

Convocation Address

by

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(Verbatim)

Good Evening everyone. It's indeed my pleasure to be here this evening with all of you. I think it's a defining moment in the life of each one of you as you graduate from the FORE School of Management. I think this is a very special occasion, it indeed marks, really a benchmark or an achievement of your life and a beginning of a new phase of life. So, my congratulations and my compliments to each one of you. In a way, though, I know that the seating arrangement here is small and may be even if your parents wanted to be here, they could not be here, but I would ask each one of you to convey my congratulations to your parents as well. Because being a parent myself, I know that for a parent, the graduation ceremony of your child is really even much more etched in the memory than your own graduation. And I think the parents play a very important role in shaping the future of a child more than probably what the child recognizes it to be. So please convey my congratulations and compliments to all of them. And a similar set of compliments and congratulations to the entire faculty here because as much role the parents play in shaping the background of the child, you know, that much role do the teachers and the faculty play in really grooming all of you to become what all of you are today. So my compliments to this bright set of faculty that has contributed in making all of you what you are today.

Well, I think as you sit here today you must be having two feelings. One is a huge feeling of excitement and maybe the other is a feeling of apprehension about what the future holds for you. And frankly, I'm here to bust both your feelings because the first feeling of excitement could really be arising from the fact that you would believe that today and maybe this lecture is probably your last lecture. You've completed all your studies. You're now a free bird. You've learnt everything that had to be learnt in the world. But let me tell you, that's not true at all. Your learning actually begins today. It's only when you step out in the real world that you're going to apply your learning to the real world. And

that is where your real learning will start. You'll learn from each opportunity. You'll learn from each challenge. You'll learn from your mistakes. You'll learn from other people's mistakes. You'll learn from what you do well. You'll learn from observing what others do well. So in a way, I'm very happy that you're graduating today, but believe me, from tomorrow you'll be graduating every single day, because at the end of the day you'll realize that every single day you've learnt something. So, I think this is really the beginning of entering a phase of learning. And, if you recognize that, and if you believe that, believe me, you'll actually do well in life. Because it is only then that you'll really make a difference in the real life.

Well, the second feeling would be a feeling of apprehension: you are feeling, you're saying, I really don't know what the world holds for me from here, I don't know whether my ambitions will be fulfilled, I don't know whether my dreams will come true, etc. Again, let me tell you that, actually your future is very very bright. And why I say this, is because I genuinely believe that all of you are very very fortunate to be graduating and entering the corporate world at this time. At a time when India has become a land of opportunities, I think future is very bright for our country, and, therefore, it is indeed a big fortune to say that you're graduating at this time and that you are a youth of a country like India which is really sitting at the threshold of becoming a global economic power, a home to global business leaders. Because today, India, I think is a landscape of a growth story that is actually defining the global market place and today we have a vibrant and robust economy which combines the democratic process and the entire economic evolution. So, I think you are very fortunate to start your career at this point in time. In fact, I think things were very different 26 years ago when I graduated and I started my career. Because we must remember that at that time India was still in the license regime. I think we had limited growth opportunities. We as a country, used to target for a growth rate of 5-6%. We used to land up achieving a growth rate of 3-4%. There were limited opportunities for young professionals. We were a nation that was actually going through brain drain. Our economy, as I said, struggled to grow between 5-6%. But from those times 26 years ago to what we are today, I think India is an entirely different country. And what has caused this difference? Many things have caused this difference. I think there have been various events of discontinuous changes that have changed what India is today from what it

