

**Address by Mr Das at the Golden Jubilee of
Forum Free Enterprise
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Mr. Minoo Shroff, President FFE.

Mr. Ratan Tata

Leaders of Indian Industry

Mr. Divakara

Students – tomorrows leaders.

Ladies and Gentlemen:

It is humbling to stand before such a distinguished audience in Mumbai, the capital of Business Entrepreneurship in India.

Nearly 43 years ago, I started my working life as the first Indian Management Trainee in the fully –British managed Bengal Chamber in Calcutta and was deputed to the – then CII. Today, I am deeply privileged to stand before you, thanks to the opportunity, trust, encouragement given to me for these 4 decades, and more, as I served to promote Indian Industry and, especially, the private sector which has gone through many challenges, complexities and changes. Mr. Chairman, you have been enormously kind to me.

I am also honored become the FFE founded by the late Mr. AD Shroff, and chaired by the late Mr. Nain Palkhiwala for many years, is the symbol of the sprit of enterprise and entrepreneurship which the private sector is associated with. The FFE is a national institution whose thought leadership, philosophy and beliefs have been critical in ‘keeping the faith’ in sustaining our belief in ourselves through very difficult times.

I salute the FFE, its founders and its leadership.

Mr. Minoo Shroff, I especially thank you for giving me this unique opportunity to join you on this very special day – your Golden Jubilee - with Mr. Ratan Tata. In fact, Mr. Tata would really be the most ideal Business Leader to speak on the subject you have given to me “Indian Industry Adapting to globalization” because he has led the House of Tatas to do just that.

And, no one has given me more support than Ratan Tata in the conduct of my duties, in the development of CII as an Institution.

In covering today’s theme, let me first speak of India as I see it. I shall oversimplify to be brief.

1947 – 91: The Socialism phase. controls, Regulations. Licensing. A difficult time for the private sector. A time when the Forum’s flag flew and kept confidence in the future going but the priorities were different. The result was definitely lack of competitiveness, protection, the customer was not king.

1991-2006: 15 years Steady liberalization. Still too many complexities. But, competition becomes a reality. Globalization starts. Private Sector gets space, opportunity and a place in the sun, through ups and downs of growth, stagnation in the late 90s and rest ructurning.

And, as I look ahead, this process will continue and the Private Sector will evolve to occupying the commanding heights of our economy as visualized and desired by the founders of the FFE.

There are several challenges which, to my mind, confront Indian Industry in adapting to globalization.

The most fundamental issue is to be competitive. To be efficient, productive, manage costs, maintain high quality, serve the customer, conserve the resources, avoid waste. This is BASIC.

A far cry from 1986 when we started the TQM movement and companies told me not to waste their time. In this audience I don't need to elaborate on the agenda for action to be Competitive, inspite of environmental constraints THIS IS A MUST.

The Next area is Technology. This has become a scarce commodity. And, very highly priced. So, The need to allocate significant resources – people, funds, etc – to develop Technology is crucial. Joint Ventures are complicated. There is the issue of control. The company which has the Technology, has control. And, we have seen may JVs not lasting. So, Technology development is very special, very important, very critical. In the globalized world, Technology plays a huge role for companies. And, with that innovation. Creativity, Thinking and Working out of the box for Technology development.

Pre91 by and large, Research and Development and Technology were neglected areas. Very slowly this is being put right including the national R&D labs.

A third Issue is that just working and focusing on India and the home market has become risky and unwise. Its more than just about Exports. Its operating abroad. Getting into M&As. Strategic investment Dealing with different cultures, Govts, Regulators, Law, Standards, customers. This is inevitable, unavoidable.

Many companies understand this but many more need to. Footprints in different markets are essential. Dependence on India's home market, alone, which is now open to the world, can be very- very risky.

Another dimension which we have to cope with is CHANGE. Change in business conditions. Upturns. Downturns. Change in customers. Demands. Supplies. Politics. Change which calls for flexibility. Change to have new, different models of working.

Change is a constant factor of business life and , as we all know, being human, we are naturally resistant to change. We are creatures of habit. Our bed, our morning tea, our newspapers, etc etc. Constant change is a huge challenge and a reality of global bringing with it stress and stretch and tension.

