

CONVOCATION ADDRESS BY SHRI V.G. RAJADHYAKSHA  
MEMBER, PLANNING COMMISSION AT THE INDIAN  
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Mr. Mahindra, Prof. Vyas, distinguished guests  
and above all the graduating students of the I. I. M.

I feel deeply privileged to have been invited to give the Convocation address today. It is customary for the speaker on such occasions to bestow on your young and unsuspecting ears, words of distilled wisdom so that you go forth into the wicked world of business full of resolutions to take it by the scruff of its dirty neck and make it clean, efficient and prosperous.

Judged by these lofty standards, I am afraid you will find my talk different and perhaps irrelevant. I hope however it might arouse in some of you a little curiosity and stimulus to think about new career patterns and goals and I can think of no better forum to try and do so than Ahmedabad. Both the State and this Institute have been pace setters and innovators in a wide range of human activity.

I am aware that most of you representing as you do the cream of the country's educated talent, have all been pounced on by bluechip companies in the public and private sector. This is all to the good. There is no doubt at all that a growing and efficient corporate sector is a vital input into any national economy and it needs good men.

You have however stretching ahead of you the exciting and challenging opportunity of helping in the economic development of this country for the next 40 years or so and I thought I should share with you a few thoughts on what kind of new managerial needs I believe this developmental effort will create.

These new opportunities derive essentially from the Draft Sixth Plan and the perspective of the future that it presents. Before going further it is perhaps necessary to dispel the illusion that seems to have been created in the minds of some people, including the business community, that this Plan is merely the result of the Gandhian bias of the present Government and that its rationale is essentially ideological rather than economic. It is then argued that the Plan will change if the Government were to change and hence long-term forecasts of any kind based on the present objectives would be unjustified. This is simply not true. It is worth noting that State Governments run by almost every major political party have at no time raised any significant objection to either the objectives or the strategy of the Plan despite the numerous meetings of the National Development Council or its Committees and Working Groups that have been held since the Draft Plan was formulated. No Government

or planner today can possibly overlook the massive problems of unemployment and poverty, primary education and illiteracy, basic health care and drinking water, housing and roads and their ominous impact on our population growth and income distribution. Given the resource constraints of a poor country there is no alternative to a strategy which, while minimising the capital output ratio, maximises productive employment opportunities and meets the demand for minimum needs. There is no doubt that the medium and large corporate sector has in the last 25 years made impressive contributions to creating technological capability and reducing our reliance on imports. On the other hand, it has made very little impact on reducing unemployment and has absorbed vast amounts of capital. While therefore I repeat that the corporate sector must continue to grow, the investment priorities must necessarily undergo a significant shift towards agriculture and allied activities and village and small industries.

Besides resources, our strategy must take careful note of three other constraints to which in the past we have as a country devoted little attention. These are the limits to our energy resources, the growing threat to the environment and the problems of metropolitan congestion. Happily the rural development programmes with their emphasis on afforestation, reclamation, ability to use renewable pollution-free energy devices combined with the minimum needs programme suggest a way of dealing with these constraints also.

disaggregated, unorganised, widely dispersed and illiterate environment of the rural and semi-urban areas will be minimal. In fact it will be said that you will be taking a potential first-rate corporate manager and making him into a complete misfit. There are those who also argue that this activity requires a very different type of human raw material and different training inputs and it would be a mistake to mix these two types of individuals.

I do not share this view. First of all, what I hope our educational system has taught us is at least to think logically and rationally and to analyse problems in terms of their commercial, financial, technical and above all human content. It is difficult, to accept that, given the right attitudes and motivations, many of these disciplines cannot be applied to rural developmental problems. Indeed, there are so many cases today where it has been done with resounding success such as the Kaira Cooperative, the Bhartiya Agro Industries Foundation and a large number of voluntary agencies who have recruited professional managers, that the issue cannot be seriously contested any longer. Your first Director himself has demonstrated by his personal example what can be achieved if the motivation exists. One could argue that the course work in management institutes ought to devote some more attention to the economic, social and technical problems of rural development and I would certainly commend this thought for the consideration of your Board. There is however an equally important reason why products of institutions like the IIM should get involved in the problems of our rural areas and that is the growing rural-urban gap not merely in terms of incomes, but in attitudes, language, value

systems, and social & religious customs which must be bridged if we are not to have one day a major confrontation. The recent and unprecedentedly large rallies of kisans in Delhi and the landless labourers are not to be dismissed as mere attempts at political lobbying and must be taken as symptomatic of a malaise which needs attention. It is only if the urban intellectual elite typified by the IIMs were to blaze the trail that others will follow. The creation of institutions specialising in rural development may perhaps be eventually necessary but their ability to keep the communication channels between the corporate sector with its urban bias and the rural areas open and wide would be more limited.

