

I dedicate this book to the country I imagine, not to India as it is  
But to what it could become, to its possibilities and latencies  
To that hope gilded future reflected in the pining eyes  
Of its brave, undefeated, ever buoyant people.



# Preface

In 2006, I resigned from the IAS and by 2010 I had walked away from the corporate world. Having done what I set out to do it was time to call it a day. I now live in a rural Walden like quiet in my village.

This is not a conventional management book. It describes how commercial/development organizations were actually run and revived using ethical principles, principles which were very different from the familiar management practices. This is how management would be if it were freshly designed around ethics. Every child, woman and man will instinctively recognize these principles. Having read some of the leading management thinkers, I found them detached and cold; real living things are converted to abstractions and the humanism is missing. They show excitement and breathless enthusiasms yes, but only when there is a prospect of huge wads of cash up ahead. And they are always on the side of wealth and power. A plea for equity and fairness and risking one's career for the public interest leaves them sceptically amused. I rejected this system because it was indifferent to fundamental values. There had to be something better, I felt, something brave and hazardous, appealing to our better natures. The actions I took to improve the working of organizations grew out of basic human virtues from an older tradition present in every society—courage, commitment and a belief in human goodness. The seed plots were the great historical, artistic and humanistic heritage which we are all heir to. But fundamental was the conviction that, while each one of us may have different cultural beliefs, emotionally we were similar and would respond positively to signals which grow our self worth.

When I began writing this book, those I consulted warned me not to project ethics. If I had taken this advice, there would have been no book. So dear reader, let me say it boldly, this is a book primarily about seeking ethical directions in my professional life. At the same time it is also about the revival of the giant Sardar Sarovar Narmada Nigam Limited (SSNNL) Project, and other major PSUs like Gujarat Alkalies & Chemicals Limited (GACL), Gujarat State Fertilizers & Chemicals Limited (GSFC), The Kerala Minerals

& Metals Limited (KMML) and Travancore Titanium Products Limited (TTP) in Kerala and some others. Ethics is the scientific method of converting morality into successful practical action. It can never fail.

But the book was difficult to write. At all times it felt like paddling upstream against a current. Almost everything written here confronts mainstream opinion. It was the organizational turnarounds I had brought about that reassured me. These told me that I had got it right and that others too should come to know how to bring about ethical victories in business. The book asserts that it is not policies or political leaders who can bring about changes. It is individuals functioning as organizational chiefs, and acting ethically, who can. They do not do so now as they wish to avoid confrontations with the powerful.

The book was written over a period of two years. I had kept some details and numbers of my corporate assignments but the earlier chapters are from memory. As I began writing, events long past began to come back into view with surprising clarity. Perhaps we never really forget anything; that long corridor of memories into the past stores it all.

But the pages ahead are no soliloquy, they are written for a reader. What follows is not an abstract analysis of ethics but intense and incident packed real life adventures which tell the story of how organizations were revived against opposition of the powerful . I hope the reader will find in it some enjoyment and also some transforming insights.

In the book I have used a number of lines from literature and words which are otherwise famous. These are often used without attribution though some are between quotation marks. These lines are very well-known and it is not my intention to claim them as my own. They are used because they fit in.

Alexander K Luke

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# Introduction

“Ethical management and leadership could yet save India from most of the ills that trouble it. This book shows how. It will attract those who have not let their careers dominate their ideas and are still able to think independently.”

One of Oscar Wilde’s characters remarks that memoirs are being written by persons who had either entirely lost their memories or by those who had led such dull lives they had nothing worth remembering. This was over a hundred years back but things have not changed much. Perhaps he was exaggerating to make a point. We all remember the high and low points of our lives, indeed our struggle is to escape from memory. What he probably meant was that the memoirs are dressed up and sanitized and so their lives appear respectable and dull. The exciting parts, the truthful bits, they leave out because no one wants to appear to have lived in a way different from what is acceptable and in no way different from others. It is for this reason that most memoirs, particularly those of men in public life today, are unreadable. The gap between what is presented and the known reality is difficult to accept. The average reader would prefer genuine fiction.

But every person does experience life uniquely. In a sense each of us walks subjectively different paths no matter how similar our life circumstances. A tale told truly will have the odour of freshly trodden leaves, and is worth the telling. But that alone is not enough reason to bring out a book on one’s life experience. A poet or an artist is entitled to do that. A genius can write a 900-page work of art on the events of 24 hours in an ordinary life and give it universal meanings which startle us into recognition.

This book does not claim any artistic merit nor is it a scholarly treatise or an entertainment. What is written about are insights and understandings from my work experiences. Mine is not a household name. So why am I writing this book?

I wanted the world to know of a new model of ethical leadership which I developed and practised in my professional life. It is set out in this book in a

complete form, a combination of practice and theory, but a theory which emerged out of practice and not the other way round. Ethics professors talk of ethical management and the business managers and organizations claim to practice it in letter if not in spirit. But perhaps nowhere else has a successful CEO developed such a discipline and used it for the revival of organizations at a personal cost. In that sense this book is unlike any other.

Ethical leadership is the vital ingredient missing in our societies; let us call it vitamin E. It appeals not to man's greed and fear but to that which is his best within him. The book talks about fight backs and successes in the organizational field. What is narrated here will change the reader's Weltanschauung, the way he looks at our world. Can an ethical approach succeed in government departments and in commercial bodies? Contrary to conventional wisdom, the answer is, yes it can and did. A large number of people benefited and public interest was served. What about corruption? It was wiped out, lock stock and barrel, painlessly. Was the commitment to ethics a handicap which slowed down our work? On the contrary, it speeded it and made the results more certain. Were these results as good as those obtained with the usual methods of bureaucratic and corporate management? They were better, better than even the corresponding private sector units. Were these results disputed by objective observers? No. Was this success a chance event or did it cover a number of organizations? As a CEO through ethical management I was able to turnaround or substantially improve the working of nine commercial organizations, of different sizes, to the objective satisfaction of market observers. In the GSFC, a big publicly listed company with a turnover of around a billion dollars, my efforts increased the share price from ₹ 17 when I joined to ₹ 251 three years later. I think I created more wealth at a faster rate for more people at a lower personal benefit and against more opposition than any person anywhere in the world; and this without the faintest whiff of wrongdoing. Today, years after I left these companies, my image among its stakeholders is, if anything, brighter than what it was when I was working there. They now realize how immeasurably superior my model of ethical management is to everything they now see and hear about elsewhere. This is unprecedented. The world ought to know about the ethical techniques that enabled these results particularly when there was no prospect of material rewards and the certainty of powerful opposition and also how a person like me with modest academic achievements and limited personal capabilities could bring about such serial transformations not only in the bottom line of companies but more important, in the hearts and minds of men and women. After having cut all the necessary corners to get what one wanted, it is customary in India for the successful man to appear humble in



public appearances and to ascribe one's success to destiny or to those from whom further help is expected or from whom possible harm is feared. To those who find my assertions uncomfortable, my request is to please read the book.

This account talks about the revival of organizations by a reassertion of values in a world which at first appears indifferent and even hostile but allows you, if you are prepared to take your chances and swim against the dominant current, to show a better way. Ethical management and leadership could yet save India from most of the ills that trouble it. This book will show how.

The number of saints, geniuses, artists and the very rich is not large anywhere. They can live independent of others. The average educated Indian needs the shelter of an organization to survive, to look after his family and grow to his full professional stature. The health of a nation too finally depends on how good its organizations are. These are the machines that funnel up people's energies for national development. If organizations can be made to work at their full potential, then many would like to know how. An organization could mean any community of individuals working together to achieve economic/material aims. Most persons are dissatisfied in one way or the other with the place where they earn their living or have to deal with. Excellent ones are few.

I had to overcome my hesitation in pushing forward ethics as the driver of organizational, and national, revival. There was the possibility of coming across as an ineffective do-gooder who could not quite make it in material world and so be instantly disqualified from being taken seriously by those who pronounce judgements on such matters. The perception even among fair and decent persons is that running a successful business in India today was for hard headed, unemotional, tough, realistic men and women and not for wimps who talked of ethics. The few who have faced it know that ethical leadership is strong enough to overcome and outlast wealth and power. It is no wilting flower. Ethical management today is a practice that dare not speak its name. A successful ethical project would be seen as a threat by the powerful who benefit from the way things are run today and who would disparage any attempt to suggest an alternative ethical model, particularly one which had actually worked in the field of competitive business. But I am not preaching from a moral pulpit. It is scientific ethics that will be described here. The book unhesitatingly spells out, without any false modesty, the successes this ethical method achieved, just as it makes no attempt to dignify or gloss over my resulting career setbacks. Without highlighting the successes, the ethics behind it would not be taken seriously. It is not personal chest

thumping. These two set of events, the organizational successes and the personal setbacks, are causally linked and reflects the antipathy of the powerful to ethical action in our country.

This is the one single overwhelming reason for our country's failures and it needs to be given the utmost importance when wise heads are discussing these issues. At this stage, it must be made clear that there is a great difference between mere honesty, usually called integrity, and ethics. At the higher levels of decision-making, mere honesty/integrity is pretty ineffective. Honesty/integrity merely tells us what not to do mainly for fear of the adverse consequences. Ethics tells us what we should and must do even while being aware of the adverse consequences to us personally of this course of action. Most persons are uncomfortable acknowledging an ethical success as it urges them to undertake similar efforts which they fear because of the risks. An unethical success presents no such difficulties as they could say they are not prepared to stoop to those levels of conduct. Some good people are also embarrassed to talk about ethics as it appears to be talking down to others which is bad for one's career. It may also be seen as a reproach to the large number of content and complacent worthies who profess to be ethical but lack the courage required and end up as a supportive audience to the unscrupulous who dominate most organizations. But also, perhaps the common man in India may feel he has had enough of being lectured on morality by those who use it to hide immoral acts. In deference to him I will largely talk about deeds, not theory.

But the ethics described here is a little different from how it is conveniently understood. This ethics has to be used in the field of one's professional work rather than in private life and it is a positive urge to do what is right rather than desisting from doing what is wrong. Not only does it urge us on but it also shows us the correct step forward by a scientific dialectic. It carries more risk to the doer as it is likely to pit one against those who could harm or help him. It is not the ethics of the monastery either or of weekend social work, feel good symbolic acts which do not change the reality of the world around us. An iconoclast should break the icons of his/her own group, not those of others. Feel good and symbolic acts on the stage rarely do good while doing good never feels good. Real patriotism can be expressed by a grown up person only through one's vocation and not by speeches, expressive postures or giving and receiving awards in front of a clapping audience. Ethics is something more than merely refraining from doing anything illegal, as interpreted by high priced lawyers on one's pay. It is definitely not a feel good activity as it exposes you to uncertainty, doubt and conflict as you walk alone. The payback of success and public vindication comes only after it is all over

and brings no material benefits to its practitioner. If as a person of influence and power you do not face danger and hostility from the powerful, then most likely what you are practising is not ethics in your professional life.

If my conduct has been truly ethical this way, then it will be evident in what is described in this book. There will be no fact free analyses but ethical principles and analyses arising out of instinctively felt beliefs will be embedded throughout the narrative, like plums in the pudding, showing the link between these and my actions. But at the end of the book there is a thick chunk of ethical speculation on what is to be done.

The serious objection to ethics is that it does not ‘work’ in the world of business and government. To those who say this, I would point out that in my experience it did work particularly well in government and business. It clearly depends on which meaning of ‘work’ we have in mind. Does ‘work’ mean benefiting the genuine stakeholders of the organization for the long term, with fairness and transparency? If we mean this, then ethics does work as will be shown in the book. Or does it mean helping the organization man to move ahead in life, or at least avoid problems, by taking care of the interests of those who control his posting and future career and avoiding conflict with those who could harm it? Definitely the ethics I describe does not do this, and again the book will show this too all too clearly. Such persons will find it hard to accept this ethics. Upton Sinclair had said that it is difficult to get a man to understand something when his salary depends on him not understanding it. Their economic interests and safety are opposed to this ethics.

There is a problem here which cannot be brushed aside as merely semantic. It arises from the reality of India being dishonestly and unjustly managed for the interests of the rich, the powerful and those who are clever. This pattern of dominance is growing stronger the world over too. To such persons ethics, as described here, is seen as a discipline which hampers the free pursuit of self-interest.

The sad fact is that in our country, and probably in the rest of the world too, the good side is losing. It is losing because its members are continuously abandoning strongly held positions. One feels sickened and numbed at these betrayals which happen regularly. These positions should have been defended because on them rests the public interest of India’s powerless and struggling millions, so many of whom are falling off the edge, unable to hold on. They are not visible to those who choose to look away.

Unless rearguard actions are taken by reforming elite in our country to enable ethics in public life, we in India run the risk of the ruling class losing

legitimacy in the eyes of most of our citizens. All legitimacy must have within it the core of a moral purpose. Without this, authority will be seen as illegitimate and will first be resented and then actively resisted. And then, as the poet warned, we will have a situation where things fall apart, the centre cannot hold and mere anarchy will prevail. This will happen not by one cataclysmic event but in low whimpers, debasing the human being and devaluing social cohesion and values. Our society has a stake in trying out alternative ways of working in public institutions. If these ways can give us what we need then they must be tried out. The present situation where a few are benefiting at the cost of many is a highly unstable equilibrium and is an unsafe foundation on which to build our nation's future.

In this book my central assertion is that most failures in the public field are the result of ethical failures by the leadership. By 'leadership' I mean individuals in position of leadership and is not confined only to political leaders. These failures are individual failures of character and not of policies. Later on in the book we will see how, for example, the fiscal deficit, a term used by finance mandarins which the common man is encouraged not to understand (most persons are impressed by and accept what they do not understand), is the monetary counterpart of an ethics deficit among our leadership. A thousand ethicals like me in positions of leadership could bring down India's fiscal deficit to that level consistent with investing for future growth. The wastage and corruption which bloat up government expenditure and shrink its income would vanish. At the same time income due to the government and also profits of companies would rise with corresponding increased inflows into government treasuries. By leadership I mean all who operate independent levers of power in the public field and not just the Prime Minister, Chief Ministers and other Ministers. It includes top businessmen and heads of corporations and other organizations. Yes and definitely, all members of the higher civil services too. Successes come when such leaders operate ethically, ethical as defined in this book, independently following their own directional guide. There will be challenges and difficulties but people will not see these as failures of the leadership. It is in this sense I claim that ethical leadership can never fail. The stakeholders will see such efforts as successes which set the stage for further objective breakthroughs in the days to follow. Only when this central role of ethics in national development is acknowledged would the great energies of our people be released and true development take place. The task of Indian leadership is to be ethical or, if this is not possible, at least to support ethical leadership whenever they see it. If we are not prepared to do this then we may as well bid good bye to our dreams of glory and greatness for our nation.

The more ethicals there are in powerful positions, the faster will India grow. India will glow from the light of these thousands of ethicals spread over the country. It will never happen by the central switch of wise policies as our leadership fondly believes today. No reform can take place by a centralized law or policies if the persons occupying important positions are not ethical and are loathe in defending the public interest standing alone against the powerful. An ethical leader creates thousands of ethical strivers under him but he must be prepared to face danger. Anyone who claims to lead an effort must do so. Our effort must be to create some supply style incentives for the ethicals to thrive and grow in number. Otherwise their number will remain pitifully small.

A nation will grow to greatness by the ethical striving of its best as they lead the rest of the country to similar efforts. The mass can never lift itself up. This statement is in no sense patronizing. The ethical leader brings out the best in those he leads. Our task is to bring out the great capabilities and aspirations which lie submerged in the heart of each Indian. The ethical task begins by recognizing these strengths. The ethical does not look down on those he leads; instead he looks to them with hope and eager expectation. It is their response that will vindicate him, otherwise he is lost.

Although this is a book by a civil servant, I will write only about the organizations. I served in and the impact of what I did there. My biographical details are of no interest and there will be very little of it. One's early life and background does not explain what happens later on. Those whose initial life circumstances were similar to mine turned out very different from me. Neither our stars nor our heredity determines what we will become. With free will we choose our future. There will be a little about the Service and the government working but only as a background to some of my actions. Mine was not a conventionally successful civil service career, as will be painfully clear. It was not that I planned it that way but the conditions for career advancement turned out to be at variance, and even in conflict, with the goals I chose to pursue, though this incompatibility was not evident in the beginning.

So I have no awe inspiring details to reveal of momentous decisions at the top or what really happens when statesmen gather, who said what, witty repartees at meetings, tongue in the cheek recollections and things like that. The life of a civil servant has been well-described by many writers starting with the note worthy events of their days in the district. In any case public appetite for interesting insights from the civil servant has waned. He is no longer an admired figure and consequently the man in the street does not want to know much about him. The let downs have been too many and the

civil servant is seen to be just another shabby, clever person hiding behind the anonymity of power. The media provides all the inside stories you did not want to know about and which you are heartily sick of now. Those who wish to understand how the higher civil service functions will find little here.

There will also be no discussion of what ails the country and what policy level changes by the government are required. This is an area where there is neither a dearth of prescriptions nor any shortage of medicine men. The effectiveness of policy making as a way of solving problems has been overestimated, mainly by the policy makers themselves for reasons of self-interest. My assessment of what works is empirical and inductive, emerging naturally from the experiences and events of my official life. Those who have prospered by top down policy making while keeping a safe distance from the sharp and conflicting edges of field engagements may not be inclined to accept what is said here. But the common man will instinctively understand and appreciate what is written here. A policy driven administration concentrates power at the top, is hierarchical and demoralizes the field level managers. There will also be far more policies than is actually required and this clutter of policies will slow down field level initiatives.

What about corruption? Many thinkers/writers/speakers, including some retired civil servants, have established themselves as authorities on this subject. They talk on the issue of corruption, how it weakens the country and the economy and what macro policies are needed to combat this menace. But they are silent on the corruption they personally faced in their own assignments and how they tackled it. There is a calculated reluctance to talk about their personal experiences. They are active in the lecture circuit and other forums which are today quite lucrative so it may be unwise to upset those who host such events. Their phones will continue to ring. This book does not shy away from it though it asserts that the absence of ethics is a far greater weakness than corruption. Corruption was demolished and uprooted completely as a by-product of ethical management wherever I worked. The corrupt are stupid and apt to scare easily. It was no contest. No macro policies or law are required to fight corruption. The person heading any organization can do it effectively.

Ethical functioning from the top is the finest policy directive for the entire country. To repeat, a leadership which is seen to be ethical in its actions will be looked upon by the people of India as the most inspiring policy directive. The implementation of this policy directive will be total all over the length and breadth of this country. *Yatha Raja, tatha praja*. In all my assignments ethical

functioning was the policy directive I set before our team. The rest, which is mere detail, followed. Everyone knew what to do.

