

Arundhati Bhattacharya is the 24th Chairperson of State Bank of India. The Chief Guest at the Convocation addresses the audience on several topics relevant to leadership skills. She also highlights problems associated with rapid technology, the climate, urbanization and gender.

First of all, a big congratulation to all of you. I must say, I feel extremely honoured to be here today to talk to you and it probably indicates that IIM Ahmedabad thinks a little differently. Today for instance, I think the public sector and especially public sector bankers are not really the flavour of the season. Therefore, to have invited me, a woman, to deliver this address shows that this institution thinks differently and is courageous enough to show the world that it does think differently. Hopefully, you the students have imbibed those qualities and will take it forward in your life. Now, as you step out from these hallowed portals, what is the world that awaits you? Remember challenges are many but challenges are always one side of the coin. On the other side lie opportunities. So let us very quickly recap the trends that we see in society today.

If you look at the global trends, what is the world worried about? What are the world leaders thinking about? The first that comes to mind is of course the global warming that we are worried about. Director Nanda was telling me that tomorrow is the spring equinox in the US and they are expecting six inches of snow. We've been told of snow in places like Oman and floods in Dubai and of course you recently saw probably in today's paper that the temperature in Chennai is lower than that of Bangalore. Now, with these kinds of challenges what is it that you see going ahead? The world has acknowledged the challenge and world leaders have now promised that they will try to keep emissions to 1.5 degrees. The temperature changed 1.5 degrees above the key industrial levels within a short period of time. That therefore means that we are really seeing a lot of changes that will come about in the way that we not only use energy but also by the way we generate energy. Probably, the biggest challenge today is in energy storage.

I am not aware if you know that in places like Germany the thermal power plants actually pay the transmission companies to wheel away their power in the morning because there are no takers. It is basically wind and solar power that is used in the mornings but these particular plants have to be kept on because at night they are required to generate power. It is not possible to store electricity to the extent that it is required and therefore, while they are generating a lot of electricity from renewables, they are not able to shut down all of the power plants. We are seeing more and more in a place like India where the per person usage of energy is by far one of the lowest in the globe and where coal is plentiful. Therefore, thermal power plants need to come up. We are finding that the global financing for all of these power plants are no longer forthcoming because this is considered dirty energy. So how do you get past this problem?

At the same time, you also have a problem with water. You look at our own country today. There are villages and villages in Maharashtra where people are moving with their livestock into camps because their villages do not have enough water for them or for their livestock. You saw today that the Punjab Government went against a Supreme Court judgement because with Haryana, they are at war regarding the Satluj Canal. You have seen similar incidents between the states of Karnataka and Tamil Nadu and this is something that is going to increase. How do you resolve these problems?

The other major trend is of course, terrorism. There is no hiding now. There was a time when people left for office, they were 100% sure that they would be coming back. Today, nobody knows and how is that going to impact the world? Will people stop going to crowded places? Will people stop socializing? How much more are we going to spend on security? How are we going to be sure that even after we spend on security, we have been able to secure the lives of our people? How do we also ensure that terrorism itself does not take route? What is causing terrorism and how can we stamp that out? These are also major challenges that face all of us.

At the same time, we were also seeing a world where the prices of commodities are plunging. In fact, I was having a look at the index. The commodities index has dropped 52% in the last five years and it is the lowest since 1999. The world population has increased but yet, the commodities themselves witness crashing prices. What caused it to rise? What is causing it to crash? You all, who are stepping out of these portals, you need to look at these problems. Coming to technology, it has now become a part and parcel of the way we are. The internet of things is a far-fetched kind of utopian dream but if you consider the 5.5 million devices per day coming online, the potential is 3.9 trillion to 11.1 trillion by 2025 and this will be equivalent to 11% of the world economy.