was 25 or 26 years ago. One big change of course was the entire liberalization and globalization that we allowed India to go through. And that in a way unshackled India. That in a way opened up India and made it possible for India to start realizing its full potential. So, I think the whole liberalization and globalization process helped India in a big way. But, the other discontinuous change that has happened in last several years is the evolution of technology and communication. And I think again, that evolution of technology and communication was very well absorbed by Indians, and Indian businesses. And that is what started the whole knowledge economy in our country. That is what started the whole IT industry in our country. And in a way, that became another momentum of growth. So, that was another discontinuous change. Similarly, a third discontinuous change was the fact that even the Indian manufacturing industry, especially in the last 8-10 years, really focused a lot on innovation and on rejuvenating itself. So, in a way, you know the Indian manufacturing industry, which had at some point in time after our independence lost its vibrancy and lost you know some of its drive; it again started embracing innovation, again started embracing efficiency, productivity and so on. And then you know it became an era in the last few years when the Indian manufacturing industry also started setting global benchmarks. So today, in a way we are proud as a country to have various sectors of our economy that are setting global benchmarks, that are embracing innovation, that are embracing technology and that is what is making India different from what it was 25-26 years ago. But for you, what is relevant is not the last 25 years; for you what is relevant is the next 25 years. And let me tell you, what I believe the next 20-25 years are going to be for India. I think for India, the next few decades are really going to be India's decades, and I really believe. I'm not saying it because this is the time that you are graduating, but I believe it because in the last many years there are so many strong factors that we have built, that for the next 20 years we will really do very well, sitting on that foundation and what I believe is, that as we look into the next 20 years there are two very very important fundamental factors that will drive our country, that will drive our nation, and that will drive our growth in our country. The first important factor is just 'all you young people - the demographics of India'. I think, all of us know, all of us talk about it all the time, that India is a very young country. But, it is not just enough to know that India is a young country, I think the potential of the fact that India is a young country or the possibility of growth that this young country can drive is

immense because even today our median age is less than 25 compared to over 30 for China. And not just that, for the next 20 years we are still going to remain a young country. And then it's not just the youth in the country, but the fact that in our country the population in the working age group is very very high. The population between 25 years and 65 years is 45% of the total population. That means a large portion of the population is productive, a large portion of the population earns, spends, aspires, and that is what drives the Indian economy. And then, of course, every year we add 12 million bright people like you who start their working career, who start to work, to start to come into the working age group. And this is the aspiration, the drive, the consumption of these people, that drives India's growth. But, what is even more important is that, while we as a country will continue to remain young for many more decades, it is going to be at a time where all other countries are ageing including China, whereas we as a country are going to remain young for many many years to come and that is what is going to give us the relative advantage vis-à-vis other countries in the world. And it's believed that by the year 2020, India will have 1/4th of the global labour force or the global workforce in India. So, imagine what a powerhouse India would be with almost 1/4th of the world's workforce sitting here and that too, a young workforce. Those who have the ability to not just find jobs, but to consume, to aspire, to spend and so on and so forth. So that's the big growth driver that our country has, in a way, all of you are driving that growth. But then, there is one more growth driver that our country has as we look forward, and that is the fact that we will see a lot of investments taking place in our country: in setting up manufacturing capacity, in setting up infrastructure. And why will that happen now? Because, as people earn more, there is a willingness to pay for using infrastructure, there is a demand for infrastructure, people want better facilities, and people want to pay for better facilities. So in a way, just the economy is going to drive infrastructure spending, and as I can see it, being a banker, you know getting a sense of the plans of Indian corporate world. My belief is that an amount equal to about 400 billion US dollars can be spent in capital investment in this country over the next 3 to 4 years. And there is a huge multiplier effect that this investment is going to contribute to the GDP growth of this country. And that is going to be the next growth driver. Now, let me again reiterate why I said you people are more fortunate. Because, if you look at the past, there have been the era of the 1990s' or prior to that it was industrial investment that was driving growth. Then it was the era of the 2000's when it