In the wake of scandals coming fast and furious in our country and elsewhere, one hears the wailing chorus from those who, having climbed the greasy pole of material advancement and held important offices in the public and private sector, now point a finger at bureaucratic rigidities, venal politicians, malign corporate influence, the criminalization of public life, corruption and money power and the decline of values which they say have let them down. They feel let down! But what about those who looked up to them? Perhaps it is this very large number spread over our vast country who really feel abandoned and let down. True, things have deteriorated. But that is an odious rationalization, no matter how convenient, for standing by safely and not committing to the fight heart and soul. The fact that leaders are bad does not free the civil servant from an obligation to the people they lead; and to the common wealth which ultimately we are sworn to serve and which at times appears to be an orphan. In fact, this obligation becomes more insistent and cries out louder for redress. One would need a heart of stone to turn away from it. But hearts are turning to stone. This book argues that public interest, as formally projected by the government and understood objectively by the civil servant, takes precedence and prevails over oral orders of politicians. This assertion will enrage most politicians and send shivers down the spines of civil servants.

No organizational changes or outside help were required for what I did. This may dismay those who clamour for ‘policy level changes in the system’ whenever faced with a situation which they find unable to handle, having ruled out taking independent decisions. The changes were made with the human, financial and legal resources and decision-making powers available within the perimeter of the organization and with the help of sympathetic forces who gravitated to our support. Nothing prevents similar efforts elsewhere.

There is today excessive criticism of the politician on whom the entire odium is dumped. The politicians I faced were a pretty representative lot against who I had frequent conflicts; yet I was able to bring about improvements wherever I worked. The Prime Minister or the Chief Minister, other politicians or the prevailing laws of the country had nothing to do with my successes or failures in the field. These were entirely mine. They are not responsible for the failures in different fields. That responsibility rests squarely on the shoulders of the functional heads of various organizations in the country all of whom have considerable degree of operational freedom of

which they use but a fraction. Let us stop blaming the politicians. Taking their hostility as given, the functional leaders in the field can still 'win marvellous victories'. The politician should not be used as an alibi. A critical mass of ethicals in position as organizational heads can uplift the country without any help and even against the opposition of the powerful. Perhaps the fault, dear reader, is not in our politicians but in ourselves, that we are underlings! No new laws or policies are required. No such changes in law or policies were required for my successes.

We today experience a strong urge to identify and punish the wrongdoers in public life. The adrenaline is stirred and rushes like a huge tidal wave when the alleged wrongdoer is spotted and is seen to be squirming under a prosecutorial examination. On TV discussions all participants display surprise and indignation at the skeletons being unearthed. Self righteously, they bay for the prosecution of the guilty. They say nothing about the wrongdoings in their own organizations. Are they emitting similar loud-throated cheers in favour of successful ethical action within the government? There is nothing of the sort. Punishment of the guilty will not add one rupee to the GDP. It may in fact lead to a contraction as risk taking and opportunity creating economic behaviour holds back fearing some bureaucratic harassment. Indian society and the opinion moulders must show the wisdom to support the ethicals and tap into the well springs of human motivation towards nation building. Today there is no support for ethical action; in fact it is opposition we face. I fear for the future of our country if we continue on the present path. This is a fear shared by most Indians. We need to change. It is not the common people but those in positions of power who must do so. They must follow ethics in their professional life.

Societies which wish to prosper will defend, support and encourage the ethical. This respect and deference to the ethical is the practical expression of their desire to progress. The more this support, the more will be the number of ethicals who will spring up. Societies which do not wish to prosper but whose members wish to win wealth and power on their own will see him as a danger. In both cases the respective societies will find their wish granted. Without a critical mass of ethicals among the decision-making elite in the country, hope, idealism, compassion, daring and creativity will die. What will take its place is too ghastly to even contemplate. There is a long way to go down. Look at any failed society.

There are choices. I hope this book shows these choices open to us in the real world and will encourage others to take to paths less travelled by. Such paths are not only for poets and saints. Anyone who trusts his instincts and



follows his own independent thinking walks this way. But he must abandon expectations of dining at the high tables, and trust to the good sense of society to reward him at the end, not with gold coins, but perhaps with an acknowledgement that something different and worthwhile was done because of which so many could walk upright over hope lit paths.

What I write about covers thirty of the most important years of my life. But it is a personal history and an impressionistic recall. It leaves out many details of events in my organizations that I did not consider belonging to the main theme of the narrative. The events described are true. But as the interpretations put on them are shaped by a certain inclination, my opinions and views are apparent. The description of events is theory laden. There ought to be a moral axis that guides each individual among the country's elite. That alone is what justifies membership to this group. This is the belief that colours everything written here. Consequently a strong emotional tone and urgency would be heard throughout the narrative. No attempt is made to keep equidistance between differing viewpoints in the name of objectivity, moral relativism or tolerance. In the fight of the public interest against vested interests there can be no neutrality.

It is not complete case studies of the organizations I worked in that are presented here. This is not an official history. Only those levers I developed to revive these organizations and the people working there are described. In essence the primary lever was to create conditions to bring out the best capabilities of our employees and other stakeholders. This is what made the difference. It also explains the serious opposition I faced from those who felt left out in this arrangement. This opposition was not directed at me for any personal reasons. Anyone who did what I did would have had to run this gauntlet. So many millions of our countrymen and women are facing these same dangers but without the protective armour that I had. This book presents a microcosm of the countless challenges and rebuffs the common man in India faces. They will know I speak for them. And reading this book they will know it need not be like this. There is an ethical alternative which is superior to the best of today's models of corporate and administrative excellence. But it will have to be fought for and the few who do so will pay a price for the many.

This book will attract those readers who have not let their careers dominate their ideas and are still able to think independently. Their number will be small. Most successful professionals today are articulate, persuasive and promote ideas with considerable visible conviction. But look carefully and you will see that all these ideas or concepts are such as would assist them in

their career and material pursuits. Some of them, the full time ideas men such as management thinkers, economists, etc, are spokesmen of powerful group interests. A few big business houses maintain intellectuals aligned with them who then talk as independent thinkers on news channels. All such persons are skilled at diverting any discussion away from ethics. This book will not flatter them but strip the facile rationalizations with which they defend their interests. The moment they begin to speak from conviction over a periods of time (some temporary outbursts are acceptable), they will find they no longer figure in the list of invitees of the seminar organizers.

What this book asserts is that it is not better management we need in our public life but better ethics. Some experts will double up with laughter at this assertion but if they read the book, they will know I speak the truth. Good ethics is better than the best management of the management schools and *gurus* and produces results that are clearly better. Some sort of supply side management of this most vital resource would make it available to transform the country. There is an ethical person in everyone and it is the task of true leadership to bring out this hidden person.

Those who are comfortable with the present values of governance and feel it only needs some policy fixing to “get things done and take quick decisions” would be impatient with talk of ethics. “Hot for the certainties of this our life”, they are unlikely to get past this chapter. An ethical success in the field of business is not something they can accept or even acknowledge as it strips away the rationalizations for their personal obeisance to power and wealth which paved the way for their success. Looking at their watches they know there are more important things they have to do so “let us end this discussion which is leading nowhere.” OK, we are not sorry to see them go. They are doing well in the present set-up and would see ethical revivals as being a dangerous prescription. To them, ‘dynamic decision-making, new technologies, and sound financial policies’ are the need of the hour. Why then talk of ethics which makes everyone uncomfortable? It is unprofessional and naive so we do not wish to even discuss it, they say. My answer to them is that we have been talking of ‘dynamic business policies’, etc, for the last two decades and the harvest was scandals stinking to high heaven. ‘Dynamic business policies’ is a code word for taking that which belongs to the public or the small man, assets such as forests, clean air, water, coal, minerals and agricultural land and giving it to powerful moneyed interests. This is what happened during the past two decades when loot of the national wealth was given this label and the consequent growth on steroids was shown as a vindication of such policies. People have seen through this and will not allow it to be repeated. There will be conflicts if such policies are

implemented in the field. My blunt message is that you are not going to get such 'dynamic business policies' again any time in the future. Why not try ethical leadership for a change and turn a new leaf? Ethical leadership will give you the real 24 carat dynamic business policies which the people will support.

The Indian leadership and power elite are today, with honourable exceptions, not worthy of being the torch bearers of the country's aspirations towards greatness, a greatness which is true to its humanistic and spiritual heritage. Even the desire for playing this role is absent among them. They are largely ethical in their private lives but are unethical in their professional pursuits. This book is a plea to the Indian elite to embrace ethics in the professional sphere even while being a little more adventurous in their personal lives to maintain a balance. Indian civilization, history, culture, our human intelligence and capability all make an unassailable claim for our country's greatness. This claim will remain hollow without a commitment to professional ethics. With ethics among our elite, we will make this leap to greatness. This is not impossible. Every unethical person can, if he so wishes, turn ethical overnight. This book asks them to do this. Drink a deep draught from this cup. It may taste of gall and wormwood but will wash out the detritus of dead ideas, fear and prejudices that clog the thinking of those who have achieved material success. A thousand million Indians will then look at the future with a reality-based sense of hope. Think of your children and their future. Give them the chance to live and grow up in a more honest, brave and enlightened India. Take some risks on behalf of the many who look up to you. This advice is not for the ordinary citizen who has no protection and is financially weak. But it is aimed directly at the civil servants and those who have some independent means. But to those who for whatever reason are unable to take risks for others, my advice is to respect and support the persons who do take such risks.

Our middle class is enraged at corruption within the government. The agitations against corruption are being waged on the Indian streets, maidans and in the heart of every Indian. My journey was different and more hazardous but also far more successful. I worked for thirty five years within the government and, against powerful opposition, ethically revived more than a dozen organizations. Along with ethical revival the organizations were cleansed of corruption, which happened as a necessary consequence of the ethical revival. Only with more such efforts like mine, within the government and other structures of power and wealth, will the struggle for a cleaner, more enlightened society be won. Agitations on the streets cannot do it. They need allies like us within the fortifications of power.

This is not an angry book but one about hope. As a great mystic said, hope has two beautiful daughters, anger and courage. Anger at the way things are and courage to make them the way they ought to be. These, and other wordless fevers, were the driving spirits which sustained me as I stumbled over the ever shifting sands of my professional life.

## *Chapter 1*

# Seeking Directions

“The conflict between seeking directions from a more powerful authority and searching for it autonomously is not new. The growth of our civilizations is the story of this struggle.”

I was privileged to be a member of the Indian Administrative Service and fortunate to be allotted to Gujarat. Without these two events, my life may have been one of unrealized aspirations, “bound in shallows and miseries.” The Service gave me big goals to aim at. Gujarat allowed me to work in its autonomous government departments and commercial bodies in a relatively pragmatic business friendly setting. These twin wings took me on an exciting and fulfilling ride over some of the most creative years of my life. I am grateful to the Service and I am grateful to the good people of Gujarat.

As stated earlier, the purpose of this book is not to narrate details of my official life or explore morality but to talk about some management insights that were developed and which could be applied anywhere. These management skills grew out of ethical roots but can be understood without a description of or any reference to its ethics for those who would prefer that. They were insights I gained in the process of struggling to improve the working of organizations. It was neither a well-conceptualized theory of management or of ethics which was then applied and results obtained. The theory emerged from techniques tried out, techniques that came to us on the spur of the moment through the free play of imaginative construction. These fragmentary day-to-day actions were common sense attempts to break through an obstacle or create and harvest a benefit but without any theory consciously being applied. The traditionally accepted logic of first understanding and then doing was reversed. It is never possible to understand a situation entirely. If one tries to do so, mental and emotional bottlenecks will develop. It was first doing, then understanding; first practice, and then theory and then repeating the process in small steps, making small corrections while on the move, looking at the results. The theory and understanding even so gained are always partial. This too was nothing new. It

describes the empirical approach to life but allied to a purpose that keeps pushing us forward. The world of reality that we experience is not fundamental or unchanging. It can be altered bit by bit by human effort and imagination. The world we see and experience is not the only one possible. There are many others which can be created. The results summed up over a period of time can look astonishing. Only when looking back and attempting to trace some intelligent pattern do the clear outlines of a theory become visible. A big picture understanding that does not emerge out of micro insights is abstract and of little utility in the objective world we are forced to live in. Such an understanding is not essential and if given undue weightage, tends to inhibit field efforts. It is better not to have any such broad, over arching grasp of the world we live in.

The advantage of this way of looking at challenges is that it forces you to act without an exhaustive and exhausting, morale destroying process of analyses, so dear to action averse time wasters in all bureaucracies. The native hue of resolution is not sickled over with the pale cast of thought! Leapfrogging over analyses to action, and thinking on your feet, not on your seat, is the drum beat that accompanies this book. Most civil servants would be aghast at such suggestions. But to be fair, working in Central ministries and secretariats is different from commercial corporation and semi-autonomous field departments where I spent much of my time. But one cannot help remarking that there are too many persons working in secretariats and too few in field agencies. Is it because the secretariats are in the big cities and the field agencies are, well, in the field?

I mention this because it was this kind of focus that enabled me to be effective in widely separated areas of work. It is a fundamentally optimistic way of looking at life's possibilities and sees success as a series of small forward steps. The Fabian philosophy of travelling hopefully, rather than arriving at a particular destination, would describe this somewhat. As long as you do this you are winning.

But it was a journey not without some serious skirmishes on the way. In today's India, protecting and growing the commonwealth is fraught with hazard. The reason is simple. Public interest is diffused and benefits a large number of people but each to a very modest extent in a particular case. Serving the vested interests benefits a small number but rewards them disproportionately whereas to the very large number of others the loss may appear marginal. Which of these will be more tenaciously fought for is easy to guess. There is extensive, some would say excessive, coverage of conflicts with the powerful in this book. I make no apologies as it reflects the

fundamental antipathy of the Indian power elite to ethical action in the public sphere. There is a conflict, in fact an all out fight, raging in India between the public interest and vested interests, a fight which the public interest is losing. Without this understanding our situation would be incomprehensible. It is the reason for almost all our failures in government. This antipathy will force the ethical agent, if he is to be true to himself, into conflict against powerful formations. This is a conflict one cannot and should not avoid if India is to become what we all imagine it is capable of.

The term 'Seeking Directions', in its two meanings, represents the extreme ends in the spectrum of a civil servant's ability to act. In its commonly accepted organizational meaning, it would indicate subordinating oneself to the decisions of a more powerful authority on an important issue even though one may have the formal power to decide. At the other end it could mean trusting one's judgement and searching for and moving in that direction which is true and in the best interests of the organization in a particular instance. The first route is safe and convenient but dull, and results in actions which are always suboptimal and at times wrong outright, but does not impede, in fact may advance, career development. Those who are consulted and deferred to would see you as a good modest team player who is, paradoxically, fit to hold higher office. But it confines us to a meaningless world of ever narrowing choices. The second route is hazardous but exhilarating, and if pursued scientifically and creatively, can lead to real breakthroughs in those struggles that the common Indian has a stake in winning. The more you move towards this kind of autonomous path finding, the better for the organization and better for our society though more risky for you. Most civil servants swing between these two opposites and try to take a position in the middle. In the majority of the decisions they use their own judgement, but in the few big ones where some powerful interests are involved they defer to the views of the higher ups who control their careers. It is a comforting fallacy that the middle path is inherently superior. It is not so when a better course is possible and the middle path is chosen to reduce risk, not to the organization, which would be understandable, but to the decision-maker. In fact the organization may be put at greater risk by this middle path. I was prepared to seek directions by thinking independently and to go wherever it led me. My understanding was that the IAS was a well-protected service, and if one maintained integrity and was not certifiably incompetent, one could get away with taking independent decisions by seeking directions autonomously.

How do the employees see ethical management? They welcome it and not just because it increases their benefits and long term future. Ethical

leadership is a capability multiplier for each member of the team. Ethical management brings out the best in them and increases their self worth, how they see themselves. This is the most precious gift they can get and they cherish it. In every organization I worked, the employees still see me as someone who brought out from within them those qualities they themselves did not suspect they had and because of this they still retain a good will towards me which has survived the years. They cherish this gift. Do they like me for my brilliant personality, great academic qualifications, oratorical skills, humour, wheeling dealing abilities and networking? No, because I did not possess any of these. Their affection for me is also not because I gave them material gifts. It springs up because I proved to them that each one of them was a better person than he/she thought, brought out their strengths and created conditions where this was proved. Their self worth increased. This is a gift that survives the passing years and is always valued.

The conflict between seeking directions from a more powerful authority and searching for it autonomously is not new. The growth of our civilization is the story of this struggle. Following what is prescribed is more convenient. Coming to a decision after studying facts, scientific and other logic, human aspirations and morality is fraught with opposition and risk. All great advances in science, morality, political ethics, art, poetry, human rights and everything else which elevate humans above animal existence came about through autonomous direction seeking by individuals using their power to choose. But those who walked this way suffered the world's hostility as any new way of working and understanding the world challenges the authority of dominant groups, a dominance which is based on the existing arrangements. Society benefits from these new ways of working. Societies which are open to ethical direction seeking will be creative and, finding solutions to the challenges facing it, thrive. Societies where autonomous direction seeking is suppressed will stagnate and wither. If India aspires to reach her destined greatness, then our society must encourage and honour the ethical impulses within us; not in our private lives but in the professional public arena.

In the Indian tradition knowledge must be sought before one can act. Knowledge comes from scriptures, one's betters, wise men, teachers and books. Only when armed with this knowledge does one step out into the world. Seeking an understanding of the world by directly interacting with it and learning from observations and logic is alien to our culture. One result of this is the strong discouragement, at times even intimidation, a person faces when he or she seeks to think in a way different from others. Such efforts are discouraged by labelling them as examples of ego as if it is some form of mental disturbance which needs to be corrected. The term 'egoistic' or



‘driven by ego’ is the worst judgement that can be applied to someone. Another word fashionable now is ‘hubris’. And finally the autonomously acting person is asked to “show some humility and not be arrogant, please”, meaning one should seek the advice of one’s organizational superior even in one’s own area of authority, and try to be helpful to the powerful who have legitimized themselves. Searching for the truth and using it to serve the public interest at a personal cost is really the highest form of humility. Independent thinking is rightly seen as likely to overturn the existing exploitative and unjust control over men and women.

The ethical person takes a stand and is prepared to fight for the public interest but he stands alone. Seeking allies he would lose his freedom to seek directions autonomously. He accepts only principled support without any *quid pro quo*. As a result he is free but alone. But he is protected by a canopy of virtue which deters the ungodly from harming him.

