

St. Xavier's College-BBA Students

Address by Mr. Rakesh Shah, Chairman, EEPC

July 1, 2008

It is, indeed, a pleasure and privilege for me to be back at my institution to address this distinguished gathering of the future members of India's wealth creating community. I am sure that the "bug of value creation" is already in your veins and you will all serve this nation well in the decades ahead.

Let me at the outset thank Fr.Dominic for inviting me and giving me the opportunity to share some thoughts with you. I must also congratulate all of you for getting the opportunity to join this great institution and do believe that you are lucky in more than one way and therefore have much greater responsibility to the society at large.

Friends, it was the legendary Deng Xiaoping, the father of China's economic reforms who said that:

it really does not matter what the color of the cat is, so long it catches mice!

These immortal words have been interpreted as well as misinterpreted in many ways. But what has never been in doubt is the philosophy behind this statement which is:

that efficiency and the ability of a person to deliver are paramount in the present day world.

I am aware that all of you are a product of an information society. Thus, you are, perhaps, well aware of the tribulations of the present economic environment and wondering whether you have taken the right decision in joining this course. Let me, therefore, address this issue for your benefit.

It is my belief that notwithstanding the inflationary spiral that has not only gripped the Indian economy but many countries in the world, our growth story is intact and that our generation is indeed, fortunate that we have an opportunity to build an India that creates wealth, generates employment and can banish poverty over a period of time.

One of the characteristic features of a global capitalistic society is the preponderance of trade cycles. With India being increasingly globally integrated, recessionary tendencies in major economics of the world is bound to have repercussion on our own economy.

As you may be aware the sub-prime crisis in the USA is turning out to be a major dampener for world economic growth in the current year. This combined with the soaring oil prices has led to a situation where efforts are on to substitute fossil fuels with other energy sources such as ethanol and other forms of bio-fuels. With the major economies diverting considerable amount of their produce towards bio fuels, food prices are moving northwards simultaneously with oil prices. Thus, we are in the midst of a peculiar situation where food and oil is getting mixed but is turning out to be a disastrous recipe for economies around the globe.

Despite this, I have not come upon any estimate that shows a severe world recession being projected for a sustained period of time. In fact, the major oil producing countries, primarily the OPEC countries in West Asia are booming. This will play a counterbalancing role and many Indian companies are already benefiting from the boom in West Asia. Moreover, the good thing about an entrepreneurial society is its ability to innovate. This process has already set in. Worldwide efforts are now to develop better and sustainable environmental technologies, emphasis on mass transportation systems as well as in the development of an efficient automobile industry.

It is these challenges that face us that in many ways contribute towards creating demand for newer products and systems, leading to investments and sustaining the growth cycle. Thus, it is quite possible that by the time you graduate, the dark clouds of the present times will be of a bygone era and we should be back to industrial growth rates of 12% plus.

Let me now tell you an old joke on Mao Zedong. When he took the then US President Nixon for a drive in the Chinese country side in 1972, the car reached an intersection, and the chauffer turned to Mao and asked: “Comrade Chairman, do we take the left or the right turn?” With a side-long glance at Nixon and a twinkle in his eyes, Mao said: “Give the left signal, but turn right!”

Friends, you must be reminded of our Kolkata taxis or the State Transport buses, who routinely signal on one side, but move the other way! Unfortunately, the gap between China and India cannot be bridged only by these buses or taxis following Mao’s dictum. The point I want to drive is even the strongest communist regime is now engaged in wealth creation.

Friends, the history of China and India of the last six decades provide useful answers as to why India today has nearly 77% of the population earning less than USD 2 per day while the proportion for China is just around 20% of the population. It is also said that economic reforms in China in the last two decades has increased inequality. While this may be true, it is also correct that the abject poverty that is so visible in India is largely unknown in the Middle Kingdom. Further, China’s per capita income is more than double that of India’s indicating that growth does make a substantial impact in terms of removing abject poverty.

The Chinese experience has an important bearing for India. It was Deng Xiaoping again, who said that

“Poverty is not socialism. To be rich is glorious”.

The emphasis that Deng put on “being rich” was to drive home the point that unless society creates wealth, poverty cannot be eradicated. Thus, when entrepreneurship is viewed as a social rather than an individual activity, the success of a nation to produce successful wealth creators can be virtually guaranteed. This is where most industrial nations and China today have surpassed India.

Friends the question is, Why does India lag so far behind? In an era of license permit raj that India followed for full four decades, entrepreneurship was discouraged. While we have now moved away from such a dirigistic economic regime, the vestiges of the past remain. Further, doing business in India remains a challenging proposition. The World Development Indicators, 2004 states that while it takes 88 days for a business to start in India, in China the time taken is 44 days. In fact, as a recent survey carried out by Indian Chamber of Commerce, Calcutta shows that within India, the time taken for starting businesses varies from state to state. Unfortunately, West Bengal does not score too many points, but with growing public awareness, things have improved considerably in our State.

Friends, when you graduate, some of you would work as entrepreneurs while others would become business managers. Whatever be your calling, your effort should always be to value time. If you can value time, you would be able to create wealth and give your customers genuine value for money. This is where India needs to do better and for which investments in infrastructure is absolutely crucial. India needs to take systemic measures to lower transaction costs and I do hope that people like you will make all efforts in your working lives in this direction.

May I also take this opportunity to share with you some thoughts about how corporates can play a pivotal role in changing the social inequities that abound around us? The legendary Bill Gates was awarded an honorary Doctor of Law degree along side the Harvard graduating class of 2007. In his remarkable acceptance speech he said and I quote
“humanity's greatest advances are not in its discoveries – but in how those discoveries are applied to reduce inequity. From those to whom much is given, much is expected.” Unquote.

No entrepreneur or corporate can exist in a vacuum and the sooner we realize that we have an important role to play in not only wealth creation, but also in reducing social inequities and environmental protection, the greater is our chances of contributing to the society at large.

India is a country of entrepreneurs for centuries with a very strong social commitment. If you look at ancient Indian history or even pre-independence history, entrepreneurs have fought hand in hand with our national leaders in the freedom movement. Thereafter there was gap of four decades, but since 1991, we are back to creating global Indian ventures. Today, the significance of the Tata Group in their latest acquisition whether in the area of steel or automobiles or the tremendous resilience of Mr. L N Mittal in acquiring Arcelor should stand as a source of inspiration to all of you.

Mr. Mittal is an alumnus of St. Xavier's and I do hope that all of you will derive considerable satisfaction in being associated with his institution and see him as a role model. Friends let me share whatever little I have achieved in life is because of my first lessons in Entrepreneurship I learnt were at this institution when we organized various events.

Friends as you embark on this wonderful journey during the course of the next three years in St. Xavier's, you must imbibe and equip yourselves to ensure that when you join the real world, you would do so on the basis of your merit and ability to deliver whatever job and tasks that are likely to be assigned to you.

I am confident, this course will equip you to handle pressure.

I am also sure, this course will make you a fighter.

Let me also add that the life of a business leader or manager is a grueling one and during your three years, you would perhaps realize this aspect of life as well. You need, therefore, to be disciplined in your life and manage your time well. I am sure your able teachers will have more to say on this aspect of your curriculum during the period of your education.

Let me conclude by wishing you the very best for the future. I do believe that you have chosen not only a great career ahead of you but also a path that can enable you all to contribute towards building an India that will set an example for many other countries in the world.

Thank you & Good Luck.

