

Chairman's address at the 44th Convocation function at IIMA, on Saturday the 28th of March '09, held at Vastrapur, Ahmedabad.

Mr. Deepak Parekh, Chairman HDFC, thank you Sir for agreeing to come here today. Members of the Faculty, Parents, students, passing out graduates, Ladies & Gentlemen.

I shall start by giving our best wishes to the graduates passing out of here for a fruitful and rewarding life ahead, as they enter a new facet of their lives.

In the present fast changing and complex world, I hope what you have learnt here will guide your thinking and actions. It is most unfortunate that the current international scenario, the so called "global meltdown", has been the result of gross mismanagement of public funds in custody of the leading and landmark institutions of our society. A recent study in the United States shows it to be the result of decisions taken by MBAs from the finest Business Schools of USA. Does it show they taught them wrong ways of doing business, or is it because they went too far to get too rich too quickly? I really wonder if they were trained to keep an eye on real life, and continually adapt to the changing economic environment, or were they told to go by often successful, printed doctrines. We need to do some introspection too. I am glad none of the major goofers came from IIMA.

Fresh graduates coming out of this great Institution must remember that they are trained to be good managers, not necessarily manage money, but generally manage the needs of a complex and changing society. I wish we had some good managers to supervise and control the counter-terrorism action initiated by the Government in Bombay recently. It is doubtful they could have saved innocent lives, but I think the damage to life and property could have been much a smaller number. It is an irony of fate that several of our highly skilled personnel, from the most respected commando units and the defence services, willing to give their lives to save those of others, did not know what to do, or where to go. It was sheer bad management. We need to introspect & learn from such crisis' for they are very valuable teachers. Of course provided we want to learn!

IIM Review Committee -

A Committee under the Chairmanship of Mr. R.C. Bhargava, was appointed by the Ministry of HRD in Sept '07 to review the working and performance of all the IIMs in India & recommend any changes required in their governing structure. They ignored the

need for autonomy and financial independence enabling business schools to stand on their own feet to become internationally acceptable, in view of the fact that new overseas institutes are waiting in a queue to tap the Indian market. The Committee has recommended a 'super' Pan-IIM Board to implement uniform policies across all IIMs. I believe each Institute must have the flexibility to tailor make its programmes to suit its own needs as well as those of its students. This super-Board would marginalise the existing Board of Governors that comprise of eminent persons from different walks of life, who spend their precious time in attending meetings and giving valuable advice out of their long industrial & managerial experience. Having grown into an Institution of formidable repute in a period of four and a half decades, IIMA has declared its unacceptability to such an ill-advised recommendation of the Review Committee. This will go against the government's accepted principle of removing unnecessary and unwieldy controls over Institutes of higher learning and give them greater autonomy in their working. Their proposal on the other hand will add yet another layer of bureaucracy and unacceptable controls by wielding their heavy hand of authority. What they don't realise is this one issue alone will put us in a competitive disadvantageous position vs. the foreign institutes.

We claim to be entering an era of openness and globalisation. If the govt unfortunately accepts such recommendations, it will put the IIMs back by a few decades, rather than help them forge ahead. Such additional govt interference is most uncalled for, being unfortunate in coming at a time when efficiency, performance and global status must take precedence over slavery and obedience of the monolithic bureaucracy. Many other recommendations of this Committee require careful and serious consideration before signing them into law. It would be useful if the MHRD were to give hearing to the IIMs to express their views in person to the Minister, in addition to and more clearly than outlined in our response papers submitted to the govt. I appeal to the govt not to act in haste and undo what we have achieved by a high level of devotion & commitment, over a long period of time. If the Review Committee recommendations as submitted, are formalised into policy in totality, then I am convinced the IIMs will cease to be avenues of managerial excellence that they take such pride in being !

Financial Independence -

Due to conditions similar to that of the 'Great Depression' prevailing today on the one hand, and a substantial increase in fund requirements for the Institute, for its growth and diversification on the other, your Board of Governors are considering if a revision in fee for its flagship programme - the PGP would be appropriate at this time. I believe this to be symbolic of their concern for their social responsibility in this fast

changing world. Such decision would need to take into account our increased liability on account of the Pay Commission award and a larger provision required towards our retirement fund.

In view of our subsidy scheme based on the students' annual family income, last year 21 students got totally free education in the PGP classes, while a total of 65% students got varying degrees of concession in their fee. In addition we also grant need based scholarship so no student entering IIMA has to forego his education for lack of funds. IIMA will not go to MHRD for meeting this deficit, which is being financed from its Corpus Fund this year. It is not sound managerial policy for IIMA to keep eating into its retained earnings; and will need to replenish it at an early date.

It will look for MHRD/GOI support to meet part of the capital cost required in expanding student accommodation and facilities for the increasing number of OBC students expected in the coming years.

Thank you ladies and gentlemen for your time, and good luck to all my boys and girls leaving us today to make a new life for themselves.

God bless you all.