I put this understanding to the test repeatedly and survived, not without mishaps, but without damage to my reputation which is all that finally matters. There was no point in joining an elite group like the IAS if one was not prepared to use the formidable protective armour it provided and take some personal risks for the sake of the many. In the poet’s words, do we “rust in shade or shine in strife”? There is only one answer provided the conflict is not for your own material gain but on behalf of those who cannot pay you back and who you do not know. So it was to such pathless directions that my steps took me. I never regretted the heady air of freedom which suffused with at least some meaning the years of my professional life.

## *Chapter 2*

# Gujarat (1975-2006)

“Among the people of India, in my view, it is the Gujaratis who place the highest premium on honesty in the government or any other authority, provided it results in quick and effective decision-making; in other words, on ethical decision-making.”

The assignments which shaped my responses were in the Gujarat Fisheries Department, Gujarat Housing Board, Sardar Sarovar Narmada Nigam Limited (SSNNL) Project, Gujarat Alkalies and Chemicals Limited (GACL), Gujarat State Fertilizers and Chemicals Limited (GSFC), Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC), Gujarat Green Revolution Company Limited (GGRCL)—all in Gujarat; The Kerala Minerals and Metals Limited (KMML) and Travancore Titanium Products Limited (TTP) in Kerala, and Gharda Chemicals Limited in Mumbai. But I will also write on some of the other jobs which came my way. Though the list may look alarmingly long, there is a thread connecting all of them. As much of my professional life was spent in Gujarat, it would be proper to begin with a survey of the opinions and values which characterize the public life in this State. This is a very brief sketch for the purpose of providing an explanatory frame to my experiences. Otherwise a much larger treatment would be required which is far beyond the scope of this book and my limited abilities.

Till the end of the decade of the seventies, among the Gujarat leadership were men and women of conviction and a certain moral quality. Some were clever and devious but outright dishonesty was uncommon and frowned upon. Most of the older ones among them had personally walked with Gandhiji in his epic struggle for freedom and morality. An experience of this kind is not easily shaken off. Among the State's political leaders, its trade unions, its cooperatives, its academicians, its artists, architects, and other intellectuals and even industrialists, there was a determination to see themselves as trustees for the future. After the birth of the State in 1960 there was a sense of new beginnings, and limits not yet visible. At times they were

moralistic and dull but rarely dishonourable. They acted as a check to those who saw commercial opportunities in government decision-making.

But by the early eighties things were loosening up. The genius of the Gujarati people is business. This urge needed to be carefully harnessed with a bold but honest administration or it would find ways to get around restrictions which stood in the way. Among the people of India, in my view, it is the Gujaratis who place the highest premium on honesty in government or any other authority, provided it results in quick and effective decision-making; in other words, ethical decision-making. To some this may seem an astounding assertion but I stand by it. There are two reasons for this. It is in business that honesty and standing by your word is tested to the utmost and therefore most highly valued. Money is involved and honesty and taking decisions is best measured when handling money. Standing by your word is the essential assurance that facilitates business. Without it there could be no business. Secondly, they realize how much the ethical decision-maker is giving up in opportunity costs in order to serve the public interest. But an honesty which is merely the result of a fear of taking independent decisions does not get high marks. They look up to civil servants to take bold decisions too. To Gujaratis, delaying a decision is little different from dishonesty. They expect decisions to be transparent and firm, free from vested interests, but be quick. If they get it they respond with overwhelming trust.

Dr Kurien's efforts in milk production, the success of the good ladies of Self Employed Women's Association (SEWA) and the cooperative movement, the establishment of institutes of national prominence in Ahmedabad, the giant public sector undertakings, the successful role of the government in setting up industry and business, drew strong support of the people and most of these grew to their full potential in the coming years. The Sardar Sarovar Project was a genuine expression of people's will translated into an awe inspiring design for the diversion of a mighty river on a grand scale to serve human needs. There was no partisan bickering over these efforts.

Those working in the business culture of Gujarat are aware of how an urge for a better life is realized in practice. A distant future is hazily visualized but steps towards it are taken on a day-to-day pragmatic basis. No elaborate plan is made out detailing the stages through which one will have to travel to get there. The Gujarati realizes that life is too complex and unpredictable for this kind of self deception. The watchword is flexibility to respond to a changing reality. The motto is to study the situation continuously and respond continuously so that you are never caught flat footed. Resources need to be

arranged so it is likely he will need the business help of others as no individual will have what it takes to put in all the investment. A cooperative approach is consequently seen to be essential. Ideological or theoretical considerations rarely enter into a business decision. In Gujarat the person entering business does so by investing a considerable amount of his own money and of his friends and associates. He prefers to keep all avenues open to see that this money generates returns.

In starting any new venture two things are paramount. The first is, is it worth doing? Will the time, effort and money be justified by the likely payback? Secondly he knows that the only way to learn how to do it is by actually doing it. The first question is answered in a rough and ready way, by common sense calculations, by talking with associates and visiting similar establishments. A business understanding of the technology is obtained. These decisions he takes himself. Management consultants will be used only after he has decided to go ahead and that too for preparing documents to convince bankers, the government and the market, not himself. I thus imagine Dhirubhai Ambani when long ago with nothing to weigh him down, he stalked the markets with young, opportunity seeking eyes.

But the potential entrepreneur also realizes that some sort of fair play is essential in business. Promises should be kept. Anyone who breaks his promise is likely to be blackballed out of the market by his own associates. His credit rating suffers. In this arena of transactions the government is the biggest presence and guarantor of an infrastructure of rules and fair play. The government too must keep its promise. The biggest promise given by the government is to provide a level playing field. The Gujarati entrepreneur, be he small or big, expects civil servants to deliver on this promise. At heart every Gujarati is a potential entrepreneur. But unlike what can be done to other businessmen who break their promises, the government cannot be blackballed. The citizen is condemned to deal with the government no matter how many promises are broken. Consequently the businessman is prepared to go out of his way to see that the government is properly 'managed'. As a consequence any payment to government officials, including the political executive, is treated as a cost, not a wrongdoing. But such payments are not kept secret. These are made known to all concerned by the very person who made the payment because the market would like to know the cost of setting up a business. The person keeps written records of such payments which he shows to his associates. A government servant cannot sin in secret in Gujarat.

In Gujarat civil society, as I suppose elsewhere too, leadership in the government is a greatly valued quality because it can lead to a better life for

all. For the Gujarati, leadership is not revealed by the individual's personality, his oratorical abilities, his convincing presentations or his ability to get on with people. This version of leadership is discounted because it does not rule out core incompetence or what is a worse, ethical weakness. Leadership for them is something that can be deduced from the individual's objective record of achievement in the field, and also as measured by the knowledge and satisfaction of those who deal with him, his "customers". In Gujarat the public at large maintains a fairly accurate assessment or let us call it the ACR (Annual Confidential Report) of those who play a public role. Such an assessment is ultimately unemotional, factual and objective and is shared freely among them. What people would like to know is the quality of service a public official gives and what the "cost", is in time and money, in dealing with such an officer. The better this service and the lower this "cost" and the higher the benefit cost ratio, the better is the person rated. I saw it as a fair tribunal to be judged by. Early on in my career I decided to place a greater weight on this 'ACR' in the minds of the objective Gujarat observers than on the official green coloured one.

But by the eighties, as noted, the commitment to maintain certain values of integrity in public life was weakening. The leaders from the generation who had fought for freedom were aging and withdrawing, at times disillusioned, peevish and feeling let down. The new leadership was unable to lead but prepared to be pushed. Who could push harder than big money which can put on so many convincing masks? Now a patriot, now a philanthropist, now an altruist, sometimes a scientist, now a man of courage and vision, now the Indian homesick for his motherland after eating for so long the alien corn—thus they come to the chambers of the powerful. Some in the bureaucracy, skilled at reading such signals, began to respond, outwardly with an air of feigned reluctance but inwardly fascinated by the glitter of money and the good life. Many political leaders and also the more daring bureaucrats began to have cordial personal relations with businessmen. Needless to say these were businessmen who needed government favours. The members of the higher civil service were turning from decision-makers to facilitators as this was a safer role. The new breed of politicians represented a different and a more assertive caste and class alignments and they were less tolerant of any show of independence.

Only a simpleton talked of right and wrong. But in the beginning of this process a direct cash nexus or *quid pro quo* for specific actions was rare in the higher civil service, being encountered mainly among lower bureaucracy. This prevailed up to the end of the eighties decade. After that it is foolhardy to make any guess. My personal assessment was that many of the members of

the higher civil service remained honest till the end but were won over by something more powerful than money, the seduction of power. The need to be in the inner circle, among the best and the brightest, being petitioned by the powerful and moneyed, to travel frequently to Delhi and Mumbai and elsewhere, stay in luxury hotels, visits abroad with lavish per diem corporate allowances which enabled duty free shopping and gifts for the family and friends, to be “in the know” before others knew it, who was likely to get which assignment, what one powerful person thought of another, juicy gossip—all these were like a drug which the ambitious spirits craved. And there was too the prospects of post retirement assignments. In return for these, steps had to be taken to grant government favours to the newly assertive business groups. These centred around the grant of land and various permissions to facilitate business. Laws had to be “flexibly” applied. These had to be packaged as outcomes of State policy and not as individual favours, which in fact many of them were. It was the bureaucracy which had to deliver this. They developed the skills for it. The blandishments of the corporate State, for that was what Gujarat was becoming, were overpowering. Corporations and governments were coming closer, pushing the common man to the margins. In a corporate State the goals of the government and those of big corporations and organizations are similar. They work together. There is a yearning for strong leadership which will deliver the results corporations want. Politically such States were to the right of centre, but this was dressed up as being development oriented. Labour and human rights, the needs of the poor and marginalized were not to be specifically addressed; they would get pulled up by the industrial progress, a thinking which was the equivalent of the trickle down theory in the West. Among the civil servants there was a preference to work in an assignment where one dealt with the private sector, preferably corporate. Some went out of the way to involve the corporate sector in their organization working even when no such role could be even remotely justified. In one city the municipality handed over the best municipal gardens to some corporates who promptly renamed them after their family patriarchs. A cash nexus remained uncommon but something more insidious took its place. It was a network of favours and privileged access they were signing into. Various doors were magically opened for them in the government and outside. And best of all, this was also a good ladder for career growth aided by ‘outstanding’ ACRs which you were more likely to get if you were corporate friendly. Such a person was considered to be having the right combination of dynamism and pragmatism. Members of this group were more likely to have a Delhi posting as their ultimate goal. Once they got there they stayed on there. The perks of office were even

greater in Delhi than in Gujarat. All this and heaven too, the favoured few chortled!

But personally they justified their role more positively. The chariot of industrial progress was what was taking the State forward and also the country. They wanted to be on the side of this triumphant prime mover of development. It never occurred to them that this could be a mere rationalization for their self-interest as this was where money, power and influence were generated and it was also likely to propel them forward. They were untroubled by any apparent guilt. They felt they were in the vanguard of progress, backing that horse which was history's favourite to pull the country towards progress. But there was a subliminal understanding, a message which it was not necessary to repeat, in this arrangement. What has been given can also be taken away. So please stay in line, the power structure continuously whispered into their ears. This was the Faustian bargain with the devil that was entered into. The goals and ambitions of a simpler, moral, Nehruvian age in which they had grown up in and which they had promised themselves they would hold on to while joining the Service, were quietly forgotten. A commitment made when young could not be taken seriously, surely! Boon companions of one's youth were abandoned to the embrace of more persuasive and seductive suitors. Something like the Hindi film hero forgetting his village sweetheart and falling for the wiles of sirens in the big bad city. But in the Hindi film the hero finally realizes his mistake, repents and redeems his promise to his first, true love. This did not happen here.

Obviously, similar events were being enacted elsewhere in the country too. The civil service was studded with persons of drive, ambition and a toughness which could be switched on and off at will depending on who they were facing. They were undoubtedly intelligent and could talk with a startling confidence which removed all doubts in the minds of the uninitiated. They were capable of working intensely for extended periods of time. But we should have known that appearances were deceptive. All that glitters is not gold.

The group of select few who drove decisions and were favoured by the dominant economic interests would number about 10% of the total. The rest were a more realistic lot. They too put in hard work but had scaled down their ambitions over the years having decided to play neither a collusive role nor a reforming one with the power structure. Though of a higher intelligence than the first lot, temperamentally, they were not inclined to fight except when pushed into a corner. They ran their departments capably and sincerely but without any daring leaps of imagination. They were conservative and middle

class in their views. It was not ambition which drove them but the desire for security. After a few years they saw the IAS as just another job where extravagant expectations were foolish. Talk of commitment, ideals and pursuing the public interest or, even worse, confronting the power system were met with a tired smile which seemed to imply that they too had been there but come back scathed. (Actually they had done nothing of the sort. They had only imagined it in their minds and taken fright.) For them wisdom lay in creating your own space for contentment, perhaps even some happiness, and not chasing impossible goals which would bring nothing but trouble. Turned out they were not entirely wrong.

These two groups were conceptual and not sharply defined. There was mobility between them as some moved from one to the other. A person could fall out of favour and another could be identified by the talent spotters for the fast track based on some good work done or, what was more often the case, for services rendered. What about corruption? It was perhaps a little greater in the second lot. They had to compensate for not being on the winning side.

It was in this context that my choices were made. Against the group think of the official establishment, I would be a deviant. I would be judged by the Gujarat society (by which I mean the common man in the street and not the *haut monde*) rather than by the institutional mechanism of the government. Just as I would seek approval from outside the government, so too would I seek the truth outside. This would be my driver and direction finder. The second choice which developed from this was to seek directions autonomously as I took my coordinates continuously in a bewildering, ever shifting world without fixed land marks.



### *Chapter 3*

## Gujarat Fisheries (December 1978 to June 1980)

The Fisheries Department was a fairly big establishment in Gujarat during the decade of the seventies and eighties. This may look surprising considering the strongly vegetarian habits of the people there. But the State had a long coastline of 1,700 km, dotted with small fishing ports and villages and there were a substantial number of coastal fishermen living as separate communities along this coastline from Valsad in the south (just north of Mumbai) all the way to Jakhou in the north west tip of the State, bordering Pakistan. The fish catch was mainly sent out of Gujarat. I held the post of Fisheries Commissioner twice, once in the mid-eighties and then in the early nineties. But before that one of my earliest postings was as the General Manager of the GFCCA during 1978-80. I joined in December 1978.

The GFCCA, a cooperative, was my first commercial organization. The full name was Gujarat Fisheries Central Cooperative Association, if you want to know. It was a small organization with about 600 employees and an annual turnover of ₹ 5 crore then. But even so it was perhaps the biggest fishery cooperative in the country. A modern nylon net plant in Ahmedabad made high quality nets for fishing, and there was a well-equipped boat building yard at Veraval, the big fishing centre in the Junagadh district. The GFCCA had a sea food processing plant in Sassoon docks, Colaba, in Mumbai city. This property covering an area of around 3,500 sq yds, was of keen commercial interest to many. It will play an important role in my narrative. There were a number of large and medium irrigation dams in the State. These water bodies, some hundreds and even thousands of acres, were developed for fishing by the Fisheries Department and handed over to the GFCCA for operation. First, the fishing was done by hired fishermen and later through local cooperatives of those whose land was taken for the project. The GFCCA marketed this fish sending it by train with ice packing to Kolkata and Delhi. It also sold Ashok Leyland inboard engines and Yamaha outboard engines, for fishing boats, as an agency. These were fitted to the boats made in the GFCCA boat building yard. These engines were popular with the

fishermen and we constantly requested Ashok Leyland and Yamaha to allot us more engine for sale as the commissions were good profits for us. The boats, both wooden and later fibreglass, were of good quality. The fresh water and sea fish had a reliable demand in Delhi and Kolkata. All activities except the Mumbai plant were profitable.

But there were problems; some mere pinpricks, others nastier and even threatening. It was felt in the government that this post was not fit for an IAS officer. My predecessor was the first IAS officer in this post and I was the last. Probably it was felt that with a long career ahead an officer should not have a fishy spot against him at the very start. What was expected of the General Manager of GFCCA till then was that he should be subservient, not rock the boat and ought to allow things to go on as usual. GFCCA was not a prestigious organization but it could perform several useful services to important persons. So, it was better to keep a submissive person as GM who would not get ideas above his station. After me there has not been an IAS officer in the post.

The reason why it was decided to post an IAS officer was the new World Bank financed fisheries project in Gujarat. This was a ₹ 34 crore scheme approved sometime in 1977 in which the GFCCA was to be financially supported to play an important role. The main components of the project were the construction of the two fisheries harbours at Veraval and Mangrol in Junagadh district. But the GFCCA was to get assistance for marketing and modernization. It was stipulated in the assistance terms that GFCCA should have modern and efficient management. I was to provide the “efficient management”. The fact that I had no commercial experience was never mentioned.

In GFCCA I began to understand why in common parlance the word ‘fishy’ was used to refer to a certain kind of conduct. Fish is slippery and difficult to hold, weigh and count, and an inferior variety can be passed off as a superior one. Another reason could be that it is easy to be cheated in the fish trade. Fish is likely to spoil once it is on land. Fish spoiled even slightly fetches lower price. Slightly spoilt fish could be passed off as fresh to an unwary buyer though rotten fish stinks so it cannot be sold. There is also an opportunity to claim the fish is spoiled, to sell it at a good price and pocket the difference. It is also an opportunity to allege others are doing it though they may not be actually doing it. Those dealing in the fish trade are likely to be quick witted. One has to be equally quick witted to counter their moves.

I noticed that fish sent to Kolkata appeared to have less spoilage than that sent to Delhi. The funny thing was the train journey to Kolkata took longer

than the trip to Delhi. And the Kolkata end was handled by a trader whereas the Delhi work was looked after by our own office. Logically the Kolkata spoilage should have been more. Was it that the Delhi 'overheads' were higher? Or was it plain inefficiency which allowed the fish to spoil without ice? I pretended to be mystified at this strange phenomenon of the spoiled fish and repeatedly enquired the reasons for it. When this puzzle remained unsolved, we began to send an officer now and then from the head office, ahead of a consignment, by plane to Delhi and surprisingly the fish was reported to have arrived fresh on that day! I sternly asked the head of our Delhi office to keep a close watch and gradually the spoiled fish percentage came down. The Delhi officer was a capable man, cultivated and refined, but being in Delhi there were many he had to please. He claimed, not implausibly, that the packing section in Ahmedabad could be putting less ice in the fish boxes going to Delhi so as to send more fish to the Kolkata trader. And what about the days when it arrived fresh? Perhaps, they put more ice on those days! This was impossible to answer. So, we kept a watch at the Ahmedabad end also. By closely looking at the activity, things improved. How this happened was better left to the imagination. In the course of my assignments this link became well-established. Any activity improves if you just look closely at it. But as a result the freebies to some important persons in Delhi may have stopped. Such persons would be upset. But you can't have your fish and eat it too. What I mean is you cannot have two conflicting objectives and pursue both. You can either try to please important people or you try to do everything to strengthen your organization. In a good society both these would be complementary. In India they are opposed. Most successful careers are built on ticking the first option. But those were simpler times. Today, men of power would laugh contemptuously at something as plebeian as cut fish.