That is the kind of connectedness that is getting created. As it gets created, what are the kinds of jobs that are going to change? What are the kinds of jobs that are going to get replaced? If you look at a bank like ours, when people used to enter our banks, they used to basically enter as bookkeepers and counters of cash. In fact, nobody in my family had ever been in a bank and my mother once asked me what is was that I did in a bank? Did I count cash? Basically that is what people believe people did in branches. My husband often told me that one of the reasons he married me was because bankers always come home at two when the counters close. The fact of the matter is that the world has changed. Today, you don't need to count cash anymore. Today, you don't even need to be a bookkeeper. It is all done by machines. Bankers today have become your investment consultants. They have become your guide for life and this transition from being an accountant or a book keeper into being an investment consultant, into being a person who markets and does not only sell is huge. How are we preparing our various industries to take into stride these kinds of changes? Today we talk about driverless cars and you are seeing that becoming more and more a reality. But, as we look at driverless cars and as we look at drones, what is the legal underpinning that we have to ensure in that these do not pose unnecessary and unacceptable risks in the new world? What is it that you will look at and how will you go about resolving these issues?

I was just telling the faculty that the other day we started a program of giving loans to Uber drivers. What happens is that Uber does the due diligence and signs on a driver after passing on his name and other details to us. We do a civil check and look at the kind of credentials he has and when he switched it on about four days back, in a space of 27 seconds, we gave 51 loans. 27 seconds, 51 loans. The Uber people told me that this is globally one of the best that they have ever seen. Now, if you consider what we were doing earlier, 51 loans would have taken a minimum of 102 days if not more. So, are we ready to confront this new movement? And, why do we use these models to give loans? Are we giving up the subjective element? Are we giving up utilizing our intelligence to find out whether we have done the right thing or not? Even then, there is an answer and that is machine learning. As it gives out the loans, the program itself keeps checking to see what the repayment history is of these borrowers. It will keep adjusting its model in order to ensure that whatever mistakes it was making in its models, gets rectified. So basically, the world today is trending more and more towards such developments where the human mind remains paramount but there are many things that are catching up to it.

Today, I understand that an average washing machine has more computing power than the Apollo 11 launched in 1969 by NASA. Were you aware of the fact that an average washing machine has more computing power than Apollo 11? We have travelled so far and as we are going this distance, we also have to look at the pitfalls that this brings and that is the world of cybercrime. Within seconds, millions and millions of dollars can disappear without a trace and you would not even be able to make out till it's too late. So how are we protecting these systems? What happens if these driverless cars are taken control of by an unknown entity? What if somebody hacks into the system and takes control and you are taken to a place that you don't want to go to? What happens if all of the programming that programs the signals of all of these junctions is hacked? How many accidents will then happen? What is the scenario in regards to cybercrime and how do you go about ensuring that you are doing the right thing while not stopping innovation and progress?

From that fantastic scenario, let's come back to India. What are the challenges that India faces? As you know, every month India adds one million people to its workforce. So, an additional one million people are looking for every month. That's a huge challenge. Who creates so many jobs and how do we create them? And today, because of television, the aspirations of our youth are huge. And that is why as I was looking at you all, I was asking Director Nanda about the people who employ his graduates and he said they are the consultancy firms, accounting firms and e-commerce people but he also said that a very large number of them are entrepreneurs and I congratulate you for that. You must be employment creators. You must look beyond employment because you are gifted enough to have been admitted into this prestigious institution. You must make it your mission to ensure that all of you are actually employment creators.

Simultaneously with this, we have a problem of urbanization. As you know, even today, 50% of our people are on the land and we find that the facilities there are so poor that at the first sign of success, the person migrates into the urban setting. As you know, we work with CSPs— Customer Service Providers. These are people who have mobile connectivity, a little scanner and a printer. With these, they carry out banking activities in the villages. Whenever these CSPs begin doing well, they move. And where do they move? They move to the semi-urban areas and then into the urban areas and the really successful ones move into metro areas. So urbanization is again, another very major challenge. Why do you find this stream of people coming into the urban areas? If you look at the municipalities and their governance structures, you will find that they are one of the most backward structures we know. Even today, many of the municipalities maintain their books in the local language and in a single entry format. With this kind of governance and book keeping, these people are in no position to access the sources of finance that can enable our urbanization to take place in a more sustained manner. Here again, we face an enormous challenge.

While this goes on, you also see the growing inequality. As you know, in our bank, we have branches all across the world and we have with us as our customers many people who are basically global citizens. You put them anywhere— in a meeting with President Obama or in some dark spot of Africa, they are at home, because they are global citizens. But at the same time, we have people who literally need to be led by the hand so that we can get their left thumb impression on a withdrawal slip after which we tell them how much money they are getting because they can neither read nor write.