Is there any practicable way in which the talent emerging from such institutions can be involved in rural problems? It would be hopelessly unrealistic to assume that all of you could afford to make the monetary and other sacrifices which such a step means, however idealistic you may be. It will also be some time before we begin to recognise where our major problems as a country lie and adjust our income and other policies to ensure that they allow the best talent to be devoted to solving them. I therefore offer a suggestion for what it is worth.

Would it not be possible for all these companies which you are joining to ask their managerial trainees to spend the first three years of their service, before they acquire the responsibilities that go with marriage and a family, in one of the blocks or districts of the country, especially one which has been chosen for the integrated rural development programme. They may need a short 3-month orientation course which could be organised by the State Government and the Institute on specific subjects such as block and district level planning, organising village & cottage industries, helping to man the District Industries Centres and contributing to the efficient implementation of the minimum needs programmes especially in areas such as health, education, housing and water supply. It is not the functional expertise which by and large is lacking in cases such as the minimum needs programme. It is much more a question of providing a coordinating link and seeing that the organisational, procedural and logistical problems are tackled in a methodical way, that the concerned executive authorities are gently prodded into action and care is taken to see that the benefits reach the specified target group. None of these are simple tasks but they are the kind which an MBA, with their links to people who can collectively influence public opinion, are well suited to take on.

Would all this be resented by the existing staff of the Government right upto the assistant collector or collector as an unjustified intrusion into their areas of responsibility? Perhaps if they felt that their jobs of promotional opportunities were at stake they might, but this is not what is proposed. On the contrary, the availability of a group of young men who are basically highly trained but do not wield direct authority is something they should welcome. Much will depend on the humility and tact the individuals bring to bear on their task, especially in terms of avoiding claiming credit and the speed with which they adjust to the village environment. One of the great advantages they will have over their colleagues in the regular administration is that they are not beholden in any way to the power structure of the village and the district and their problems of politics, caste and religion are not likely to influence their actions. May I say that this is not mere speculation - I am aware of one or two companies who have tried this experiment and found that it works.

Will your companies agree to let you go assuming that you wanted to try this out? All I can say is if I were the Chairman of a company I would jump at the opportunity. Not merely, I may say, out of purely altruistic motives. I

would do so also because I would get back into the company a basically better manager with his ego back into position, with many of his corners rounded, exposed to the realities of India, more mature, tolerant and humble and far readier to accept, by comparison, the life he will come back to if urban amenities is what he values. It would be preferable not to make such an assignment compulsory but let it be known that the so-called fast track will largely be reserved for those who volunteer and do well again not as a bribe, but simply because the company will get a better trained man who deserves special consideration.

Perhaps not all will come back. Indeed, I would expect a few truly involved people not to come back, but this would be the least a company could do for what is in fact the long-term salvation of the country. In the longer term however, I find it difficult to see an income distribution pattern, at present so heavily weighted in favour of the less critical urban corporate sector, surviving a situation where the demand for managerial inputs is going to remain consistently biased in favour of the rural sector.

The only other thought that I would like to leave with you before I conclude is self-employment, on which we are relying heavily for solving our problems of employment. Entrepreneurship qualities are not evenly



dispersed throughout the country. Gujarat happens to be a particularly fortunate State. If we are however to achieve nationally the employment and production targets set for the small scale sector, it has to be far more widespread. Again, we run into the problem of the lack of financial-staying power amongst those who are trained and willing to take some risks. Again, at the risk of being accused of suggesting that the corporate sector should be seen as a kind of panacea for all our ills, I do believe they have a part to play in this task also. The best suited for this task are those who have had perhaps two or three years of operational experience backed by an exposure to all the major corporate activities during their probationary period. It is not possible for companies to give them a couple of years of leave to try and see whether they cannot be set up in their own business and provide them with the necessary guidance in formulating and implementing small projects? Activities connected with their own business, so that marketing is not a problem, are obvious areas. With the kind of financial assistance banks give these days, the capital contribution that the individual has to provide is not so large as to be beyond his capacity. At the moment, such entrepreneurial stimulus is confined to family-owned companies helping their sons and relatives

to set up ancillaries and this slightly incestuous business activity has rightly come in for criticism. If however it gets expanded to true professional managers in the corporate sector, it would be providing a much needed stimulus to the achievement of the self-employment targets.

You may well ask what it is that young MBAs like you entering the corporate sector can do to get company Boards to think along these lines and that all I have talked about should really be addressed to heads of companies. First of all, you will be surprised how much your aspirations and anxieties do get relayed to most top managements. Secondly, if you yourselves are anxious to try out some of the thoughts I have put before you the response from the companies will not be so hesitant as it would be if they were not sure how you would react. Lastly, before long several of you may well become senior enough to have an opportunity to give effect to any such ideas you may have.

You have both singly and collectively, at this juncture, a vital role to play in influencing attitudes and thinking in the corporate sector so that the wider national goals we have set ourselves can be achieved. I am sure, carrying on your shoulders as you do, the reputation and prestige of one of the country's premier institutions, you will not be found wanting. May I wish you every success in what I hope will be varied and challenging careers?