In our Mumbai plant operations too, where fish was purchased in huge quantities every day, a certain quantity was later found to be spoiled. Was this spoiled material purchased unknowingly or knowing it was rotten? Or was it never purchased and shown as a way to inflate costs and siphon out money? We never found out but had to close the operations there. Another officer resisted accountability and was unnecessarily aggressive. Though he was technically a good officer, proximity to a powerful person had made him question my authority. We kept him under control but with difficulty. Five years later when as Fisheries Commissioner I also was Chairman of GFCCA, one day we transferred him to the HO, in the same city, as an advisor. Claiming I was out to harm him he went to the High Court which admitted his petition. He threatened to reveal damaging secrets about me. He was told

to do his worst. He kept quiet. The High court rejected his petition and he spent his last year in harmless inactivity in the HO. These persons were managerially competent and capable of improvement. But there is a practice of influential people in the government at times using key persons in organizations for serving their personal interests and thereby destroying discipline. Looking back I could see that acting in a firm manner I was stepping on the toes of some who could help or hinder me in my career. But the organization benefited. All activities other than the Mumbai plant showed improvements. Morale went up and corruption was driven out in these activities. We drew up and began to implement modest plans for growth and expansion.

Even so early in my career I tried to work out the relationship with my official superiors. I understood it this way. They could convey the broad strategic direction the organization should take. But in operational matters their role was very limited unless something was going wrong. This conviction, which strengthened over the years, caused all the tempests which were to rock me in the future.

But there was a serious slip up on my part. Sitting in Ahmedabad I failed to keep a close watch on the operations of the Mumbai plant, assuming that the plant head, reputed to be a fishery expert, knew his business thoroughly. Profitability of any seafood processing plant depends primarily on procurement of the raw material which is prawns, lobsters, cuttlefish, squid and fish. The price at which it is purchased and its freshness decides the profits of the unit provided it is processed quickly and reasonably well-packed. Because of my inexperience I assumed that the price paid by us was the correct market price and the product was fresh. The so-called market price covered a range reflecting the quality of the material and, let it be frankly said, the intentions of the buyer. There was no fixed market price. Price was what was decided between the buyer and the seller. The Mumbai plant head was buying material in large quantities at a high price and of doubtful quality without any monitoring by me. There were frequent complaints from those who brought the finished product from us and we got a lower price for our product. It was a double whammy and the plant was haemorrhaging money continuously. There was a huge loss in this operation, in between January '79 to June '79; the year end was June. The closure of the plant was inevitable. It took me four months to know something was just not right. Today it would take me less than a week. To say that I took my eye off the ball then would be charitable way of putting it. It may be truer to say I did not know where the ball was or that even I was supposed to keep an eye on it. Such is the wisdom of hind sight.

There were two more tense episodes concerning this plant. The Board of the GFCCA at my suggestion decided to close down the plant 6 months after I joined, in July 1979 and to subsequently give it on lease. But the Mumbai plant was losing money earlier too so the recent losses were the last straw. Having taken this momentous decision they passed it on to me to implement it. They gave me “full powers” to negotiate and come to the Board with a proposal. The “full powers” should have been taken with a large pinch of salt. I was a little apprehensive about being handed over this very hot potato. It did not occur to me then to use the time honoured bureaucratic gambit of proposing an empowered committee to take this decision and spread the responsibility and buy time. I took the Board decision as a sign of their confidence in me. I plunged right in into the shark infested waters. I was lucky to come out with limbs intact.

The first step was to get the plant valued by a reputed firm. They gave us the valuation of ₹ 40 lakh which was conservative, not taking into account the full market value of the land covering 3,500 yds in South Mumbai. But before we invited bids the plant had to be cleared and given as vacant possession. In other words, the labour had to be paid and let go. These things normally take a long time and that period was much more pro-labour than now. Even though most of them were not permanent we offered them a fair settlement as per the Industrial Disputes Act. All my sympathies were with the workers but our ability to pay was limited by the huge cash losses we had suffered. They demanded a very high figure which could not be agreed to. They then changed their union one day and aligned with what they claimed was a Shiv Sena union. They told me one day their new leader would meet me soon in the Mumbai plant.

He arrived the next day. Smiling continuously, he said he was Shinde and assured me that the matter could easily be settled. We both agreed that it was unfortunate the plant had to close and of our concern for the workers. He asked me how much we could pay. The smile vanished when I told him. It was nowhere near enough he said. He then demanded a jaw dropping figure both for the workers and for himself. I explained that as a government organization we had limitations and could not pay. He said that was our problem. If the amount was not paid and we tried to evict the workers, he would personally ensure that I was thrown into the sea. He did not specify whether I would go in alive or dead. He had treated me as if I was some private sector manager! I did not think it worthwhile to call him back and tell him that ‘I was an IAS’. He may not have believed me as I, then and even now, do not have the gravitas of an IAS officer.

But it was not amusing. Those days Mumbai was a more violent place and labour militancy and gangster bloodletting was an everyday occurrence. A threat combining both these had to be taken seriously. Threats were not made lightly. I had no protection in Mumbai. They were not likely to ask for my ID before starting with the physical stuff. Other officers were cautiously standing back and allowing me to lead from the front. The obvious course open to me was to write to the Labour Department to allow closure and come back to Ahmedabad and “allow the law to take its own course” (a beautiful phrase much favoured by politicians). I do not recall why I did not do this. Probably because it would have taken a very long time with the workers occupying the plant while company bled to death.

In principle, the plant belonged to the Gujarat fishermen and looking to the tense atmosphere, two of them, from Porbandar and Mangrol, came to Mumbai one day, prepared to assist in any way. They said, there was a person from the fishing community living in Mumbai and he had offered to help. He was not expecting any money or any favour in return. It was his concern for the Gujarat fishermen’s interests that prompted his offer. He knew about Shinde and would deal with him. But I must agree to meet him. I was sceptical but I went.

Along with my two fishermen friends, we met that night at the Khyber Restaurant after dinner. He was called Kaka and he walked in quietly. He was a big man with a menacing intensity but soft spoken and polite. The diners at the nearby tables looked at him with fascination and unease. My two friends treated him with respect. He told us not to worry about Shinde, he was nothing. He would not trouble us any more. He said he was happy to do anything for the Gujarat fishermen, had a cup of coffee and left. I never heard from him after that.

Shinde did not turn up the next day. The day after that when I reached the plant, he was waiting for me. All the bluster and aggression was gone. He said he fully understood our position and would do everything to help the management and convince the workers to accept our offer. I thanked him for his constructive role without which the issue could not have been settled. We appreciated each other’s approach so much that we stopped just short of hugging. He left promising his help whenever I needed him. Neither of us mentioned what had happened between our two meetings. But some of his earlier confidence was returning. Before leaving, he said a small token of appreciation for his role would be welcome. The answer I gave him has escaped my memory.

The Shiv Sena was not an organization of the working class and its label was something like a franchise given to local muscle. Perhaps that was why Shinde folded so fast.

Within a month of the closure of the operations of the plant an agreement had been reached with the workers, about a hundred of them, and they left the plant. Those who recall the situation in Mumbai would agree it was very fast indeed. But it left a bitter taste in my mouth. This was not what I wanted.

What now had to be done was to lease the plant on rent to a reputed party. If higher ups in the government had not interfered, this could have been done smoothly. With its close location to Sassoon docks, many seafood processors were likely to be interested. Some of the machinery would have to be repaired or replaced but the amount so spent could be recovered in a single season. We were confident of getting good offers.

Bids were publicly invited. Three parties showed serious interest. Let us call them the Sindhi party, the Punjabi party and the Malayalee party. All three reeked of glamour and serious wealth. I noticed that many seafood exporters those days tended to dress flashily and have a theatrical air about them. It was probably a compensatory mechanism to proclaim they are not just fish merchants. Of the three, one had married a famous film star and another, looking like a film star himself, was the son-in-law of a well-known film producer. The third party was probably richer than either of these. When the bidding reached a decisive stage the Malayali party discovered that some generations back his family had moved to Kerala from Gujarat so his roots were in Gujarat. He changed the name of his company to that of a district in Gujarat hoping thereby to show that he had left his heart behind here. He was trying to score some points with the Gujarat decision-makers. With hind sight I could have told him that cash would work better. But as it turned out he already knew that. When finally the bids were opened the highest offer of the Punjabi party was attractive and acceptable and we sent the proposal for formal approval to the government. In the meantime the second lowest, the Malayalee party, directly approached the government quoting a slightly higher price. He should have been ignored. Instead, the government instructed us to invite bids again. No reason was given for this decision. It was clear to all what had happened. This convinced the highest party that the process was rigged and I lost face. When the bids were opened for the second time, the Malayalee party, now bidding the highest after having first lobbied with the government, backed out. Then the second highest too backed out when we accepted their offer. There was the perception that certain people in the

government were in the mood to interfere so the process would not be fair. This assessment was not far from the truth. After this bid too collapsed, we again invited offers. One new party, offered an amount equal to the highest bid, ₹ 9 lakh per annum and it was given to him for two years. This time there was no interference as the destabilizing force had withdrawn! But it later appeared the new party had overstretched himself. He found it difficult to run the plant and gave it back after one year. I was transferred out soon after, in May 1980 as I was clearly proving inconvenient.

Three years later in 1983, the entire plant with land was SOLD, lock stock and smoking barrel, to one of the three parties for ₹ 9 lakh. No prizes for guessing the identity of this party. And no zeros are missing in this figure. (The plant had been purchased in 1963 from the Tatas for ₹ 9.5 lakh.) It was a big deal for whoever arranged it. I sent a damning report about it to the government in 1984 after I came as Fisheries Commissioner, charitably assuming they did not know anything about it. No corrective or punitive action was taken as far as I am aware. It was a big heist and I suddenly realized how brazen those in power could be.

The GFCCA allowed me to travel and see much of Gujarat particularly Saurashtra. Its grassy plains on vast stretches of rolling undulating land had very few trees and the sky as far as one could see. The only man-made structures were widely scattered single storey shops and houses. The roads were well-built and the traffic sparse. Elegant looking small towns on the way like Morbi, Gondal, Mangrol and Porbandar were surprisingly well-planned with imposing and aesthetic structures in the town's central square, a clock tower being the most prominent. Prior to independence these were States with local rulers. English architects had been engaged to modernize their capitals. The buildings were laid in straight lines to allow broad avenues for the traffic and people to move. Here one met individuals who spoke English better than any Englishman would have dared to speak. But just outside these capitals there was once again the a conservative and unchanging countryside. You crossed the cow herds, tall and dignified, shepherding hundreds of cattle with perfect calm and patience walking throughout the day even in the hottest months. One sensed an unhurried and deeply traditional world that had a quiet timeless air about it, like looking at a still painting. What I saw had probably remained unchanged for the last hundred years. Since then the area has been transformed with urbanization, commercialization and industries. I visited the many dammed reservoirs where the GFCCA fished. I looked forward to the ride through the hilly forests to get there and then staying in the well-built and managed guest houses. The big fishing harbour at Veraval and the smaller ones at Mangrol and Porbandar, where work was going on,



made one feel one was witnessing the beginning of exciting things. From a distance I could feel Gujarat on the move. But it was in the process also abandoning many of the values of public life which had given it a name for probity.

Among those who spoke English better than any Englishman would dare to speak was Zaheed Sheikh, from the erstwhile Royal family of Mangrol. He was called the Prince of Mangrol but the kingdom had been lost long ago when his uncle the Nawab had fled to Pakistan at independence along with the rulers of Junagadh and Manavadar. His elder brother joined the Indian Army and was killed in the 1965 war, perhaps thereby settling accounts with the Indian State. His widow became an aide to Indira Gandhi. Later, the Nawab was said to have been miserable in Karachi, bitterly regretting his decision to leave this land where hundreds of years ago his ancestors landed and set-up a kingdom on this fabled coast. Many an evening have I sat with Zaheed in his fortress like house talking about this and that. He almost made it to the India cricket test team and had led the team of Indian Universities to the West Indies in the early sixties where he faced some nerve-racking deliveries from Gilchrist. Those days one batted without helmets so there was a danger. He tried to placate Gilchrist with some light-hearted banter at the crease but was met with a contemptuous response. His attempts to enter films were unsuccessful. He looked a bit like Dev Anand, perhaps better. But always Lady Luck was untrue to him or maybe he never tried really hard. After all he was a Prince and royalty considers it unsportsmanlike to try too hard. His efforts to get back some property which the government had confiscated as State assets were fruitless. The bureaucracy stalled him but the harshest he could bring himself to say was to wonder what else could one expect from dunces such as these. For him life was a game and sportsmanship his defining grace. There was a time when personal style, wit and charm were important and those like him had an entry everywhere. Today your calling card has to be money or the promise of it. The sportsmen have given way to the hustlers. The laptop has replaced the card deck. It was easier to detect the cheat at cards. The stakes have now become much bigger and the game has turned deadly serious.

I look back thoughtfully on my GFCCA stint where many useful lessons were learnt. Those who sought to interfere share only part of the blame. My own inexperience was painfully evident and my stay of eighteen months was short. A commercial corporation must be controlled through management instruments and levers, not only by personal visits and appeals or threats of punishment. Good intentions are not good enough. The daily production, costs, sales, cash flow were unknown to me. Without a structured framework

of day-to-day decision-making, you cannot guide a commercial organization. Cost cutting was not seen as an option. I thought costs were something calculated by the accountant every month and not a tool for day-to-day decision-making. And the Mumbai plant for which I risked so much was practically given away later. If the Mumbai plant could have been made profitable the GFCCA would have dominated the fishery field today. These are but idle speculations of what might have been.

But some good things did happen. The profitability of the company improved after the closure of the Mumbai plant. Accountability was fixed and the first rudimentary MIS systems were introduced. The fresh water fishermen were paid on a per kg basis and with proper records, any possible leakage was plugged. The amount of ice needed in packing fish for long distance travel was constantly monitored looking to the weather and time of travel. Thicker insulation was used. Instead of bringing all fish to Ahmedabad, some were sent directly to Kolkata or Delhi from the reservoirs, loading it at the nearest railway station or even sending it by road. The condition of the fish at arrival was constantly monitored. The head of the fresh water section was an exceptionally capable and tough individual who continuously brought in improvements with my full backing.

All this was small incremental modest stuff but we experienced a genuine sense of doing something new. The morale rose and willingness to try out new things was being seen.

We started selling fish in a modern well-equipped van which went to different housing areas in Ahmedabad. While it was commercially successful, I received agonized calls from Gujaratis that could we please park the van so that it was not be seen or smelt from their houses! Our keenest customers were the wives of Bengali officers.

I left this organization knowing that the job could have been better done. But my nerve had held against money and power. I could stand the heat. I was dimly beginning to understand that there was something called the public interest and that as a member of the Service one was pledged not only to serve it but also to identify it by thinking independently. Nobody else could do it for you and you could not take anybody's word for it. It was steady and unwavering and if you looked long enough you could see it clearly in all its purity. With a thrill I realized I was not alone but was acting on behalf of countless others, those who could not pay me and those whom I did not know. I understood that integrity was all that protected a public servant but it was all you needed. It was the supreme deterrent shield which many times disarmed even your opponent. Any additional layers of protection would have

to be paid for in *quid pro quo* and compromise. I learnt that people above one in the hierarchy could be wrong and those you commanded were usually right, that there were times when you had to choose between your career and the public interests and there were things worth fighting for even at a personal cost. But I also realized that in my bravado I had come very close to something dark and dangerous in Mumbai and that one could gain the world yet lose one's soul.

It would be more than 15 years before I got my next commercial corporation. I would not fail again.

## *Chapter 4*

# Drifting in the Doldrums with Many Transfers (1980-1982)

In the reminiscences of IAS officers the district experience is seen as the foundation of subsequent career growth. To the old style traditional IAS officer, everything afterwards is seen as an anti-climax and a slow road downhill. Fortunately, my first posting as Asst. Collector in Petlad is a blur in my memory. But I do not think anyone would say it was one of my finest hours. As my Gujarati was nonexistent and everyone spoke in Gujarati and all papers were in Gujarati, almost everything that happened there remains incomprehensible to me even today. What survives in memory from those distant days is the friendship of Keshav Varma who had come as Asst Collector in the nearby region. He made an indelible impression on me when, in our very first meeting, he gravely pronounced his diagnosis that we were witnessing the “institutionalization of hypocrisy in the country.” I thought he was promising material. But he saw better than me the direction the world was taking and picked the winners correctly. As I was siding with the losers, our paths have diverged since then.

In May 1980, from GFCCA I was sent to Valsad as District Development Officer (DDO). The Collector was higher in status but all development and panchayat work was under the DDO. Though I had not sought it, it was a desirable posting. Valsad was just 4 hours from Mumbai where I hoped to go frequently. We had just had our first child and my wife was thrilled with the lovely house on the road leading to the beach and the number of servants. DDO postings are usually for 2 to 3 years. So I was looking forward to a quiet unhurried life for the next couple of years.

I was out of Valsad in two months. A month after joining, one day the District Panchayat President walked into my room and politely handed me a chit of paper. It had a list of names of lower level officers and place of posting to be made. He said the Valsad MP had requested these posting of clerks working in the various offices under us. He then left. I tore up the piece of paper and then looked at the list of transfers as proposed by the office

administration. This was based on the number of years spent at the present post and requests as is normally done. After checking that all the proposed changes were as per norms I signed the file within the next few days. And then I went to my home town on leave for two weeks. When I returned the Deputy DDO informed me with a barely concealed smirk that there was likelihood that I might be transferred. I said it sounded like rubbish and sent him on his way

Within two days I had in hand a letter from the General Administration Department (GAD) which informed me that the government was pleased to transfer me as Additional Collector at Gandhinagar (a single taluka) and Deputy Secretary of the PWD Department. While a local politician may have pressed for my transfer, the speed of it was unusual. Perhaps there were people in Gandhinagar who had a score to settle with a young upstart. They had been quick to react to the complaint of the MP. My predecessor as DDO, Valsad, had spent two years there and the officer who came after me was there for three and half years. They had obviously learnt to deal with the politicians better than me early in their career.

