Respected Shri Paragbhai Shah, Founder Chairman; Dr Indira Parikh, Founder President; Distinguished Faculty Members and Guests; Graduating Students; Ladies & Gentlemen.

**Introduction**

It is indeed a great honour for me to be invited to deliver the address at this First Convocation for students graduating from the FLAME Schools of Business and Communication. As I got to know, FLAME was founded in 2004 by two visionaries, Shri Nemishbhai Shah and Shri Paragbhai Shah. Similar to all other pioneering initiatives, liberal education, which is an educational innovation, too needs committed and lasting support. Having known both the founders over the years, and having witnessed their zeal for bringing about successful wholesome improvements for the benefit of the entire society, I am convinced that this “FLAME” too will continue to burn forever.

Today, a total of 108 graduating students, with an average age of around 24 years are being added to the trained professional managerial pool of our country. Dear students, I am sure all of you came into this institute with specific expectations: about the institute as well as life after the institute. While it is does not take any great cerebral activity to predict that life at an institute like FLAME would have been extremely enriching to say the least, what about the life that awaits you outside this campus?

**The Global Crisis: Economic, Business and Social Impact**

With the kind of media access and explosion, good news as well as bad news now travels almost instantaneously, across the globe. And these days, breaking news, as the electronic media loves to call it, overwhelmingly contains news about things “broken”, wrong or going wrong, and their incoherent predictions on the rapidity and intensity of the likely subsequent domino effects.

Each one of us would have read and interpreted in his or her way the global events of the last 18-24 months. I won’t bore all of you with the statistics, yet would definitely say that the world is arguably witnessing its most challenging economic crisis since the Great Depression, a collection of economic events that took place 80 years back.
On the economic front, the world’s largest economies are shrinking, and shrinking extraordinarily. Based on the latest available data, GDP is contracting at 6.5% in the US and 3% in Japan. As per IMF’s latest estimate, all the developed economies taken together as a group are estimated to shrink by 4% in 2009 and at best will neither grow nor shrink in 2010. As a result, all the world economies taken together are likely to shrink by 1.3% in 2009. It is said that over the decades, people, corporations and governments in these developed economies have spent too much and saved too little or perhaps none. In fact, reducing consumption in the developed world is one of the prominent but unattractive prescriptions from several accomplished economists for restoring global balance. This simple yet radical remedy, if accepted and rightly so, will cause further rapid shrinkage of their economies for several years to come. As a result, some of the after-effects, including the currently witnessed trade disruption and currency volatility, though not unprecedented, may last abnormally long.

On the business front, the numbers of corporations filing for bankruptcy, again in the developed world, have been breaking all past records. In order to prevent failure of organizations that could potentially trigger a systemic collapse, staunch capitalism champions have suddenly embraced and espoused nationalization. Rewind by 3 years, and even a mention of such a cure would have been considered blasphemy.

What will be the ultimate impact on the social front of this gigantic disruption is not yet fully understood. Most of the predictions of the size of the crisis are likely to be quoted as “understatements” of the century, if not longer. Citizens of the developed world may experience reduced income, reduced consumption and a dire need for improved savings. On the other hand, citizens of the developing world may witness a significant conflict between loss of income largely on account of shrinking export markets and the need for them to consume more without reducing savings. I am no economist or administrator but if the world has to overcome this self-created disaster, this list of almost indispensable changes among others makes even me a hesitant believer in the speed and its ultimate success. These changes are essential, but are likely to take years of pain and adjustment, and perhaps several mis-steps as well as mid-course corrections.

“Crisis is Opportunity”

This brings me back to the second important question I mentioned a few minutes back: What about the life that awaits you outside this campus? What will become of the dreams of success, growth, prosperity and much more, which you and your loved ones have for the rest of your life, after you secured admission to the prestigious FLAME? If it is of any solace to you, all students graduating this year, irrespective of the discipline and institute have the same predicament.

Perhaps some of you may already have had a brush with the effects of this ongoing man-made disaster; and maybe some of you have been lucky. Coming into the working world in such an economic trough, can be a seriously humbling event at best, or a downright frustrating one, at the worst. It is extremely unlikely that anyone of us in this august gathering will left be untouched. Lest someone gets the unintended message, let me quickly add that this is not necessarily a bad thing to happen. In my opinion, in fact it is quite the opposite.