was mainly domestic consumption and demographics that was driving growth. So, we had different phases of different growth periods. But, this is the time when both forces are going to work together. So, there is going to be the young population and domestic consumption that are going to drive growth. But the domestic consumption is going to lead to a demand of infrastructure, and that the infrastructure investment is going to drive growth which in turn is going to give more employment opportunities. So, we are now entering a phase where it is not just one part of the economy that is going to drive growth but actually each part of the economy is going to feed on to the other, and thus, we are now entering into a very strong virtuous cycle of growth. And that is what is really going to make it possible for us to take the country to the double digit level of growth. Now the issue is, as we say this, is it going to be a cakewalk? Is this something, you know we say a dream that may never become a reality? Are there any challenges? Well, nothing is just a dream; dreams have to be converted into a reality. And when you convert any opportunity to a reality, then definitely there are some challenges associated with it. So, I won't again tell you that as you enter the corporate world everything is going to be very very good. Well, even for India to do what it has to do, there are going to be many challenges. And, it's upon us to see how we manage those challenges. You see, the challenge is going to be how do we make sure that the growth is inclusive? That more and more Indians become part of this growth, more & more Indians prosper on account of this growth or even more. I think, what is relevant to you is that everything that is an opportunity can turn out to be a challenge as well because we are saying that our demographic dividend is an opportunity for us. But, we have to remember that if we do not educate our people, if we do not train them, if we do not skill them enough, then there is no point in adding 12 million people to the working age group if they are not able to take up the right employment. So, if we do not pay attention to the training, then this opportunity can actually become a challenge because it may only cause social unrest due to massive loss of employment opportunity. Similarly, we are talking of infrastructure investment and we're saying investment will drive growth. But simultaneously, we have to remember that if we do not invest, then we will actually create bottlenecks to our growth. So I think, as you enter the corporate world, what you will realize on a daily basis, is that, you will be faced with a situation. And, it is going to be in your hand whether you convert the situation into a challenge or into an opportunity, as is true for our country today because

we have the population. It's in our hand whether we convert it into a demographic dividend or a challenge. We have this lack of infrastructure, we can allow it to become a bottleneck or we can convert it into an opportunity and say, let's invest. So I think that is what you have to look for, that as you move into the corporate world you are not going to follow just one straight path of saying that this is how things have been done in the past and this is how they ought to be done now. And then chug along at 3-4% growth rates. No, you are going to decide what you take into your hands and convert it into a beautiful opportunity or, actually allow it to overtake you by making it into a difficult challenge. But again, you know, why do I believe that today India can do what we all believe can be done, i.e., take us to the double digit growth rate and take us to becoming an economic power in the world. That's just because not just that there are two drivers of growth playing simultaneously, but also because, I think, today there is a widespread belief: belief amongst the youth, belief amongst the government, belief amongst the bureaucrats, belief amongst the politicians, belief amongst the common men in the country as a whole, that it is possible for India to become a very relevant economic power in the world. And I think it is this belief again that makes people do everything that is required to be done. So again, in a way, you're coming in at a time where the sense of belief, the sense of drive in the country is much more than what it was 25-26 years ago. And it is again on you, to see how you make use of that passion, that drive, that energy, that belief that exists in the country, and participate in taking the country where we all want it to go.

But there are many more things that, you know, you will come across in life, which are different from what they used to be earlier as you step out. Again, as I mentioned that when I graduated 26 years ago, we were an economy that used to plan for 5% growth rate and actually grow between 3 & 4%. The population used to grow at about 2%, so the per capita income improvement used to be may be 1½ to 2% per annum. So, it would take 35-40 years for the per capita income to double. Whereas look at you. When you are coming out, the country is growing at 9%. The population is growing at 1½%. The per capita income improvement is taking place at 7-7½%. It takes just 9 years or less than that to double the per capita income. That means in every walk of life, the extent, the rate of change that you're going to see, is probably going to be 5, 6, 7 times more than what all of us saw when we started our working life. So the example