So my wife once again packed and we came to Gandhinagar. (It is always the wives who pay the price for our convictions.) Here I was a part of the B&C Department (better known as PWD) looking after the planned development of Gandhinagar. The post was largely ceremonial. The bright spot was the Secretary of the department, the formidable Mohanbhai Patel, who treated me decently but ruled the department with an iron hand. He had recently unseated the IAS from this post after which our fraternity has not been able to retake this citadel.

Six months of this and I was sent to the Gujarat State Road Transport Corporation (GSRTC) in Ahmedabad as Deputy General Manager, the number two position under the Vice-Chairman and General Manager (VC&GM), a senior IAS officer. After an year we had a new Chairman; a political appointee, who was a close confidante of the Chief Minister, was announced. Shortly after that a new VC&GM, another senior IAS officer, replaced the existing one. The Chairman was very different from a normal politician. In fact he was not a politician but a Professor of Psychology of Gujarat University, preferring to talk about Horney and Jung. He did not mix with politicians, in fact he stood alone. He had a penetrating intellect and could analyse the State's politics with brilliant clarity. His contempt for politicians was unfortunately accompanied by contempt for the democratic process too. He was reputed to be the trusted political advisor of the charismatic Chief Minister Madhav Singh Solanki. He quickly reduced the

new VC&GM to a supporting role and began to take most of the key decisions, a situation to which the *de jure* CEO did not object. In the beginning he took my advice but it became clear a clash was brewing between us. The non-executive Chairman was functioning as the *de facto* executive head. He was honest and was able to reduce costs by arm twisting the suppliers, a short term strategy. But he was secretive, arbitrary and whimsical and he seriously eroded the professionalism and morale of the officers. I think the organization suffered long term damage because of this.

I continued taking decisions with the powers I had and putting up proposals where I did not have the decision-making authority. The Chairman would advise me politely to wait telling me there were wheels within wheels I knew nothing about. I did not want to know about these and preferred to do my job without distrusting every one. He assumed he had all the legitimate powers. I knew he had none. The inevitable happened and within four months of the new Chairman's arrival and eighteen months of joining the GSRTC, I was opening the envelope of another transfer order, this time to the Revenue Department, Gandhinagar as Deputy Secretary. The new Vice Chairman and General Manager remained at his post for more than three years and had no reported conflicts with the Chairman.

A few words about the GSRTC are in place. When I joined it was an efficient and well-run organization with an elaborate set of internal mechanisms for taking day-to-day decisions. Any private sector unit could have attempted to imitate it to its advantage. All the physical indices of performance showed maximum operational efficiency. The load factor, fleet utilization, mileage per litre, tyre mileage and many other parameters were daily tracked and acted on. The rural areas were well-covered. The calibre of its officers was high. The operational staff was disciplined and dedicated, though strongly unionized. It was management by numbers. There was an excellent statistical department, an old fashioned name for what would now be called Management Information System or something worse. The culture of the organization was task-oriented and professional. Seven thousand buses had to cover more than twenty lakh kilometres every day which could not be done without operational discipline. Because of this, corruption, though present, was under effective check. This painstakingly built system of work culture was adversely affected by the new Chairman's sweeping away of legitimate authority and substituting a personalized arbitrary control in its place.

It was becoming clear to me that in any confrontation with a more powerful authority, an officer would stand alone, even where he was in the

right. Most civil servants were not prepared to stand alone if it meant a possibility of being moved out. The fight between right and might was one sided. The fault was on both sides. Neither the politician nor the civil servant had any conviction save that of expediency. It was not the politician who prevailed over the civil servant. Expediency defeated the public interest every time.

## *Chapter 5*

### A Bleak and Joyless Period (1982-84)

The job in the Revenue Department where I now seated myself turned out to be a deeply unpleasant experience. Under Section 34 of the Urban Land Ceiling (ULC) Act, the government had the powers to review the orders passed by the ULC Collectors. I was to exercise these powers of the government. There was an inspection team who picked up all doubtful cases and sent them to the State Government for review. Considering the intellectual and ethical calibre of the ULC Collectors, there was no dearth of such cases. A large pile of them landed at my desk. We issued notices to the unfortunate parties that the order passed in their case was being taken under review on the grounds listed out and why it should not be set aside. On the hearing date the party represented by a high priced lawyer, argued their case and I invariably set aside the order of the Collector which had wrongly-favoured the applicant, with the direction that the case be heard afresh keeping in mind the errors pointed out. Other than causing acute anxiety and hardship to the property owner, the only real beneficiaries were the lawyers and possibly our own officers to whom we were remanding the case. I do not believe government gained any additional surplus by this exercise as within a few years the Act itself was abolished. Only a sadist would have enjoyed inflicting so much harassment to perfectly decent property owners without serving any public purpose and possibly enabling further corruption. The field Collectors whose orders we were setting aside had largely been transferred but the new lot would not be qualitatively different. Was I facilitating a new harvest of corruption? At times I experienced the suspicion that I was being used as a cat's paw in a larger game beyond my knowledge.

The Secretary was a determined and incorruptible man who was closely involved in the land reform legislation in Gujarat. He and many others like him had studied in Christian schools, getting an excellent education. He felt that it was because of this that persons like him could shine in life. He had a soft corner for Christians probably being under the impression that all Christians were as dedicated and upright as his teachers. So he was amiable towards me and shared with me his strong suspicion of powerful economic



interests who were ill disposed to the minorities and the weaker sections. He was not entirely wrong about this. He had a genuine, if muddled, core of idealism in him. He was temperamental, paternalistic and capable of small acts of pettiness such as when he refused me casual leave on 24th December. His close equation with the Chief Minister also worried me at times. But looking back he shines out as a good, courageous person. People like him were swept away like logs of wood by the tidal wave of corruption that followed later.

I felt suffocated. It was a bleak, joyless period in my life. My morale was at its lowest ebb. I had travelled through six posting in four years whereas my batch mates were just into their second assignments. I was getting a reputation as an odd, difficult officer. The salaries those days were low so one could not forget the dreariness of the work in dining out and travel. I saw the path ahead leading into drudgery and meaninglessness.

After six months of this I was released. Gandhinagar with its single taluka was declared as a district. I was appointed as its first Collector. Putting on my best face at this doubtful honour, I seated myself on the chair of the Collector for the first and only time in my career. The work was not heavy as all the city lands were under the control of the B&C Department. It only left me a few villages which were transferred to this new district from the Ahmedabad district. The law and order, civil supplies and the other activities in the Collector's portfolio were quickly dealt with. It left me with a lot of spare time on my hands.

But what Gandhinagar lacked in area, it made up in land value. It was agricultural land but lay between Ahmedabad, the centre of Gujarat's commerce and industry, and Gandhinagar, its sleepy capital.

Because of the land and tenancy reforms of the first two decades, large areas of land came into the hands of tenants and small farmers. To protect them, rules were passed which placed restrictions on the sale of such agricultural land. Land which a person was given on account of him being a tenant could not be sold. A person could buy agricultural land only if it was within 8 km of his own land. Agricultural land could be used for a non-agricultural purpose only with the Collector's permission. These measures successfully kept out the land developers from the rural areas and the small farmer and agriculture was protected. In a State which was rapidly urbanizing and where industry was being set-up, these rules were seen as obstacles to growth and development. Selective relaxation of these rules and also granting government land was the biggest lever of patronage in the hands of the rulers.

The villages in Gandhinagar were prize lands whose value was hundreds of times the value of what could be agriculturally grown on it. In other words, it was more valuable for commerce than for agriculture. In my time I neither gave any such permissions nor allowed the grant of any government land. I thought it a good idea to have a green agricultural belt between Gandhinagar and Ahmedabad. But I hasten to add that this was the position officially too though it was being nibbled at. But in the years since I left, the green stretches between the two cities has been shrinking and today it has practically gone. The policy of making it difficult for non-farmers to buy agricultural land was a sound one. A coach and four has been driven through this in Gujarat. Gujarat may be able to absorb these ex-farmers into an industrial labour and small businesses but in other States converting agricultural land for industry risks dangerous social dislocation and violence.

There was one case of sale of government land for a private hospital which records show was done in extraordinary haste. The application to the government for the grant of 10 acres of land was made on a certain day. That same day the application was sent to the Collector for his report. The Collector replied the next day recommending the grant of land. The government passed an order the very next day transferring the land to the party. The two days following were holidays. The day after that the Collector handed over the land to the party. In four working days from the application the land was handed over. It is not improbable that all the papers were prepared in a single sitting as such speed is impossible in real life even with the speediest of intentions. After I took over I found that there was no construction work on the land. I levied a heavy fine on the owner with a promise to regularly repeat it if work did not start soon. He left muttering that he knew important people in the government. This claim was obviously true. The Collector who granted this permission had a successful career, being seen as an efficient and helpful officer by politicians and businessmen. Most 'successful' civil servants fit this description.

Converting agricultural lands into commercial or industrial use can be perfectly justified if the rules are amended for quick conversion and certain approval. But with discretion, the chances of a corrupt decision are very high.

The grant of land and related permissions has been the greatest source of corruption in Gujarat since then.

## *Chapter 6*

### Fisheries Commissioner (1984-86)

My first stint as Fisheries Commissioner led me to many creative breakthroughs while working in the field with fishermen. This was also a prestigious assignment with a separate field department. Taking decisions independently took us to exciting field innovations. I was discovering ethical direction seeking.

In June 1984, I was transferred as the Fisheries Commissioner. For the first time I had a full field department under me with most of the powers. It had offices in all the districts and other establishments elsewhere.

There were two ways of running such departments. One was the traditional administrative way. The stress was on achievements of targets and expenditure of funds allotted. Some time would be spent on the establishment side—postings, transfers, promotions, disciplinary actions and such. The secretariat department had to be supplied with all information called for, particularly when questions were asked in the Assembly. Approvals were to be sought for major new schemes. A number of meetings were to be attended with controlling officers in the Secretariat. Constant efforts had to be made for more funds. As this was a technical department, most decisions were taken keeping in mind the proposal from the concerned field office. There were annual visits to the Planning Commission in Delhi for the approval of the State's annual plan of which the Fishery Sector was a part. It was dull prosaic stuff but it was what constituted the fabric of power in the government. The Fisheries Commissioner was also the GFCCA Chairman.

The other way was to see it as a mechanism for improving the lives of the fishermen by increasing their productivity and giving them better market access. The opportunities for this were in the field and it was only by going there and putting on the cap of a fisherman that these opportunities became known. The officers of the department had to be encouraged to think this way. This kind of thinking and understanding was absent in the government in a department like Fisheries. In their infancy when the department had been set-up many years ago perhaps this spirit was felt but it was now a distant

memory. But wait a minute. It will be objected that this is how department targets and working are planned and decided. So let us not make an elaborate theory out of what is current practice and show it as a radically new approach. This is not true any longer. As the governments grew larger and bureaucracy took over, there is a change. Today in actual day-to-day working the basic objective of meeting human needs by motivating officers is lost sight of. What is stressed is the mechanics of government working. Preparing proposals, making sure that Supplementary Demands are sent well in time; the information format to be modified this way; prepare elaborate notes to brief the Minister for the question hour. Gujarat must get funds under this or that central scheme so make sure we claim it by preparing and sending proposals; send all information asked for by the Secretariat Department. Why was the money allotted not spent? Please explain. The PAC meeting is next month, start preparing for it now. So many government letters have not been not been replied to, please ensure quick response. The Planning Commission meeting results in a frenzy of activity weeks in advance.

It was work like this that kept most of the officers in the Fisheries office busy. Those in the field played supporting roles. This kind of mind numbing and reality distorting action substitutes have lobotomized fresh and creative thinking out of most government organizations. This mindless marionette like motions repeated over a sufficiently long time represents a serious assault on the malleable mind. Abandon hope, all who enter here, is a message which should be prominently displayed at the entrance of many government offices.

Of the two ways of working the first one is a good fit with the culture of a government secretariat. You can 'run' the department like this without understanding anything about the struggle of a fisherman or ever having stood on a boat and seen fishing. Or you can lead managerially by pursuing the real goals of development. The first one gives a certain amount of bureaucratic power and leverage and acceptance. The second one frees you to act creatively and make a difference in the real world outside. For me the choice was obvious.

The key to effectively leading any organization is the motivation of its officers. The private sector uses reward and punishment to extract work from its officers. Even the CEO is aware that his job is in danger if he cannot deliver whatever the ownership of the company wants. If he can, then the rewards are substantial. In the government this is not possible or even desirable. If this tool is not available then what is the way to motivate officers? If you can motivate them they in turn will get the work done from those they command.

Those who join the government do not expect financial reward for good work. They do the minimum that is required not to get harassed. The threshold of wrongdoing in the government for punitive action is so high that fear is not a lever available to extract good work. In any case fear does not work. The only officers who are punished are those who have angered some powerful boss probably for having done some good work. He is transferred to a posting which makes it impossible to live with his family and thereby incur additional expenditure. But a person who spends a lifetime in a job has positive aspirations too which if met, can make him want to give out his best. The question is what can release this latent potential which is hidden within deep layers of indifference in a middle and lower level functionary?

Bureaucracy effectively kills motivation by convincing officials that he cannot contribute creatively to the organization. It insists on procedures rather than genuine results. At every stage the officer receives hints not to think creatively. Bureaucracy which is a soulless machine must run and it is procedures that are important. The results are subsidiary. Whatever results are obtained by following the procedures are by definition the desired results. In return for safety of following the rules, the officer gives up his freedom to be creative. It is a bad bargain for society which can benefit only if the field staff is objective oriented. The object is development. Development has to be of the human beings, their lives must improve, they should be able to look forward realistically to a better future. Of course the government can respond decisively to emergencies such as floods. Then the bureaucracy is shoved aside.

In normal times, bureaucracy rules supreme. But I saw that in department like industry where there are strong expectations from outside and the government itself wants to be seen to be responsive, quick result-oriented decisions and a relatively more intelligent and objective oriented discussions do take place. Bureaucracy stands aside as things are done quickly. But for the department dealing with the middle class and the poor it is the rules, procedures and bureaucracy they have to deal with. It saps their life force.

Most government functionaries experience a sense of meaninglessness in their work. Meaning is the perception of a causal link between what he does and the results in the objective world outside. If he can see this link and experience the beneficial change so wrought in the lives of people far distant, then a motive is created. He is not powerless. He can do good, though he may not do well! But he must be actively involved in designing the scheme, he should be able to go to the field, make changes and talk to those who have

suddenly experienced empowerment, the empowerment to improve their lives. The officer will become self-motivated and self-guided. Meaning can be apprehended if the person sees a link between his actions and the results. If he can design his actions in such a way to obtain desired results, then we tap into something that has lain latent in him for long.

To put it in simple language, officers will respond well if they are allowed to shape and take decisions and if these decisions are constantly modified by field visits. No decision is cast in stone. They are taken with certain expectations. If the field experience indicates the need for change, it should be done quickly without any ponderous post-mortems where they are sternly asked why this was not thought of earlier by some self-satisfied prig who has never stood under the sun, and are asked to give a detailed justification for the proposed change. This is how bureaucracies maintain their illusion of power. If the officers could be protected from such questioning, they would respond.

I told them we should be guided by real life in real time. Learn from what you see and correct continuously. All this energized the officers. I said I would take full responsibility and sign whatever they wanted. I would answer for them if there was any enquiry.

We looked at three sectors of activities, the inland fresh water fisheries, the marine, sea water fishing, and the brackish water fisheries.

There was little riverine fishing in Gujarat with most of the rivers having been damned for irrigation or drying up in summer. But this had created a large number of fresh water reservoirs where fishing was possible. For almost a decade the department had been stocking (releasing young fish, called fingerlings, hatched and grown in the departmental fish hatcheries) into many of these water bodies. But there were gaps. Sufficient fingerlings were not available and while some of the water bodies were being under stocked, many others could not be stocked at all.

In the early years, during the seventies, almost all the young fish was brought from Kolkata. The departmental hatcheries were just being set-up and the technique of inducing fish to breed in captive condition was still in its infancy. The young fish from Kolkata, called fry, a stage younger than fingerling, was partly collected directly from the rivers there after the fish had bred in the wild. The rest were produced in the first hatcheries set-up in Bengal. They were brought to Gujarat in thousands of well-packed plastic bags by train from Kolkata. It was an operation of some complexity involving a large number of activities. Considering the difficulties, it was efficiently done. Some of these young fish died during this long journey and there was

some minor discrepancy in numbers. Explaining this was proving a harrowing task for the hapless officers of the department though I do not believe there was any serious wrongdoing as was being alleged. The distaste the department encountered was largely because of the vegetarian habits of the State there. Consequently the Kolkata purchases began to slow down. As the department's own hatcheries were still to be built in sufficient numbers, the number of young fish released into the State's reservoirs came down during the first years of the eighties. With the construction of new dams, there were more reservoirs to be developed. Making up this shortfall became an important task for the department.

By mid-1984 when I joined, because of the energetic effort of my predecessors, a number of hatcheries had been built. They suffered from two draw backs which became apparent when we began operating them. The first was inherent in the design. These were of the traditional kind and not of the Chinese design which came later. These farms grew and kept a large number of healthy female and male mature fish of the popular varieties like Rohu, Katla and Mirgal. In the wild, these fish always bred in the monsoon because nature had designed it this way; that was when the young were most likely to survive with enough water with high oxygen content, the river carrying nutrient rich organic suspended material from the land run-off. Even when the fish were kept in the still water of the ponds, the fish with its instinctive biological memory kept to the same seasonal pattern. The female fish with eggs and the male fish were kept in a common enclosure in the pond. The female was injected with a hormone to release the eggs. The male was expected to release its sperm into the water at the same time and the fertilization would take place in the water. This would be aided by a strong rain falling which would hopefully elicit the same response as the churning river waters did in nature. It did not work out this way. Sometimes the female did not release its eggs as expected, at times the male did not perform; sometimes both performed but at different times. Often the rain played spoilsport arriving late or weak. Artificial showers were rigged up but probably the fish sensed it was not the real thing. The passion was lacking. They probably missed the turbulence of the river in flood, its churning motion, their gonads did not fire up. So the fish seed production was only a fraction of what was expected.

The second drawback was in the location of the fish hatcheries. These were distributed over the different regions of the State; some in Saurashtra, some in North Gujarat and others in Central and South Gujarat. The thinking was they should be near to where the fish seed was required and as Saurashtra and North Gujarat had a large number of reservoirs that was

where many were built. Now these were areas of low rainfall comparatively and high temperatures, factors which were not conducive for fish seed production and breeding.

