyfold."

As you leave the groves of academe, I commend to you a life of hardship, of care, of integrity and of service. It is possible that a few of you may fall by the wayside and be devoured, a few may wither away because there is no deepness of root; but I sincerely hope and pray that most of you, like the seeds of the sower of the parable, will fall on good earth and bear fruit, some a hundredfold, some sixtyfold, and some thirtyfold.

I wish you well.