that I'm talking about is not just to give you numbers but actually to tell you that, you know, you are coming in, in a more dynamic environment. Everything that you see will change faster, will grow faster, will move faster. And that's what you will have to be aware of. That is, you will have to be prepared to see structural changes at a much faster pace than what all of us saw when we started our working life. Secondly, of course, you know this age is an age of change, technologically. And, therefore, again what's different in your careers compared to ours is when we came in, you know, domain knowledge, age, experience used to be at a much more premium. But today, youth, energy, innovations are at a bigger premium. And why is it so? Because as I said, as the country is growing we need more and more leaders as we continue to remain a young country. That also means that leaders are becoming younger. We are finding leaders in their early 40's, and not in their late 50's. That means, just age and experience is not that much at a premium. Youth and innovation is more at a premium. So, in a way, when you are starting your working life, you're starting at a much better level playing field vis-à-vis your own peers and your own superiors than what all of us started at. And then I think, of course, you have to remember that in this changing environment what will be demanded of you is not just to cope with change; because as change takes place there are many things, many ways that we can react. One is to just struggle to cope with change, the second is to maybe foresee change and maybe prepare for it as change comes, but the third is to maybe cause change. That is, foresee trends and take actions that cause change. And you have to decide where on this spectrum you want to be; because you will face change, you will face dynamism all through your life now. And one approach you can take is to everyday face it and struggle and survive through it, or be prepared for it, or actually say, I want to see what is going to happen next, I want to think what is going to happen next and can I make it happen the way I think it should happen. And believe me, it is possible to do it, because you've seen organizations doing it. You know even if you look back for the last 25 years of the history of ICICI, every time we foresaw a change, we made it happen. We saw in the early 2000's that the Indian consumer is going to drive growth, and we invested in the retail business before anyone thought that retail was a big business. We saw that Indian corporates are going to go global, and we went global. We saw that you know the world was going through a challenge, and we changed our strategy in moving into a consolidation phase. So I think, it is important for future leaders

not just to cope with change, not just to foresee change, but actually cause change. Because when each one of you cause change in your day to day environment, we can cause change for the country as a whole and drive the country to the next phases of growth. But of course, therefore, it means that, you know, as you step out of your studies and get into the real life the meaning of leadership in a way has changed. In the past, leadership was really more a 'noun'. It was a set of characteristics and we used to look at a set of characteristics in leaders. But now, as organizations, I believe that leadership is as much a 'verb' as it is a 'noun'. It is as much a set of behaviours as a set of characteristics. When we spot leaders, when we look at the leadership potential of people, we don't just look at a certain characteristics, but we look at the actions that the individual would have continuously taken in causing change, in handling the environment. So in a way, for you, you have the opportunity to prove yourself. Because as I said, when you move out to the working environment, you will have huge opportunities to grow. There will not be too many leaders who would be sitting with 25 – 30 years of work experience. You will move into the next leadership positions much earlier. And for that what you will have to display is action. Display, you know, your ability to use judgement, to take action, to cause change, to show a set of behaviour that indicates you are a true leader. And it is not just going to be for theoretical exercise by your employers, to sit back at the end of every year and tick certain characteristics and say whether you are a leader or not. And then finally, of course, I think leadership is about values, its about honesty, integrity, responsibility, and ownership. And after listening to Mr. Sharma on "ethics", I think I cannot add anything further on this. He has told you in great detail, what honesty and ethics mean as you step out into your working life. But what will be important is, you know, not just what you do, but how you do it, the manner in which you engage with your people, the manner in which you engage with your employer, the friends that you love, the books that you read, hobbies that you follow and in a way similar to sportsmanship. That is, you know it's not just enough whether you are winning or losing, it is important how you played the game. And I think, that is going to be remembered of you in your organizations – on a daily basis, how you play the game, because winning or losing changes everyday. And final winning or losing results, you know, are visible over a much longer period. But what remains consistent with you is how you played the game on a daily basis and that is how you leave a legacy; that is how you leave your mark.

So I will only say that you should count yourselves to be very fortunate to be moving out into the real corporate world at a time when India is sitting on a threshold of economic growth. When India is offering you opportunities where you can make a difference, not just to the country, but by making a difference to the country's economic growth you can make a difference to the world's economic growth, because there are very few countries that are growing at this growth rate today. And the growth rate that India sees will have an impact on the world's growth rate too. So I think you people are entering at a time when each action of each one of you in a way is somewhere having a meaningful impact on the world's economic growth. There are huge opportunities. There are huge challenges. But it is really in your hands how do you turn each one of those events into an opportunity or a challenge, or just as a matter of fact let life go by. I think everything today is in our hands and that is the best part of being a part of this country today, that in a way we can say that a lot of our destiny is in our hands. And we can shape the destiny the way we want to be. So, I would expect each one of you to say that you want to shape your destiny with excellence. As each one of you shape your destiny with excellence from today, I'm sure our nation's destiny will get shaped with excellence. Thank you, and best wishes.