These limitations were overcome by the brilliantly designed so-called Chinese hatchery, first developed in China. It was being used in Bengal with astonishing success. It created conditions of turbulence and aeration similar to the real thing which convinced the fish to breed. But the first of these hatcheries was ready only by the time I came for my second stint in 1992-94.

There were continuing discussions with the officers and field staff. The first insight we gained was that it was not only the fish seed production that was important but how many fingerlings, the stage attained at three months, were actually released into the reservoirs.

At this stage it may be useful to know the stages of fish production. The first stage of life was when the fish seed is hatched in the hatcheries. It was called spawn. This was then reared in the farm itself, well-protected from predators like frogs and snakes, for one month at the end of which it attained a stage called fry. After another two months in the protected fish seed farm waters, the fry grew up to 4-6 inches when it became a fingerling. It was then that it was released into the fishing waters, either the reservoir, or smaller village ponds. At this stage its survival rate was near 100%. It is finally fished out when it had grown to marketable size, say 3 to 6 kg in two to three years.

As the fish seed production from our hatcheries was low because of the reasons already described, we decided to once again begin sourcing the spawn and fry from Kolkata. But this time it would be the GFCCA and not the Fisheries Department which would purchase these commercially. This could not be described as an innovation. What was different were the next steps which were a breakthrough in their simplicity and effectiveness.

Instead of growing the seed to the fingerling stage in the department's own hatcheries, the fingerlings were to be reared in the numerous village ponds spread over the Gujarat villages. We went further and decided we would get it done through groups from the village itself. Rather than the department training these villagers, we thought of something completely different. In Bengal this activity was well-established in the rural areas. There were groups there who were willing to come, stay in the Gujarat villages and teach the Gujarat beneficiaries how it was done. This was suggested by the Head of the GFCCA's fresh water fisheries whose good work I mentioned earlier.

But the department had to be insulated in case of failure. All expenses would be paid by the GFCCA, a commercial body, which would also



organize the rearing activity in the village ponds. The GFCCA would raise the fry to the fingerling stage through the villagers and the department would buy these and release in the reservoirs. The actual numbers would be certified by the department officers and Adivasi villagers fishing there.

The experts from Bengal were brought by the GFCCA paying an advance to their leader. They came by train to Gujarat. The word expert suggests an image of a highly educated individual preferably with a research background and many papers to his credit. These Bengali 'experts' were poor, ill clad and perhaps barely literate. They came with small bundles of their personal belongings, travelling across the breadth of India to a place they knew nothing about but prepared for a long stay, speaking very little, conveying their willingness by the expressions on their faces. The kind of people one saw in a Satyajit Ray village. They asked for very little and we were determined to treat them well.

This was a transfer of technology but very different from what that term conjures up. When I visited one of these village ponds, I saw these 'experts' in the water. Many of the local beneficiaries were also in the water with them. It was the class room. The Bengal fishermen were conversing with their Gujarati counter parts through actions. They were demonstrating how the fish is reared by actually doing it. The Bengalis did not know a word of Gujarati and Bengali must have been like Greek to the locals. Yet, there was perfect communication between them. They were all smiling. Technology was being transferred effectively. The Bengali fishermen were paid a modest agreed fee, the local beneficiaries made money and the GFCCA made a good profit and the department reservoirs had real, not imaginary, fish released into them. Most of the locals were Adivasis who had lost their lands in irrigation schemes. We had created a long term rural employment. Over the period of the next few months a few more of these experts came over from Bengal and taught the locals what they knew. There were no classrooms or power point presentations. The class room was the pond where they learnt standing up waist deep in water. The Bengalis were welcomed as friends and partners. Many of them decided to stay on in Gujarat and mingled here to become indistinguishable from the people here. All this and national integration too! My spirits were soaring.

From this we decided that the departmental fish hatcheries would now concentrate their efforts on the production of fish spawn. Only a small part of the fish spawn would be grown to the fingerling stage in the farms. The rest would be done outside by local villagers in their village ponds assisted by such experts. The number of fingerlings released in the various water bodies

increased considerably; consequently fish production went up and we created additional employment through all downstream activities.

Efforts were also made to use the large number of village ponds for stocking with fish and organizing fishing through local cooperatives.

Luckily the first Chinese hatcheries were being built in areas with good rainfall. The first was in Kheda district and another was put up in Surat.

This activity had another happy outcome. With the availability of edible fish in the villages, local consumption went up providing a ready market for the fishery and increasing protein consumption.

All our activities, from spawn production to fish marketing were growing in a way to support each other.

We then took another strategic decision. It was observed that the fish hatcheries in the rainfall deficit areas were unable to function because of the poor rainfall and high temperatures. By the time the Chinese hatcheries began to function, fish seed could be produced in much larger quantities. We decided to close down the hatcheries in the North Gujarat and Saurashtra areas and produce the fish seed we needed in the hatcheries in South and Central Gujarat where there was assured rainfall. The other hatcheries were used only for rearing the fish fry, which we transported there, to fingerling size before stocking it in the nearby reservoirs. We produced fish seed where it was easiest to produce and transported it to where it was needed. With better transportation methods, the mortality on the way was slight. This was a intelligent decision. Produce the fish spawn in hatcheries where nature was most friendly, grow it to fry or fingerling stage through people's efforts in village ponds there and then transport them for releasing in the reservoirs for fishing. All this was new. It was the result of autonomous direction seeking.

We were applying principles of management to the field of fish production. The bureaucratic way of running the department was discarded and the creative methods were adopted. All the decisions were taken while we were moving with the ball, during the course of our activities. Some while standing in the hot midday sun in one of the hatcheries, others while walking through the slushy mud on a rainy afternoon. Most of these suggestions came from the officers and field staff to which I responded immediately and adopted.

And in everything we did, I insisted on them putting up a note and getting my signature so that there was no harassment of my officers after I left. This department was known for harassing independent-minded officers for earlier decisions, asking them questions which were not possible to

answer! Why did they do this, why not something else, was permission taken, if not why not, etc, etc? I was curiously confident that I would not face enquiries. In this at least my confidence was not misplaced. I was never questioned about any of the decisions taken in my time. In government, contrary to the general perception, one could, showing initiative, take independent decision within your formal powers but you had to make sure of two requirements. The first is to see that there absolute integrity and transparency in the implementation. But this alone is not sufficient protection. The second condition is the effort should be successful in the eyes of the intended beneficiaries. If these two are evident then nobody will ever question you in any way though many may resent it. This is my advice to anyone who wishes to act independently within the government. There is probably more freedom in the government than in the private sector for this kind of action. But this freedom has to be taken without asking anyone. If you ask, it is not freedom.

In marine fisheries our efforts were different. Inland fisheries could be described as culture fisheries. Fish was cultured or grown, with feed and management, in waters where their numbers were otherwise too low to enable sustained fishing. Marine fishing was capture fishing. The sea was a vast store of marine life. What the sea fishermen needed was fishing gear and infrastructure. The sea did not need any inputs unlike inland waters. But I must now admit that the sea is not an inexhaustible resource as was thought earlier.

The ports under the World Bank finance at Veraval and Mangrol were just getting completed in 1985 during my first stint. The work was carried out by the GMB (Gujarat Maritime Board) and was fairly well-done. It was handed over to the Fisheries Department to operate on a day-to-day basis.

I was also Chairman of the GFCCA, so there was better coordination with the department as seen from the inland fish work.

The output of the boat building yard increased to meet the increased demand because of larger bank and cooperative finance to fishermen. The smaller traditional fishermen used dugout canoes for gill net fishing. The supply of these 15-18 foot boats, which were literally dug out or scooped out of huge hard wood tree trunks, was diminishing. The livelihood of small fisherman was threatened. We decided to design and produce fibre glass boats. A new company, UP Twiga Fiberglass Limited (I do not know whether it is still functioning) was keen to supply us the material and also to guide us in the manufacturing process. After trials with many shapes we had the right design keeping in mind the fishing requirements, freeboard, pitching and

stability, the sea roughness; storage space for nets, fish and other gear was provided. Fitting it with the Yamaha outboard engines which GFCCA imported, the boat was allotted to one fisherman. A loan was arranged for him. He made it clear that he would wash his hands off the boat if there was any problem. With a confidence we did not feel, he was told that the boat was perfect.

On the date of the trial, the boat was brought from the yard to the sandy beach where a huge crowd of fishermen were waiting. The knowledgeable among them were sceptical, saying it was no match for the dugout which it was replacing. Along with three fishermen and two department officers and a mechanic I too decided to get into the boat. We went into the water with huge cheer from the pushing and the amused crowd that had gathered. The outboard engine was then started. The boat handled beautifully, smoothly riding over the surf and then on to the deeper waters, turbulence free and steady. After a half our ride, it was to a very elated group of fishermen and officers, waiting for us at the beach that we returned. The fibreglass boat gained the trust of the fishermen after that. Many lined up to purchase it along with the dependable Yamaha engine supplied with it. Within a few years it replaced the dug out completely. GFCCA was the first in Gujarat and possibly among the first in India to design, develop, manufacture and market these boats. I did not realize it then but we had acted as an entrepreneur in designing, building and creating a demand for a new product.

The fishermen needed the regular supply of fishery inputs. We set-up small outlets at these two big fishing centres Veraval and Mangrol to begin with. These supplied nets, twine, ropes, floats and other similar fishing gear. Later on smaller outlets were opened in more distant fishing centres like Porbandar, Okha, Jakhau, etc. Where the demand was sporadic, a fishery van carrying all these inputs toured the distant fishing villages selling these items.

The completed fishery harbours at Veraval and Mangrol were handed over to the Fisheries Department to operate on a day-to-day basis.

We set-up a skeleton terminal management system at both these ports to receive the fishing boats and provide services to them. Diesel pumps were set-up to supply diesel directly to the boats. Modern weighing machines were available free of charge to ensure accurate weighing of fish. Arrangements to supply ice and water to the boats berthed were made. Booths were allotted to fish merchants and also to fish processing units who wanted to purchase directly. Boards displayed prominently the prices being offered for the different varieties of landed fish. Cranes to lift boats clean out of the water

could be asked for when needed. Outlets for the sale of fishery implements such as nets, floats, ropes twine boxes, etc were set-up. Loudspeaker announcements could be made. Well paved parking space for road vehicles to carry out the fish catch to processing plants was built.

With these arrangements the fishery harbours at Veraval and Mangrol were commissioned reasonably quickly. There were many cock ups in the beginning but gradually the boats began to move in and out fairly quickly. The fishermen saw this as good work by the department.

I went on two fishing trips into the sea. One was a six hour night trip in the fibreglass canoe built by us belonging to Naranbhai of Sutrpada village. It lasted from 6 PM to around midnight. About 45 minutes was the distance to the fishing ground. After reaching there, the gill nets were cast in the sea. The nets hang like a vertical curtain in the sea for hundreds of yards, held up at the surface by plastic floats. Any fish which swims into it gets caught by its gills when it tries to move back. The nets are allowed to float for a couple of hours after which it is pulled up with the fish struggling in the nets. Pulling up the net is a strenuous task particularly if there is a good catch. This night the catch was modest because the trip had to be kept short for me. Normally, they are in the sea for 8 hours or more.

I remember this night trip well. There was a full moon. In the night sea you have no land marks giving a scale of distance and forward motion is not perceptible unless one looks back at the receding lights of the shore. When the last of the shore lights is lost to sight, a peculiar thrill and fear takes hold.

After the nets were cast and allowed hang, we ate the food and waited. Except for the lapping of the waves against the side of the boat, there was silence, the fishermen being disinclined to talk. The whitish blue of the moonlight gave a surreal quality to the water surface, the boat and the fishermen's faces. A great artist would have caught that scene perfectly. All my senses were alert. I could hear the smallest sound, feel the lightest motion and see with a strange clarity. It was a dream like state. My awareness was heightened but I perceived only the immediate physical surroundings. The constant stream of images, anxieties, and expectations which constitute our normal thinking was replaced by something different; close to a deeper understanding of what I was in the midst of, a sudden epiphany. I looked at the fishermen's straining faces as they pulled up the nets. Though, I was seeing this for the first time it did not seem unfamiliar. The scene had a resonance and echo from history, myth, and imagination. From the distant shores of the world through many epochs, so many times must these scenes have been enacted. The fisherman at sea is probably our oldest symbol of

man's Promethean struggle against forces greater than him, forces which finally wear him down. It was not the sea which was his enemy but what he encountered once he returned to the shore, the poverty and the exploitation and indifference. Hemingway's tale of the old man and the sea was a metaphor for the loss of what has been won after a heroic struggle and of man's fate to inevitably lose it. Perhaps it also echoed the country's freedom for which so many sacrifices were made but was now benefiting the careerists, opportunists and the commission men. Then I realized the fishermen were no different from the millions of other Indians who struggled daily in even harsher conditions to keep body and soul together. They were not easily defeated. What if today was disappointing, tomorrow was another day. They knew real victories were few but they would struggle for a better life at least for their children. They showed courage I could never have summoned up. That moment in the moonlit sea I glimpsed my entire country and the heroic struggle of the common man. Then it hit me. It was not we who were supporting them but it was their sweating and straining but fatigued muscles which pulled this country forward. I saw the world in a grain of sand. My loyalties were decided that night. I would work for those who could not pay me; I would fight for those I did not know. There was so much to be done but first I had to break my own chains of dependency.

The second trip was in a bigger boat, a 48 footer which can be at sea for 3 to 5 days. The boat belonged to a leading fisherman of Porbandar. He brought the boat to Okha which is near the North West tip of the country. I got on to the boat at the jetty there at 9 in the night. No other officer from the department came aboard. My fisherman friend offered to bring a bottle of Vat 69 along for me. (This was the brand which Hindi film villains those days drank straight from the bottle so it had a certain rakish image.) I declined saying I did not drink. He accepted this harmless deception, his expressions indicating that this was what he expected from a person of high character like me. But they were warm-hearted people and were thrilled I was going with them to the sea. The sea was choppy that night and I had to hold on the vertical pole while I stood on the deck. I had a uncomfortable sleep with frantic dreams on the only berth in the boat. There were five others apart from Karsanbhai, the owner. They slept on the deck taking turns steering the boat. We reached the fishing grounds in the morning. The boat had travelled to the fishing ground 12 hrs away, about 150 kms away.

These were powerful vessels with 50 hp engines using trawl nets. These are huge nets which are lowered from the boat into the sea. Instead of hanging down the surface like the gill nets, the net shaped like a bag attached to the boat by powerful ropes, is dragged along the sea bed by the continuous

forward movement of the boat. The mouth of the bag is kept open and whatever is on the bed is swept into the net. The sand flows out through the small meshes of the net. After a few hours of this, the whole net is pulled up with the contents which are then lowered on to the deck of the boat. I noticed that a large number of sea birds followed us as the nets were pulled up. They were waiting for their meal. After inspection of the catch those fish that have a market are kept and all the sea creatures which humans find inedible are thrown back into the sea, mostly dead, sometimes as much as 50%. It was for this that the birds were circling around. As each haul has a good proportion of such creatures thrown out, they are never disappointed. Spread out on the deck, these sea creatures looked sad eyed, and shapeless, with the life ebbing out of them. But that was not how they would have been, brilliantly coloured and alive, in the silence of the deep sea bed. There was “something rich and strange” down there and it was being destroyed.

We had a delicious meal of fried fish and rice cooked on the deck. But the edge was taken off my appetite by the terrible waste of the sea life which I had witnessed. By late afternoon we started heading back to Okha and reached there at 11 PM with the department officers waiting for me at the jetty. They looked relieved to see me back.

On a lighter vein the mechanics of urinating was difficult to master but was necessary. You had to go alone to the stern of the boat (the fishermen’s offer to hold me by the waist while I unburdened myself I declined with embarrassment), hold on to the winch rope with one hand and do the rest with the other. Your body had to be at an angle of 45° to the vertical leaning beyond the boat so as to avoid any blow back. And it took a long time to coax the liquid to answer the call! But the skill I learnt with such difficulty was never again put to use.

I avoided more such trips as they had to be kept short because of me and it was a big expense for the fishermen without the proportionate catch. They never told me that but I guessed it.

I came away with the realization that trawl net fishing was a terrible destroyer of marine life and the sooner it is strictly controlled or stopped altogether the better. If that is the only way to catch prawns, lobsters and crabs, then I say let us do without them. To those who ‘simply love sea food’ my advice is to love the food less and the sea a little more.

But with these two boat trips, I achieved what would not have been possible with a hundred meetings, sammelans and speeches. All of a sudden the fishermen saw me as a friend who was prepared to journey with them. The word spread among the fishermen right from Umergam in the South

Gujarat to Jakhou in the country's North West tip. They claimed I had stood up to the heaving and pitching during the trip better than their own youngsters on their first outing. Perhaps my frequent transfers had acclimatized me to a rough ride! For the fishermen of Gujarat, I had become family.

During my boat trip from Okha we may have come close to the Pakistani waters. There was no way to know as no navigation aids other than a compass was on the boat. With the catch in the other areas depleting by over fishing, the rich fishing grounds in the north-west were crowded with Indian, mainly Gujarati, and Pakistani fishermen. The fishermen did not know when they were close to Pakistani waters. A number of times the fishermen were picked up by their coast guard and held in the jail till a release could be arranged. Their trauma can be imagined.

We arranged the supply of radio phones to fishermen. These were selected after a thorough technical scrutiny and proved useful to the fishermen particularly during rough weather in the sea. They could now call to the other fishermen for help.

After this we tried to push a Fishery Bill through which could give us the power to regulate fishery so as to make it sustainable and avoid irreversible depletion of stock. But till I left it proved an immovable object though the force the government applied was far from irresistible. By the nineties end, fisheries was not thought important in Gujarat and particularly after the BJP came to power. They have followed a policy of benign neglect toward this sector. They did this by appointing discredited Ministers and incompetent officers to the department.

By all these actions I was seen as a friend of the fishermen and I got to know many of them well. Some of them showed their appreciation by visiting me in the house carrying fish well-packed with ice after travelling hundreds of miles by road when I was no longer the Fisheries Commissioner. I accepted the fish as it was a gift of friendship and not one based on calculation and they would be hurt if I had refused. They think of me even today with goodwill. I remember them affectionately.



## *Chapter 7*

### Fisheries Commissioner (1992-94)

During my second innings as Fisheries Commissioner we demonstrated prawn culture on a commercial scale to the coastal population of South Gujarat. We achieved yields four times higher than what anyone else had produced. This launched commercial prawn culture in South Gujarat which today covers around 2000 ha employing thousands.