We have in our bank, a programme called Youth for India. It's a gap programme of 13 months where people like you who have passed out or have started working would like to take a gap year. They come with us and do projects in the rural areas. I do not know whether you have ever seen the salt pan workers. The *Small Rann of Kutch* is very close to you. If you haven't seen them, please go and have a look. I had gone last winter when I met a couple surrounded by miles and miles of salt pans and no other person in sight. The man had on galoshes and gumboots as he was pushing the water in the salt pan. The woman was in a petticoat that was totally frayed with a thin cloth across her top and no shoes. She was standing over there and helping the man while one girl child sat on the sides. It was bitterly cold because the wind was blowing. The child was all huddled up without any clothes except the bare minimum. So, I went and talked to them and asked the woman why she was not wearing gumboots. She said that she had them once but that they had fallen apart and since there was only one pair available, the man needed to have it. I asked her if she had kids. She said that she had a son and daughter. The son she had been sent out to school while the daughter was with her mother. These people are they really poor and I am told that their work conditions are such that they are not allowed to use a toilet throughout the entire period that they work in the pans for fear of contaminating the salt fields. Some of the fellows for Youth for India worked with the Tamil Naidu salt plants and they have created a very low value, zero discharge toilet which we are now trying to get patented. It is jobs like these where you actually bring about a change in the lifestyle of these people who because they cannot drink water throughout the day, suffer from chronic dehydration besides huge poverty. I am

told that when they die, their legs don't even burn because of the kind of dehydration that they have been through. So, while on the one hand we have this class of people who will be globally at ease anywhere, we also have on the other side these very desperately poor people. How do we bridge the gap?

I remember when I was in school, one of our teachers made us do an experiment. She took a piece of paper and asked four people to hold it from four sides. Then she asked another one of us to take a pencil and start pushing from the centre. As it pushed from the centre, the centre went up but after a little while, the paper tore. Basically, that is what happens. If the majority remain down and there is a minority that is going up, the fabric of society will tear and when that happens it is not the have nots that they lose. They have nothing to lose. It is the haves and you are the haves. If you don't take care of this and ensure that there is inclusion as this country grows, develops and progresses, then it is you who will have the maximum amount to lose. You must make this an article of faith. Remember that by doing financial inclusion, you are not doing anybody a favour. You are doing yourself a favour and it is a very major challenge ahead of us. We need to be able to take care of it and while we do this, the external environment continues to pose huge amounts of challenges.

For instance, just recently, one of our core sectors, the steel sector, got stressed. It got stressed because of the huge amount of dumping that was going on by one particular country. How do you take care of this? If you look at the US, their reaction was swift. Why? This is because they have the scenario analysis. You look at our country and notice that we don't have it. We need it as we have to globalize more and more. We need to understand the risks and the challenges and we need to be able to prepare for those risks and challenges. It is people like you who need to start thinking on those lines and finding out solutions. Similarly, you have the TPP. This is a pact for the Pacific Rim nations to become one trading block. If TPP comes into being, our people today who are exporting textiles, dairy, other food products, will all be locked out of the market. How do we handle that? We are not party to any of the large trade blocks. And, when we do become a party to those trade blocks, how do we ensure that our interests are fully protected? These are major problems that are facing us all but major problems well worth thinking about.

Let's step down from India and come to the organization itself. What are the challenges that we are seeing in an organization? Today, one of the faculty members asked me what the organizational challenges are. I told him that it is a thesis by itself. But, let's quickly talk about a few organizational challenges. One is of course the urbanization of services. As you know, Uber cabs today are becoming part of our lives on a daily basis. These cabs pick you up at any time of the day or night right from your doorstep. All you need to do is click on the wallet and the amount is paid and you get to where you need to get. If that's how things will be, why do I need a car and driver? If that again comes true, then are we really going to roll back car productions? Will that mean that we will need less road space? Will it mean that there will be fewer garages? What will we do to employment? How will it look at employment and as you look at the cab services, the same *urbanization* is going to go across other things as well. Today we are seeing it in hotel rooms; tomorrow we will see it in many other things. So what and how exactly is this going to impact the company that you join or set up? This is something that you need to think about. The trend is similar regarding talent. Talent today is at a premium and therefore obviously you know it because the packages that you get indicate that talent is at a premium and if talent is at a premium while you are getting recruited, it may be good but when you start to recruit, how will you ensure that you get the right talent and that you can retain it.