I have heard some people weakly cry for the old days of continuity. Just dealing with Govts.

Today, the externalities are so many and so complex. Customers. Shareholders. Stock markets. Regulators. Govts. And, factors over which the industry has no control – what happens abroad but impact as – eg. Oil prices, Interest rates etc. globalization has brought all of this not just to industry is doorstep but, actually, into the office, home and boardroom. A constant partner and presence. A constant challenge. Globalization has brought another need which much of industry has responded to with a positive mindset. But, many are yet to come on board – Corporate governance. Transparency. Strong independent Boards. Disclosure of Information. Dealing with the capital market Regulators in India or London or Singapore or New York or elsewhere.

A massive change from where we were to where we are and where we are going. The continuous flow of pressure on Industry to adhere to newer and newer norms and standards, made more complex with every corporate scandal.

Public limited companies are really on a one-way street. here when one looks at other directions which Indian corporates must adopt, one is the question of stamina. They are not in a 100-

meter race. They are running a mix of a tough steeplechase and a marathon. It's a long haul. No place for arrogance or complacency. Much need for patience and sustained effort. Physical and Mental fitness. All key factors in the Globalised world. These were not issues of priority pre 1991. These are real issues today. So, there are multiple factors to adapt to. Multiple things to do which includes CSR because even Community, Disaster Management, health, HIV/AIDS, Education, Affirmative Action, Skills Training, etc can't now be left only to Govts. Industry has to play an increasing role. And, is doing more efficient than govts, there is faith that whatever industry does is real. The benefits are visible.

For me, everything – all of this – is achievable, given one factor. The people. The Human Resources in a company, in a group. They are the key to all else their motivation. And, we have wonderful people but they need to be prepared – trained – to manage global. And, remember, the Employees can no longer be only Indians. Global Indian companies have MNC Employees – from different countries, different cultures.

My Executive assistant today, by the way, is an expatriate who wanted to work in India!

But, people here are so bright that given space, opportunity, training and trust, the achievement level is very – very high. And great resources for India our no. 1 asset – are the several hundred million young people below 30 years whose talent is extraordinary. I find my three children are way superior in every respect. So, special attention must be given to HR. Everything else follows.

Tatas are a role model of Indian Industry adapting to globalization. Everything I have spoken of, they have done. They are doing work in progress. And, most important, retaining their

values. Therefore, credible, respected. You can buy The world, but you can't buy respect. Tatas have Respect.

And, they, and others in Indian Industry have had Dreams and Aspirations for growth combined with Enterprises which are slowly being realized.

To lead to be successful and also to contribute to society. To be the best in the world.

There are many others in Indian Industry who are yet to get on this bandwagon of adapting to globalization, or trying to be global companies, with values. But, the successful corporates in terms of competitiveness, managing globalization and, doing so as values – based organizations, become benchmarks. There is pressure on others.

Of course, there is also another kind of pressure. The negative pressure of trying to hurt and bring down the role models, the pioneers, the pathfinders. They live with that danger, everyday. But, I believe they will overcome such dangers though, sometimes, the dark clouds look very overwhelming, oppressive.

They also have to cope with the pressures of corruption and politicization, diverting attention from the real business to dealing with vested interests. This is the sad fact of life. But, today, the private sector is not overwhelmed by these issues. They have courage, they have fortitude. They have strength. They have vision. And, a new miracle is happening in Indian Industry.

We are not only emerging as the global resources for services, going beyond IT.

We are also becoming a manufacturing hub of the world.

Slowly, thanks to our engineers and scientists, also as global R&D centre.

And, tomorrow, in the not too distant future, as the food factory to the world.

This is the different between the past and the future.

Made possible by 3 broad factors.

First, Governments. Slowly getting out of the way

Second, Indian Entrepreneurship coming of age.

Third, India emerging as the youth and skills capital of the world (in spite of today's shortages.)

So, as we go toward from today's Golden Jubilee Celebration of the Forum of Free Enterprises, we can go forward with faith and confidence in Entrepreneurship and Enterprises in Indian Industry, in the Private Sector, inspite of terrorism, poor governance, corruption and concern about values because Indian Industry is showing that the candle which the Forum lit 50 years ago is burning bright and strongly, lighting the way to the future.

Thank you.