An MPEDA (Marine Products Export Development Agency) survey conducted in the eighties had shown that Gujarat had a large inter tidal area fit for brackish water prawn culture. Most of these were in South Gujarat. The factors deciding the correct location were few but essential. There should be a large inter tidal zone at the coast. In other words the distance between the low tide line and the high tide limit on the coastal land should be sufficiently long. There had to be a number of creeks and inlets through which water could flow in from the sea and back to it when the tide went up or down. The temperature should neither be high in the summer or low in the winter. It should be a region of good rainfall so that there is a flow of fresh water from the land, usually in the form of small rivers and streams. The most important was that the salinity of the inter tidal water should be between 20 to 30 ppm. The areas around Valsad had all these favourable factors. It was well-suited for prawn culture. The MPEDA urged us to take all steps to enable prawn culture on these lands.

These steps would normally be to set out a policy for land allotment, laying down a scheme for subsidy from the Fisheries Department and financial assistance through banks. Intensive training courses would have to be given to the beneficiaries along with supply of inputs such as prawn seeds, feed and equipments such as aerators, all on subsidized rates. Marketing of the prawn produced would have to be ensured. This was the standard backward and forward linkages that was routinely stressed in all government schemes. Put all these in place, issue a government order on land allotment and wait for the prawn farming to take off. But I knew it would not work. As prawn farming had not yet been seriously tried out in Gujarat, there was

scepticism about it. The cost of farm construction was high, about ₹ 8-10 lakh per hectare, so without a successful model to reassure them, people were not likely to venture in. If someone did, he was likely to fail thereby setting back the programme by years.

It was clear some government agency had to come forward and show it could be done and how it could be done. As there was no one else I would have to lead the effort. The fact that I knew nothing about prawn farming did not seriously discourage me. I would gather around me people who were capable of giving it a try.

But I knew it could not be done through the Fisheries Department. Government funds could not be spent without a proper sanction and in the absence of any success on the ground, I could not even approach the government for approval. Only a risk taking commercial effort would do. We had to demonstrate high yields to convince would be prawn farmers to take the plunge. On enquiry with my field officers they said someone in Gujarat was heard to have obtained a yield of up to 500 kg per ha. Our research department was claiming similar yields but on small ponds of 20 to 50 sq m with doubtful scalability.

So, I turned to the GFCCA and the head of our fresh water section, DT Sarvaiya. He was a person of few words but had done remarkable work in the field with fresh water fisheries and seed rearing as described earlier. But he too had no experience of prawn culture. This suited me fine because those who were “experienced” were urging caution, probably because they would be tasked with doing it! But he had the willingness to try new things and was not easily discouraged.

Sarvaiya said that while the farm could be built by us, in the beginning for day-to-day operations, we should seek the technical assistance of someone who had who had successfully done prawn farming. He said there was a farm just south of the border, in Maharashtra, called the Pancham Farm, where 6 to 8 tonnes per ha per year were being harvested. We decided to visit this farm without an invitation as we did not have their phone number. With me was the GFCCA Chairman, a political appointee who being from Valsad was keen to back a project which could bring him credit. The MD of GFCCA a State service officer was also with us along with Sarvaiya. It was a ninety minute drive south of Valsad, into Maharashtra. We located the farm after many wrong turns but were stopped at the gate by the watchman who said he could not let us in. After our entreaties he phoned the farm manager who came to the gate and looked at us. He at first probably thought we were some government inspection party. After he was satisfied about our intentions

he let us in. Over cups of tea in his small field office, we asked for his help in our project. He said his farm of about 20 ha of water spread was successful because they had engaged the services of foreign experts who would guarantee the output if they were allowed to run the farm. He offered to bring them over if we tied up with Pancham farm and paid for all the services.

The Pancham manager was Satish Mandade and he looked a person one could instinctively trust, a cheerful outdoor type. He was not bluffing about his farm performance which we later verified.

The GFCCA officials were in favour of going ahead. So we told him there itself that what he proposed was agreeable and that an agreement would be signed between GFCCA and Pancham Farms. The terms, except for the fees to the foreign experts which were to be worked out, were very modest. I think he was bored sitting in the farm and wanted some outlet for his energy. He obviously thought we were on the level in spite of our unorthodox entry. So we had a deal.

Sitting in his farm he showed us a photograph of a debonair young man smiling into the camera. He explained that this was a photograph of him taken three years back. Then he went into prawn farming and his black hair turned white! He jokingly warned us of what awaited us.

In visiting this farm and taking this decision I was breaking almost all the rules of official decorum and working. I was acting like an entrepreneur and not a careful civil servant. There was nothing to gain if the gamble succeeded and much to lose if it failed. But if a good opportunity walks up to you, you should not hold back wondering where the catch is. If it looks like a duck, walks like a duck and quacks like a duck, most likely it is a duck.

We had four sites to be developed—Vansi Borsi, Dholai, Onjal and Mendarda, all in the Valsad/Navsari district. The GFCCA would develop these farms, incur all the expenditure and act as a lead demonstration agency for the prawn farming in Gujarat. These were not small farms. The area was 20 ha water area in each, comprising of 20 ponds of 1 ha each.

But we were not the first to have thought of setting up these farms. An year prior to my coming, ₹ 120 lakh had been allocated and spent under the Rural-Landless Employment Guarantee Programme (RLEGP), Government of India financed, to set-up a farm in Vansi Borsi. The way the farm was built was a mockery of good design and construction. When I visited the site all that could be seen of the ‘farm’ was few mounds of earth sticking out here and there. They looked far worse than the ruins of Lothal built 3,000 years ago! Photographs and video footage were taken to establish the facts so that

no auditor could ask why we did not use the farm which had already been constructed. Its remains were then bulldozed. We had to build the farms from scratch. It was a misuse and diversion of government funds on a massive scale and would be shown in some official document as development expenditure. It was into this minefield that we were stepping into. But criminal incompetence in the past should not make us turn our faces away from a potentially good project. We decided to go ahead. It was after this that we went out to meet Mandade. At this stage, the reader may remark that fools rush in where angels fear to tread.

All these sites were next to a creek connected to the sea from where water could be extracted and let out. At low tide the creek had fresh water which turned saline when the tide was high. The salinity in the prawn culture ponds could be fine tuned to a high degree of control by controlling the mix of fresh and saline water. An all weather road had to be built to these farms. Twenty ponds each of one ha water spreads were to be built. Each pond had to have the proper gates to let in and let out water so as to keep the level as required. The ponds were formed by raising rectangular bunds around the perimeter. Water channels and pumping equipment were provided.

I used to visit the farms every week and walk around for hours even in the sun and rain along with the officers of GFCCA and the department. There was no technical guidance I could give them but my absence or even very short visits may have sent a negative message to those working there. In any new venture the presence of the chief is crucial. This is not an idle conceit but a real requirement. As the venture is new there are many doubts whether it will succeed. Anything new is an embryo which needs to be carefully nursed in the early stages so that it does not feel abandoned. As it challenges many who had advised caution, there would be no shortage of voices saying I told you so should anything go seriously wrong. One day I walked for half hour to reach a site through waist deep water with my officers. This water had accumulated through a combination of high tide and heavy rains. These symbolic acts send electrifying signals down the line.

The sites were built in a record time of four months. The cost per ha of water spread area was about ₹ 3.5 lakh. This was much lower than the commonly accepted figure of ₹ 6 to 10 lakh per hectare. This included the civil works and the heavy pumping equipments, pipes, etc. There was no 'cost overrun'. The sight of these ponds filled with water sent a surge of enthusiasm among all.

Now the culture had to begin. Mandade had informed us there would be two experts who would come and manage the farm. They were from

Malaysia. He said they would have to be paid a monthly fee of ₹ 2 lakh each. But there was no question of failure he assured us. In addition they would have air fare every three months to and fro to Malaysia and also their local board and lodging. There was no possibility of any reduction, we had to take it or leave it.

This got me thinking. Was I moving into very deep waters from where I may not be able to make it back if anything went wrong? The answer was that probably I was. I could imagine the questions if things did not work out as we hoped. How did I, sitting in the government, with a salary of ₹ 8,000 per month, justify paying ₹ 2 lakh per month to two young men from some uncertain background? Surely a cheaper rate could have been decided. Did we advertise? The reputed Indian fishery institutes were capable of sending an expert at less than one tenth this figure. Had we even asked them? If the experiment should flop, and our experts left, they would be untraceable. It could be questioned whether they really existed or it was just a way of taking out money. I later realized that we did not even have their detailed bio-data, just did not think of it. These possibilities troubled me. So the question which confronted me was should I turn back by handing it over to some empowered group and watch from a distance, sending them a stream of helpful comments which would drive them to the wall but show that I had warned them against practically all the pitfalls imaginable! It was not possible at all as I had burnt the boats by staking my prestige on the project. I knew no questions would be asked if things turned out well so probably my worries were premature. If I abandoned control then things would definitely go wrong. So the only way was to press ahead regardless and make sure nothing went wrong.

Mandade was confident things would turn out spectacularly well. He was impressed by the work done till now and the lack of bureaucratic stalling. He once visited me in the office in Gandhinagar. We had a conversation about how well the project was going. We both agreed that in sitting in a government office what we see are problems and complexities, while walking in the farm under the open sky we see possibilities and solutions. In a nutshell this insight captured the dilemma of a top heavy government trying to bring about rural development sitting in central offices and issuing policy guidelines. The experts and the learned men in the capital cities are throttling “the native hue of resolution” in the real India. I am convinced of this fact.

Mandade played a crucial role in bringing organized prawn culture to Gujarat. He is owed a debt of gratitude by the prawn farmers of Gujarat. I hope he is reading this.

With the farms ready the experts arrived one day. One was Malay and the other an ethnic Tamil settled there. They wore casual clothes and were

disinclined to talk much. They did not look like any expert one sees in India. But they seemed to know what they were not talking about. They quickly stripped and jumped into the pond. After that I hardly ever saw them out of the water. They tested the water not by instruments but by gargling it. The health of the prawns? They would put one live prawn into the mouth and pronounce it fit if it struggled vigorously inside. They stayed in a nearby flat we arranged. Their needs were few. Every day they were at the farms. They were not advisors, never giving me any written report; they ran the farm minute by minute. They were well-behaved and soft spoken. But they were professionals in every sense of the term. Once I saw them in action I knew things were going to be OK. The fear which had been troubling me went away.

They advised us on seed, feed and day-to-day water management. Mandade was present very often even though he had his own farm to manage. The seed was brought from a hatchery in Vizag. It was brought by plane up to Mumbai from where after speedy clearance it travelled by road to the farm and then was released into the ponds. The mortality rate was very low. The feed was the best we could get. It was a well-known brand from Thailand and reputed to give the best ratio of feed to prawn growth. The water surface was covered with aerators so that the oxygen in the water never went below the level required by the thousands of prawns breathing and growing everyday. It had to be flushed out regularly to take out the waste matter. The water, the bottom sediment and the prawn health and growth was checked hour by hour. Particularly, the water characteristics like salinity, temperature and oxygen content were crucial. If the pond was neglected for a few hours, it was possible to lose the entire crop worth lakhs. All the dead prawns would be floating on the water surface.

After four months when the prawn reached marketable size we decided to harvest. As the prawn size is uniform, the entire prawn population is taken out within a few hours. The date was fixed for the harvest. A big sea food processor from Mumbai offered the highest prices. Its refrigerated truck reached the pond site well in time.

On the big day I invited the Fisheries Minister of Gujarat to be present and he accepted. Officers of the department, GFCCA and a large number of local villagers were present. Mandade and the two consultants were there. It must be remembered that till then the highest production taken out in Gujarat was 500 kg by a private party. The consultants appeared confident though they would not hazard a guess. As mentioned earlier, they were the silent type.

It took two hours for the pond to be emptied out. As the water flowed out through a net, the prawns were netted and taken out. It was continuously weighed. At the end when the last of the water had been drained, all the weights were added up and the figure shown to me.

I announced that the one hectare pond had yielded 2,350 kg. There was excitement and a sense of wonder that such a result had actually been achieved. We shook each other's hands and complemented everyone. The months of effort and uncertainty had been rewarded. The gamble had paid off. But I noticed the Minister did not appear to share the exhilaration of the others. He probably may have been more pleased if he was handing out government assistance to the beneficiaries! Probably as this was a genuine field achievement it would be resistant to the usual government patronage and manipulation. It may have also been because I was being complemented by many. It idly occurred to me that there could be an inverse ratio between the number of Ministers in a State and true development.

The prawns were quickly packed and dispatched to Mumbai. At ₹ 200 kg, the yield was worth almost ₹ 5 lakh. As the crop was taken over 4 months, 2 crops are taken every year, sometimes three. If 50% is the variable cost, then the net income per ha per year is ₹ 5 lakh. So the cost of construction is recovered in less than an year. The crop at this level, which is medium intensity, is sustainable over long period. High intensity production was not recommended for small farmers as the chances of failure without professional supervision is high.

After this over the next few weeks the other ponds were harvested and the average yield was 2,200 kg/ha. These yields were obtained not in a research farm but in a commercial farm. During the previous weeks, a large number of local villagers used to visit the farm and they were given full information about the farm operations. Their continuous presence gave our effort and results credibility. Gujaratis may not have known anything about prawn culture but they can recognize a money making opportunity when they see one.

In the coming days interest in prawn farming was at a peak. A large number of applications poured in for land. The government seeing the success of the GFCCA farms quickly cleared the land allotment policy the Fishery Department had sent. But the Revenue Department voiced many apprehensions about the misuse of land so allotted. Strict conditions were spelt out with stipulation that the land would be taken back if not put to use within a certain period.

The agreement with the two consultants was for their presence for two crops. They stayed till the second crop was taken in all the ponds, collected

their fees and left. Without any fuss, any power point presentation or meetings, seminars etc, the prawn culture technology had been transferred to the most unlikely recipients, the rural residents of Gujarat, bypassing all the usual suspects. During the 4-month culture period, the residents of nearby villages visited the farms frequently and witnessed what was being done. They learnt by watching what the consultants were doing. Not knowing Gujarati, no lectures could be given, which was a good thing. They skipped one stage and directly learnt what to do. It was very like the earlier experiment with Bengal fishermen in Surat. Pancham farm's services were tied up for some private persons who came forward. Within 6 months prawn farming was well-established in a large area. Finance was no problem. Some of the diamond merchants of Surat decided to take a dip. When money is to be made, private equity moves in far ahead of the banks. This is what happened here too.

I had proposed that land should not be allotted to individuals but to parties who would develop the land, provide services and market the produce. They in turn would allot the land to the local villagers, as per government guidelines, with whom they would tie up for developing the plots, water supply, seed supply, feed, marketing, finance etc. They would also provide facilities for treating the effluent water of the ponds for re-circulation. They would be the mother unit and would support the activities of the satellite ponds. It was a good model and should have been broadly followed.

But there was a stampede on and these precautions were proving irksome to those who thought of it as a second gold rush. Why, just go there and collect the money, they thought. Prawn farming is so simple really! It was thought that I was slowing down things! I could sense the storm clouds gathering. For some strange or perhaps not so strange reason, the Minister had turned against me after witnessing the successful prawn harvest. I was to experience this strange paradox in many different settings. In government you can survive failure but not success. Within three months of the first prawn harvest I moved out, this time to the Housing Board as Commissioner. This was at my request as the combination of the Minister and a new proactive Fisheries Secretary, fond of writing official letters asking for information and justification for long established programmes, was a mixture too rich to digest. For me there was nothing more to be done in Fisheries

After my departure, land was allotted quickly in pursuit of a 'dynamic' policy. In government whenever the word dynamic is heard, one needs to watch out. It is an indication that something shabby is being given a gloss. Almost 1,000 ha came under cultivation in a year. But it was badly planned.



Some built the farm but did not get enough water. Other's water was contaminated. The waste water from one pond mixed with the input for the neighbouring pond. It was like one person's septic tank leaking into another water supply. Some went in for intensive culture aiming at 6-8 tonnes per crop. They could not ensure the water management. They were bold spirits with no one to guide them. Dynamism should not mean abandoning control. Within 5 years most of those who had rushed in hoping for a killing were left licking their wounds, having lost heavily. The superb GFCCA farms could never again reach the levels of the first crops and were soon wound up and sold. Perhaps they were made to run badly so that they could be sold? But some with less than 15 ha were making 2-3 crores a year. Among those who prospered was Sarvaiya who left GFCCA after my exit and purchased plots for prawn culture.

As for the consultants I am sure they did well. While walking along Orchard Road in the evening during an official visit to Singapore one year later, I heard someone calling my name and walking quickly to catch up with me. He introduced himself as Murugan, one of the two consultants. I jokingly said I did not recognize him in his stylish clothes as most of the time I saw him swimming in our ponds! He was very appreciative of the way things had been organized in Gujarat and was surprised when I told him I was no longer in Fisheries. We wished each other well and parted.

From what I was able to ferret out, today around 2,000 ha has come under prawn culture in South Gujarat with an annual production of around 6,000 tonnes worth around ₹ 200 crore. The number of people employed would be around 2,000. These figures are a source of pride to me as the entire prawn culture activity was successfully launched by me in 1992-94.

Other assignments—As I wanted to spend some time near my parents in Kerala who were getting older, I requested the government for a posting in or near Kerala. I spent three years as the Regional Chief Executive of the Tea Board in Coonoor, equivalent, I was assured, to the Deputy Chairman of the Board. The decision-making powers given to me were nominal. The three years I spent here were largely wasted. As I do not wish to waste the reader's time too, this period is being skipped. This is not a judgement on the professional and technical excellence of the tea industry or on the scenic grandeur and beauty of the Nilgiri hills. But neither of these justified such a long stay with the Tea Board, an organization which showed scope for improvement.

Taking the consent of my parents, I asked the Gujarat Government for repatriation and in July 1990 I was posted as Labour Commissioner.

## *Chapter 8*

### Labour Commissioner (1990-91)

Here I was largely successful in bringing in professionalism and removing corruption. My success in enforcing minimum wages led to my transfer.

This was an important position which commanded immense powers over the industrial units of Gujarat. The labour movement was still strong and it required constant intervention by the Labour Department to keep the industrial peace. In addition, the Factory and the Boiler Inspectors also reported to the Labour Commissioner. There were four offices of Deputy Labour Commissioners in Surat, Vadodara, Ahmedabad and Rajkot. Under them labour officers were posted in each district.

The officers were of surprisingly high calibre, capable of initiative and hard work. They kept their nerve in tense situations and were not easily overawed. Their understanding of the law was workmanlike. Properly led, they would have been a force for good to ensure harmonious labour relations based on a fair treatment to workers by the management and disciplined work by employees.