Alongside of talent, what we also need to look at is diversity. How do we ensure diversity? And diversity doesn't only mean man and woman. It means people from all colours and races, all religions and all sects. How do we ensure that we have a good mixture of what the world is in whatever the company it is that you are going to set up or join? Believe me, this is important. In a faculty interaction

I was saying that diversity is important and we were talking about many women being our customers. One faculty told me that the women are not our customers but to that the answer is that if I am going to expand my buy and if all the men are already customers, I have to look at the women and have to make them my customers and if they are not, how do I make them my customers? What is it that I should do for them to become my customers. It is very important to understand that the more diversity you have, the better insight you will have into the workings of those that you want to have as your customers. Therefore, any company that pursues a proper policy of diversity variably yields better results.

Today every single person who joins us, talks about work-life balance. Of course, you know to these people I say that if you are not passionate about your work, then work remains work otherwise work is life. So there is no question of work-life balance. It balances automatically. But having said that, it is a fact, that there will be times when you will not be in the office. How do I allow you to work from wherever? How do I ensure that security is ensured as you work from home? How do I ensure that your productivity is right? How do I ensure that what you are doing from home is actually the right thing? How do I give you that mobility to work from wherever you are and to have the right policies because if you are able to do this again, you will ensure that a lot of your talent, a lot of your trained people will not leave and move away merely because they have to physically be somewhere else? So it is a challenge that organizations need to look at and while we are doing this, I must mention that in today's day and age, people are always stressed out. The burnout rates are every high. For people like you who will be going into very high pressured jobs, the burnout rates are even greater.

I read an article which talks about the professions that will no longer be relevant in about twenty years' time. Some of these professions include accountants. Of course, when I told the Chartered Accountants this, they laughed but the fact is that this is on the wall. These are professions that will no longer be relevant. But do you know which professions were considered to be something that will actually grow? It is the Personal Trainer. The Personal Trainer is something that will actually become more and more because all of us will need more preventative health care and as you know for preventive health care, a Personal Trainer is really important because otherwise we don't maintain the regime that is required of us. But as you get into an organization, you have to bring about a culture where people actually take care of themselves. It is important because the number of down days and hours spent away from work, being sick, is obviously something that no company can afford and therefore for the sake of your own company, you need to ensure the health of the people who work with and around you including yourself. And therefore, as you negotiate all of these challenges, I thought I would give you a few tips that have actually worked for me and I hope will work for you.

Firstly, stay grounded. There will be times when you will feel that you have wings and you can fly but actually you don't have wings. So, stay grounded. I often say that my family has had a very good role in keeping me grounded. While introducing me to the faculty, the Director was saying that the *Forbes* magazine had put me on the global list of the *Most Powerful Women*. Actually, the first year, when I became Chairman, the magazine rated me as the 36th *Most Powerful Woman* and at that point of time I was in the UK when somebody told me to look at the list. When I looked at it I was surprised and happy to see the person on number 35? Number 35 was Her Majesty, Queen Elizabeth II, Queen of England. I got highly ticked. Here I was sitting in London and they put me right after the queen! This was great stuff. I immediately messaged my husband who said that the queen would be on that list till her death and that I'd be off it in three years. Basically, you have to understand that you have got a lot from society. Now it is your turn to give back. And therefore, if you take yourself less seriously, you will find that you are able to get things done better and faster without the burnout that could happen if you start taking yourself too seriously.