“Crisis is opportunity”, is an ancient Chinese proverb. I am not saying this because there is a batch of young hopefuls sitting in front of me and I am expected to say something positive to them today, which also happens to be one of the most important days of their lives. I am also not saying this because I found a good Chinese proverb, which I had to use in my convocation speech. My statement comes from my strong belief, hugely reinforced by my practicing experience of over 25 years. I think every crisis, including the current one, presents stark opportunities. I would like to spend some time on elaborating this.

First, let me narrate an example from my experience. In 1997, Sun Pharma boldly ventured into the US market, by acquiring a controlling interest in Caraco, a US based pharma company. Our original investment, though small relative to our size and scale today, was quite substantial and accounted for nearly 40% of the profit Sun Pharma earned in that year. Contrary to our earlier expectations, making facilities at Caraco fully USFDA compliant and then scaling-up operations was not easy. Though we never gave-up and continued the hard work, we realized that the effort required for this was going to be much higher, and the time much longer, than originally estimated. As a
result, growth expectations for the overall business were in jeopardy. A crisis was looming large. This crisis forced
us in the management to seriously evaluate other opportunities for growing the business till the US operations begin
to contribute. This opportunity scanning and the subsequent follow through did the trick. We renewed our focus
on India and a created a completely new organization for handling exports to large number of emerging markets.
Today in hindsight, our emerging market exports business has grown over 40% CAGR for the last 6 years! Our
India business, growing at over 20% year-on-year for the last several years, attained number one positions in 6
therapeutic categories in 2007, up from 2 in 2002.

Another well known example is that of Google, though not about any crisis faced by Google. The global IT
services industry, probably over staffed for solving the Y2K problem and to fulfill manpower needs in the dot com
boom, faced a sudden oversupply of manpower during the dotcom bust in 2000 and 2001. Google turned this into
a major opportunity for recruiting the brightest talent at reasonable costs.

**New Leadership Order**

Now let’s consider this. The so-called global role models of governance and performance lie in ruins, unsure of
return to their former glory, and not only the timing of such return. Everything they condescendingly told us and
the world about how to run governments, businesses, economies and much more, suddenly seems so un-credible.
But this is not all. The most profound impact of the current crisis is likely to be on the mantle of global leadership.

Again in my view, a new leadership order will emerge, at all levels: Societies, nations, corporations, organizations,
groups, and individuals. Though outwardly this new order may still be dictated by the same old yardstick of gross
economic or military superiority or some such measure, in my view, this new order, will be based on qualitatively
different parameters.

The opportunity, I just talked about, belongs to those who understand well what it takes to be a leader in this new
unfolding era complemented with a determined ability to harness that understanding.

**Resilient India**

That brings us to the all important question: What does it take to be a leader in this coming age? Let me admit
upfront that I haven’t undertaken any formal intensive research effort, unlike the distinguished faculty members
present here, to backup my statements. But nevertheless, the question is central. For this, it is important that we
step back and look at how India and other similar countries are faring in this global crisis and what we can learn
from this.

Just as a sampler: Beginning last year, while banks and financial institutions the world over have required trillions of
dollars of government funding to remain solvent, Indian banks and financial institutions have continued to not only
remain solvent on their own, but most of them or perhaps all have remained well qualified on their capital adequacy
requirements. Profits for Indian banks and financial institutions may have fluctuated due to changing monetary
policy and the interest rates, but they remain in the high comfort zone, growing by 37% last year and estimated to
grow by over 20% in the recently completed financial year, despite stringent provisions in line with widely accepted
prudential norms. Taking a much larger picture, on the matter of GDP growth, in utter contrast to the shrinking
advanced economies, China and India are estimated to grow between 4-6% in 2009 and between 5-7% in 2010,
depending on which estimate we believe. Though this growth number is lower than the 9%+ growth witnessed in
our recent past, it is nothing less than a golden lining in an otherwise collapsing world.

