

INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD

III ANNUAL CONVOCATION, 1968.

CHAIRMAN'S ADDRESS

PRAKASH TANDON

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Madam

You have in common with your father two great attributes. Your identification with youth and your support for the professional man. The broad historical perspective of India, for which your father had a very sensitive feel, will show in retrospect that the quarter century after Independence was marked by two important features in the field of economic growth : first, the infrastructure we laid down; and second, the growth of professional management.

The job we have done in building this infrastructure is not often appreciated. We often think of our investment rate in Western terms - in fact, we think too often in Western economic analogies to judge our economic success or failure; this can be fallacious, for the cost of food and shelter alone account for two thirds of our income, leaving only a small disposable income to invest. The investment therefore of upward of thirty thousand crores in our plans is indeed most creditable.

I agree that we built the infrastructure at a cost higher than it need have been - this was poor management - but I feel that we should now concentrate on our real problem, that having built

it we are making less than the best use of this excellent infrastructure. Large idle capacities, low profitability and accumulating losses are a sad evidence of this problem. A steel complex with an investment of one thousand crores and accumulated losses of one hundred and twenty crores is alarming.

In the private sector the story may be better, but considering its over hundred years of experience the situation is not one to be jubilant about. By any international standards our textiles, jute and engineering are hardly success stories to be emulated by the nascent industries whose experience is not even one-tenth in years. The sick mills, the sealed looms, the recession, are but examples of a malaise which we cannot in fairness attribute just to two bad monsoons. The causes must surely be within us.

And yet, whether in the private or the public sector, wherever a unit has possessed good management it has prospered, and where management was poor we have not prospered. I remember travelling with a great industrialist twentyfour years ago from Bombay to Calcutta by rail. He told me of his ambitious plans in the post-war that were big and imaginative. As we were getting near Calcutta I asked him virtually my first question : Where will you get the men to manage? "Men, men," he waved his hand, brushing the

question aside, "Our problem is finance and plant; we can always hire managers." His plans, I am glad, went through - he built new factories to make new products; but sad to say, they did not prosper. He did not have the men to manage. He relied upon the family, and when he could not, he hired managers here and there, but it was not a management equal to the task set by the sophisticated technologies.

To talk of professional management in this great industrial city of great industrial families may sound euphemistic, but this town has to its credit, through the initiative of these very families, a large number of institutions and, to its great pride, this Institute which has the honour of being graced by your presence today.

A word about the education that this Institute imparts, for it is to me, the most hopeful sign of our recognizing the need for building professional management. Here we draw youth from all over India, from all disciplines, humanities, sciences and technologies and we lay in them the foundations of the newest in management skills; but along with the nuts and bolts of management, we also inculcate in them the values of professional management. We try to make management to them a science, an art, and a matter of ethics too. Having fulfilled this task, we attend to their needs of retreading throughout their managerial life by inviting them back to alumni conferences and post-experience courses.

Our other activities of Research, agricultural projects and consultation, in the private and the public sectors, and Central and State Governments keep the faculty in touch with the world outside and provide opportunities for the study of live problems. This helps make the education we impart fresh and realistic. They also help create an atmosphere less resistant to change, to new ways of thinking and planning.

It is a happy day for the Institute to be turning out its new group of 83 young managers of tomorrow, made happier by your presence, Madam. But before I close, true to my managerial upbringing of result-mindedness, most gracious as your visit has been, I would like it to be of tangible benefit to us. For such a valuable asset as this Institute, which is the premier matrix of management in Asia, we need resources - and these your Government controls. If we can assure you of good products, can you assure us the resources? Industry, I may add, helps us but we expect more.

Madam, I thank you again, and commend to your care, and to the care of my colleagues in industry, the responsibility for the proper support of this Institute.