Secondly, please cultivate your listening skills. It is important to listen and be accessible. Very often as you grow higher in the hierarchy, you will listen to only things that you will want to listen to. People around you will gage what makes you feel comfortable. They try to understand what will get a good reaction from you and they will only tell you that. But the real things that are going on and require your attention will not be heard by you because, no one will tell you. Hence, you need to be able to listen and how do you do that? You have to be accessible. Do not snap of the head of a junior because you feel he is wasting your time. Keep your eyes and ears open. I remember when I had gone to Lucknow and was heading all of Eastern UP, an area that was very fraud prone. Every two to three years, there would be a massive scam somewhere or the other. And, whoever the incumbent, his career life was over. But by God's grace when I was there, I ensured that everyone felt comfortable about coming and talking to me.

So, one of these days I had a fellow from Varanasi tell me to look at the car loans that were happening in Varanasi. So I called up the Varanasi DGM In-charge and told him to have a look at the car loans. He looked at it and told me that it seems fine and I told him to go ahead. A week later, the person calls again and asks me to look at some more car loans. So I called the DGM up again and told him to look at these various car loans. Within two days, he told me that there had been a big fraud going on. What happened was that the first person to take these loans was a genuine customer after which he arranged his set of documents and understood how the system functions. After this, he went away and opened accounts which were very close to the dealer's names and he had printed invoices for those people made. This is how he got genuine borrowers but these borrowers were producing fake invoices, taking money for the car loans and using them in the share market. No cars were getting bought. Now, the fact of the matter is that had I not had myself to be accessed by people, this problem would have blown up but it got stopped in its tracks within five to six accounts. So always remember that when you go in, just listen because it will tell you what should be your priorities. It will teach you how you should behave and conduct yourself and get the best of the opportunity. As you rise, remember that you need to hear stuff that you don't like hearing. You don't need to hear stuff that you like hearing.

Thirdly, walk the talk. It's very important today. Today if there is one thing that is bothering industries, it is the lack of trust. This lack of trust emanates from the fact that people talk something and do something else. You cannot tell your people to practice austerity and not have austerity in your own office. You cannot tell your people to have teamwork and be fighting with your immediate subordinates. These are values that emanate from the top and permeate the entire organization. You have to be able to walk the talk as a leader otherwise people will look at your words as merely lip service.

Lastly, one must be good in communication. Human beings are such because they can communicate. Your communication has to be very clear and it has to be frequent. Today, luckily, technology allows us to do it. There was a time when we had to talk through the unions to our people. Today, this is no longer the case. I can talk to people directly. I can blog them and can send them messages. I can even do webinars where I can take questions directly from the very junior most people but this is an enabler that you must use to the hilt because only if you communicate and allow people to communicate back to you. Only then, will you find that things are moving. I am sure that you know the story of the Japanese soap maker where the soap makers used to make soap and then they used to get it packed off the assembly line into the trucks and deliveries. Once, they found that every once in a while, one box was going empty. They tried a lot of things to fix the assembly line but it continued and the empty box was not something regular. It used to be something irregular. So they actually had a lot of engineers look at the assembly line and find answers. Then, they brought in some expert who said that they will do a pilot and have an x-ray machine x-ray every box and there will be a fellow monitoring each of the x-rays to check if it's filled. While this was going on, one of the older assembly

lines workers walked in and said he had a solution. So, these people deferring to his age and experience asked him what it is. All he did was get an industrial blower and put it at the end of an assembly line and every empty box simply got blown off. And the fact is that they listened. Please listen. You will get some of your best ideas by communicating your problems and listening.

You must understand that you must grow. There are things beyond an IQ. People who top academic classes don't necessarily talk as leaders. The people who talk as leaders are those who are able to develop their emotional quotient and also their spiritual quotient. It is important for you to allow yourself to grow. So learn from people and understand that every day can be a learning experience. Never stop learning. The moment you stop learning; your brain is like a knife. It will get blunt. Try and learn every day and as you do that, you will find that you will flower. You are still a bud, no matter that you have got the degree but you are still at the beginning of yourself. You must allow yourself to flower and grow. I am sure that as you grow forward in life, there will be days when things will be great, when the world will be just right and the wind will be cool on your cheeks and the sun will be crisp and bright. But, there will also be days when things will be totally dark and wrong. It happens to all of us. There will be days when you feel that the whole world is against you. On those days, turn around, take a selfie and you'll find the whole world right behind you, cheering you on. Stand tall. Godspeed. All the Best.