**The Entrepreneurial Spirit**

While we continue to battle our daily hardships, the above does portray the relative better health of our economy as
well as our financial system. Let me confess that the reasons for this are very complex and to an extent beyond my
understanding for me to attempt any explanation on this forum. Yet, it should be a matter of great comfort for all
of us, especially for the graduating class, that our “limited world” is growing and can shelter us. A fall in the overall
GDP growth, slower job growth or increasing job losses, as well as earnings cut may appear to have dampened the spirit. Yet I believe the entrepreneurial spirit is still burning bright. In my view, this entrepreneurial ability has helped us build strong enterprises of all sizes, which have been able to withstand the onslaught of global slowdown much better and will continue to so. Even in the western world, when big corporations are failing and causing unprecedented unemployment, there are scores of small and medium enterprises, largely entrepreneurial, who continue to create new employment opportunities.

By global standards, India is still an emerging economy. But by comparable global standards, India can be regarded as a matured country and society on several dimensions. Democracy is strongly entrenched at all levels, as once again vividly confirmed by the ongoing elections, by far the largest and most complex elections anywhere in the world. Rule of law is widely prevalent. Though we have not blindly copied the west, and I am not sure if we need to, we have achieved reasonable levels of transparency and governance, with the RTI Act being the most significant booster shot. We have a strong and fast growing pool of trained professionals across several disciplines. Infrastructure, physical as well as of the regulatory type, are priority areas on which regular progress is visible. On each of these and several other fronts, we have learnt from the world but adapted to our context. That is the hallmark of our entrepreneurial spirit. You see more of this in the private enterprise.

Where is the opportunity?

Continuous innovation, zeal to perform, desire to excel, calibrated risk-taking, conservative financial management, high degree of focus, rapid adaptability, respect for capital: these are some of the ingredients of being an entrepreneur. There in lies our opportunity.

Some of our thought leaders do feel strongly about our slow paced reforms and in parts I do agree with them. Yet, by and large there is near unanimity that if the global contagion has not spread to India in same measure, it is on account of India not being fully integrated with the rest of the world. This may not have been the case, had some of the reforms been pushed through for the sake of reforms, without adequate thought. With this inbuilt resilience, as a nation, as an economy, as a workforce and as citizens, and using our entrepreneurial ability, we have to work towards leveraging the opportunity, local or global. I am of the view that new global leadership can do with a much higher proportion from countries like India, whose evolution on the world stage has been much more confident yet understated and consistent, with an overall character that the world envies.

Some of you will take up employment, some will start a venture, yet others will probably pursue higher studies. A few of you may ultimately migrate overseas while the rest continue to excel in India. Despite the daily delivery containing new elements of this crisis, I believe that you are at the right place at the right time. There is tremendous opportunity as I see it. It is in working up from the grass roots level in India or other emerging markets to create new models of excellence. It is also in reinventing and reconstructing the broken organizations and systems of the West.

Having been an entrepreneur my entire life, I cannot resist but to urge the entire batch to seriously evaluate the opportunities to turn entrepreneur. Look for the next yet unsolved problem. But let me also add, that this is much more than just starting your own venture or being employed in an organisation. The key is to have an entrepreneurial mindset to problem solving. The world needs a renewed entrepreneurial spirit, which does not gamble away decades of accumulated shareholder wealth for short term greed and glory. There is a need for young leaders like you to lead this change while creating new paradigms of leadership. Globally accepted, made in India. In this, you will make all of us proud. Material wealth and prosperity, though desirable and not necessarily an end in itself, will follow as a necessary consequence all your true efforts in this direction. This is based on my years of experience as a seasoned entrepreneur.

When I was your age, looking back more than 25 years, India was quite distanced from the world. Technologically, India lagged the West by a conservative 15 years. Today, this gap has nearly vanished in most fields. When my generation and several others from a time when India was not so well connected to the world, have braved the odds and reached where we are, I feel all of you are quite blessed.
At FLAME, you have been “equipped learners with a more comprehensive approach to life.” With such training, superior intellect and the strong urge to excel in your chosen field of work, I wish you all a grand success in all your ventures. Go forth and make your country, your teachers and your parents proud of you.

Thank you.

FLAME School of Business and FLAME School of Communication