But all the three departments were seriously flawed by an absence of a moral framework. Exercising vast powers, it was tempting to use these powers for patronage rather than for fair and just decision-making. They were not entirely to blame. There were pressures on them which would have unnerved any one. There was a period earlier when the industrial leaders and those who led the Unions shared a common understanding of what was right and wrong. The all important textile industry went largely without a strike. The textile labour was led by a group of intelligent and honourable men and women, who were able to assure the workers that their rightful interests were protected. They were respected by the mill owners and industrialists and they both spoke a language of Gandhian moderation. The industrialists were public spirited. Some of them gave the impression that their business was only a means to fund their real passion which was to promote worthwhile public and artistic causes. But this lofty idealism ultimately rested on their business

being profitable. And their profitability was coming down because of competition from new disaggregated textile operations which were being set-up. New investments for modernization were not being made. One by one the big old textile units became sick and were being neglected by the owners. They had no viable strategy to be competitive. Labour relations by the eighties were heating up as workers felt squeezed. The role of the department became crucial.

It was by and large successful in keeping the peace. But the department lost its moral authority and had become notorious for corruption.

I faced the question of deciding my priorities. I put myself in the position of an astute and observant citizen who was also fair. He would not have any vested interest of any group. What was it that would make him judge us as successfully serving the public interest? I decided I would work for this mythical citizen. The fact that this mythical observer was my own creation did not destroy the objectivity of the exercise. This was the oracle I would turn to when I sought answers. There must be a good objective. Search for it continuously and you would know what to do, I told myself.

There were more traditional options. I could try to become well-versed in all the laws and micromanage the work of the officers. As there were more than 25 Acts to implement, this was not possible even if I devoted the next ten years to it. Or I could do what most IAS office heads would do. The subordinate officers could work without interference except when some powerful interests have to be protected or there is too much pressure. Let the officers face all pressures and devise their own “practical” responses. Look after my own interests which could be nothing more than having a long tenure during which one should win the goodwill of powerful interests and be known as a pragmatic officer who ‘understands industry’. Do not prevent wrongdoing by the officers either. One could gain a reputation as a practical and helpful officer among the rich and powerful in industry and business circles. This is good for long term career growth. It was a well-tested method of working. Some degree of promised or implied *quid pro quo* in the future for favours done could be expected. Avoid an outright cash nexus as it may rule you out for the bigger rewards within the system in the future. This is what an intelligent mature officer would have done.

What would the fair minded observer-oracle I had conjured up want us to do? He would approve of the working of the Labour Department if it was seen that the field officers were using their best independent judgements in dealing with labour issues and acting boldly. I took the position that whatever decision they took under these conditions was by definition the correct decision.

The task before me was to see this happened. It could be done if the proper environment was created to bring out the good capabilities of the officers. Their calibre was high as I said earlier.

The internal dialectic of imagining what an impartial observer would want us to do had given me the answer. The goal which the department should pursue was now clearly visible to me. In the future too this heuristic exercise was to show me the answers whenever I was in doubt about what should be done. It was like going to the Delphic Oracle.

If the officers used their independent judgement we would get the best decisions. All the parties in the dispute would accept, even grudgingly, if they felt the officer had used his or her best judgement not influenced by money or pressures from a higher authority. Most of them were capable of taking good decisions if they acted freely. If needed these decisions could be corrected by me after a formal appeal.

But long established patterns of working were unlikely to change easily.

First, corruption had to be shamed and driven out. One way was to start disciplinary enquiries against the most tainted officers so that others were deterred. This approach does not work because then it will result in freezing decision-making itself. Most persons would become defensive and refer cases to me 'for guidance'. Endless discussions would be conducted and paper work would increase. Morale would suffer. Better to change people and make them renounce corruption by striving for something better.

I announced that the first priority would be to embrace ethics and improve our image. I urged officers to voluntarily renounce wrongdoing and embrace right conduct. Mine was not a moral crusade but a managerial strategy. I knew that the goals of the organization could not be achieved if we were known to be venal. Our image was a reflection of reality. But corruption would not be defeated unless it was displaced by a culture of taking bold and correct decisions. A purely moral anti-corruption crusade with no managerial content would soon run out of steam and make us look ridiculous.

I promised them that they would be free to take decisions and there would be no pressure from me in any case except where it is transparently discussed. And I would protect them from outside pressure too.

My first step was to ask all officers to look into their consciences and examine whether they felt good about tolerating wrongdoing. They knew I had a clean reputation but that was when I was in relatively lighter departments. The Labour Commissioner with the Factories and Boilers under him tested any officer who claimed to be honest. The temptation to

use his discretion in favour of the rich and powerful was immense. So I knew they would be looking at me carefully.

But the department had to function in a framework of good day-to-day management and not by exhortations alone. Our stated objective was to be a department whose decisions would be respected by industry and labour. Industry in Gujarat would grow with a commitment to fair play by both sides. Guided by the Labour Department where issues were openly and transparently discussed would lead to decisions where the officer could be confident of support from the department. There were also one to one meetings every month with senior officers. Here detailed discussions would take place which enabled me to understand the intricacies of industrial issues. One had to appreciate the professionalism of our officers who under tense conditions remained unruffled and sought to apply the rule of law. They were reassured by these meetings because it implied an approval of their actions at my level. I remained true to my word. Never was any officer told privately to do that which was divergent from what was officially our position.

But at this stage this whole myth of unbearable pressures on government officers needs to be demolished. In my entire career there was no situation where I was forced to take a decision against my better judgement. There will be pressures but if it is your judgement it should be defended and not abandoned at the first sign of opposition. But this myth serves a useful purpose. It gives an alibi to the officer to avoid taking independent decisions or of explaining bad ones.

I visited a large number of field offices and discussed labour matters with them. I stressed the commitment of our department to take decisions uninfluenced by money or outside pressures.

After three months of this relentless barrage of moral harangue, changes in the attitudes of the officers became evident. We became more professional discussing labour situations objectively because they realized their views were the crucial driver of decision-making. They felt that those outside forces which influenced decision-making were retreating. No political leader or bureaucrat ever tried to put any pressure on me. I in turn never put any pressure on officers to take any particular decision except they take a decision. Paradoxically at times not taking any quick decision led to a resolution of the situation. This was recognized. The officers began to sense they were trusted. I stressed they had to decide as being on the spot they were the best judges of what was the correct step. But I was always available for a discussion if they wanted one.

If you give a person responsibility then he becomes responsible. The other person will not mislead you if you place a high value on his assessment. This is the paradox that drives human beings to trust each other because it is only rarely that you let down someone who trusts you. But after this there must be regular interactions with such officers. Giving responsibility does not mean abdicating. If you do this the officer will not let you down unless he sees some ethical wrongdoing from you. But not many may agree with me.

Three months after I joined, head of the officers' association came to see me privately. He said a large number of officers had met to consider my appeal for eradicating corruption. Their perception was that I was a man of my word. They saw me as a person of integrity and I had put no improper pressure on them. They too wanted to cleanse themselves, feel good about themselves. He then conveyed the decision of the officers. They would wash their hands off corruption; accept no monetary or material reward from those they dealt with. But he added a rider. This solemn promise held only as long as I was there. After I left the promise did not hold. We shook hands on this and I thanked him for it.

It was clear that this officer had correctly conveyed the views of the others. The officers were sincere. They had admitted to corrupt practices but blamed the officers who preceded me. However they were now determined to change. It was only a statement of intention. But I was getting to learn from different directions that there was a perceptible improvement in the field. In the coming months it became clear that the officers of the department were sticking to their word. There were some hold outs. The process was not total but it was a moral reawakening. Many union leaders and the few upright among the officers also confirmed this was happening. From the industry too there was a recognition that this was happening. I was elated.

Labour wing's major responsibility was the Industrial Disputes Act. This accepted that there would be disputes between employees and management but laid down a mechanism for resolving them. On coming to know that there was a likelihood of a dispute that might lead to industrial disturbance, the department officers moved in to begin a process of conciliation. During this the agreement was either reached or failure of conciliation was declared and the matter referred to the Industrial Tribunal, a judicial body which after studying the demands could give an award binding on both parties. An appeal lay against this to the High Court. Our effort was to see that a strike was averted. But there was a mechanism for the workers to strike but only after giving notice.

We decided to intervene whenever the reports indicated that the labour management discussions had reached an impasse and that delay may lead to industrial unrest. But a too hasty intervention sometimes made the situation worse. Many differences were resolved by the two sides themselves. We had to move in delicately all the time urging the two sides to come to an understanding. At times we offered our own compromise solution. These were sometimes accepted but at times we incurred the displeasure of both sides. When it was clear after a sufficient time that an agreement was not likely and further delay inadvisable, the matter was referred to the Industrial Tribunal. By intervening effectively and monitoring the situation continuously, we averted any major industrial disturbance.

Implementation of the Boiler Act was the responsibility of Boiler Department headed by the Chief Inspector of Boilers (CIB) who reported to me. Unlike the other areas of work, the technical issues concerning boilers were beyond my competence. I, therefore, decided to take a purely managerial approach to make sure the department functioned efficiently. Because of their hazardous nature, all boilers were to be inspected periodically by our officers. By regular meetings it was ensured that on the due date boilers were inspected. The department had a list of all boilers in the State. The CIB, in meetings with me, reviewed the due date of boiler inspections and took proactive steps to inform the factory concerned of the inspection due. If during the inspection any deficiencies were noticed then a list of these in clear language was given for compliance within a certain time. Another inspection was arranged after this date. This way the work of the Boiler wing became transparent and easy to monitor. The factory was also clear about what needed to be done. In the instructions to the factories I also urged the Inspector to use clear, unambiguous language and not phrases which could mean anything. There was a definite improvement in the field implementation and the plant management faced less uncertainty. During my monthly meeting with the CIB, the list of defects noticed during each plant inspections, the compliances received from the plant, the date of verification and clearance was monitored. As a result the boiler inspections were done on the due date and the clearances were transparently given where the corrective steps had been taken by the boiler owner. The managerial approach succeeded. There would neither be any harassment of the boiler owner and at the same time defects noticed during inspection would have to be set right by the boiler owner. Though it never made headlines this was no small achievement. Our officers and the plant management knew I was personally monitoring the work.

Today, using IT, I would display the status of each boiler inspection on the department website so that there was total transparency.

The Act governing contract labour in factories was a continuing source of contention. In many factories the managements hired workers on contract. Between the labour and the company was a contractor placed there so that the workers were employees not of the company but of the contractor. The relationship between the contractor and the company was one of contract. This allowed the company to pay them wages much lower than that paid to its regular employees. These labour were paid the minimum wages and some benefits like Provident Fund. But the Act laid down that if the work they did was of a permanent nature then they had to be absorbed by the company as full-time employees. But the Labour Department had to give a finding about the permanency of the work after an enquiry. The managements were vehemently opposed to this as it would raise their costs and increase their long term liabilities. But I noticed this practice was spreading through industry with managements deliberately keeping substantial part of their work for this contract labour leading to casualization of the work force. They did important work of a permanent nature but could not claim the dignity of being called employees of the company. It was becoming clear to me that on this issue the Labour Department had to intervene to implement the law, but I never got around to doing this. Events were moving in their predictable way. Had I gone ahead on this with full force the opposition to me would have been more intense than what I actually encountered later on.

The Factory Act governed the conditions of work in the factories. The Factory Inspectors worked under the Chief Inspector of Factories (CIF) who reported to me. Of the three wings under me—Labour, Boilers and Factory—the last of these was probably the most corrupt yet also the most powerful. They had to ensure the safety of the workers in the plant, their welfare and the conditions and hours of work. All of these involved expenses which most managements tried to minimize. Under my ethical prodding, this department too was becoming more effective in the implementation of its statutory functions. Corruption remained but was under pressure of transparency. The CIF was tough and capable of exerting strong pressure on his officers to shape up. We found that too many cases were being filed in order to show performance but were subsequently swept under the carpet for the right inducement. They were having their cake and eating it too. The CIF suggested we reduce the number of cases by giving time to the management to implement the shortcomings noticed in inspections and drop the case if there was substantial compliance. But to pursue the cases vigorously if the factories dragged their feet. Acting this way, the compliance improved and the



number of cases came down by 33%. I thought industry and business would be happy. I was wrong.

The major industry association wrote to the government against me personally. They stated that if I continued as Labour Commissioner, the industrial development of the State would seriously slow down. The Industry Secretary called me for a friendly discussion. He said businessmen in the State were perturbed at the actions of the Labour Department. Never in the past had this happened. Specifically the department was filing too many cases under the Factory Act. As these were in the nature of criminal complaints against the organization chief, industrial development would suffer, so would I go slow. I explained to him our new approach of insisting on compliance and filing fewer cases. During the last eight months the department had filed only about 5,000 cases whereas the previous 12 months the number of cases was more than 12,000. I said industry should be complementing me for what had been done instead of this attack. What was now happening was greater compliance. He said he would apprise the Chief Minister of these facts. So it was the Chief Minister who had asked him to rein me in.

The Industry Secretary was a shrewd man who probably guessed what was happening. Though the number of cases had come down, they were being effectively pursued. And we were getting more of the managements to make necessary changes in the plant working though it cost them money. And the resistance of our officers to being bought off was perhaps proving stronger than before. What was happening was clear. The industry was complaining about corruption having come down and the officers doing their jobs effectively. Earlier when corruption was ruling unchecked, there were no complaints.

This is the right place to talk about complaints. There was a constant refrain in the government that “no complaints should come to us.” The implication was that officers would be judged by the number of complaints coming to the government from their area of administrative responsibility. The rating of the officer would be inversely proportional to the number of complaints. But the only people who could make a complaint and make the government notice it were the people with money and political power. In other words it was an advice to keep the powerful elements satisfied. Most officers gained their reputation for competence by following this rule, which was not to act against such forces. A good officer was one who allowed no complaints to reach the State Government. Many such bubble reputations were created in the government. Unfairness and injustice to those who were weak was the foundation of such reputations.

The forces against me were mobilizing and they had the ear of important decision-makers in the government. My actions were generating complaints which were an indication that I was lacking in the kind of competence that a government favouring the economically strong desired. I was living on borrowed time.

But what triggered my move out of the department was in the implementation of minimum wages.

Two months after I joined in October 1990, the Assurance Committee of the Parliament visited Gujarat. This was in response to discussions in the Parliament about the deplorable working conditions of women in the organized sector of industry in Gujarat. While every Parliamentary Committee was important, what concentrated our minds was the composition this Committee. This Committee was headed by Shri Atal Bihari Vajpayee and Shri Yashwant Sinha was one of its members. The government instructed the Labour Secretary and me to make sure the visit went well.

The first day of the visit was spent in discussions with reputed trade union leaders of Gujarat including those of SEWA. In the afternoon a visit to the SEWA Headquarters was organized. The office-bearers of SEWA put up a competent presentation of what this remarkable organization was doing. The next two days were spent in Junagadh visiting a private open cast mining operation owned by an MLA and then it was a fish processing plant in Veraval. In the first, the women employed there were in mortal fear of talking in the presence of the MLA. This man then had the temerity to question Shri Vajpayee as to why the Committee had come and they should say openly what the charges against him were! Even after I spoke firmly to him, he did not lose his truculence. This man wielded great influence in the region which was based on intimidation and force of arms. It was apparent to me that the women were a form of bonded labour. I had suddenly come face to face with the arrogance of wealth and criminal political power of the backward countryside. A man who could talk like this in the presence of an eminent leader of the country and the Labour Commissioner of the State must be confident about his power. I, then and there, instructed my officers to file cases against him to keep him running to the courts for the next few years.

We then drove to Veraval. I had the privilege of sitting by the side of the great man in the car for next two hours. I was intimidated by his presence. At length I screwed up my courage and asked him whether it was his first visit to Veraval. It was an inane question. He snorted and said no, he had been coming here regularly to visit the Somnath temple. After that I was unable to

say anything. Suddenly, he looked out of the window and asked what the crop growing in the field was. My answer that it was groundnut was a lucky guess. This restored my confidence somewhat. But he was withdrawn and disinclined to talk. His mind appeared far away brooding on other things. Perhaps, he was hearing the ominous drumbeat of the Rath Yatra juggernaut rolling and tearing a gash across the heart of India. He had kept away from it but his mind was there.

In Veraval, we visited a fish processing plant. Shri Vajpayee and members of his committee talked to the women workers. They were from Kerala and they answered confidently. Their only complaint was that while coming to Veraval from Kerala they were harassed by the police who wanted to know where such a large number of women were going! Otherwise they got their proper wages as laid down and there were no other complaints. After that it was the long road journey westwards, with a stop at the Mangrol. Zaheed Sheikh came to pay his respects and presented Shri Vajpayee with a single rose bouquet which he had mysteriously managed to make enchantingly elegant. When he left I explained to Shri Vajpayee who Zaheed Sheikh was but it was not necessary. He knew the history of those days far better than me, having lived through it. He then gave me the rose to smell. It was excessively fragrant. Only a Nawab would put attar in a flower, he exclaimed chuckling with delight! Then after a visit to see the lot of agricultural labour in a farm in Jamnagar, the team went to Kandla to know the condition of women in the big industrial units there. During their visit it became clear that the women there were being paid less than the minimum wages. Armed with this explosive finding, the Assurance Committee returned to Ahmedabad.

There followed a summing up of the visit with the top officers of the State Government including the Chief Secretary. With great eloquence and indignation, Shri Vajpayee demanded of the officers as to what the State Government was doing while women workers were being denied even their minimum wages in the huge clothing factories of Kandla? Against that commanding voice, words were difficult to summon up. The CS looked at the Labour Secretary who thankfully did not look at me as normally happens as I had no one to look at in turn. But he promptly passed the buck and assured Shri Vajpayee that he would immediately ask the Labour Commissioner to lead a team of officers to visit all the units in Kandla and see that the Minimum Wages Act was implemented. Shri Vajpayee perhaps saw through that and said the Commissioner alone would not do, the Secretary should lead the team. Or maybe he did not lay much store on my capabilities based on his assessment of me during the past few days!

There was one curious fact however. He did not mention the visit to the mines in Junagadh where the exploitation was visible. I wondered why.

Next week the Secretary and I with a full team of officers made the long drive to Kandla. After reaching there, we visited four factories, three apparel units and one producing fragrance. The factories were different from the grimy industrial units seen elsewhere. The working conditions appeared to be acceptable. The working areas were well-lighted with good ventilation. They made garments which were according to attractive western style designs and were going to be stocked in some of the most prestigious high street names in New York and London. The question was why units like these should pay less than minimum wages. Our officers stayed back to carry out detailed inspections and the Secretary and I returned to Ahmedabad.

A few days later instructions were issued to all the units inspected to comply with the shortcomings noticed and give report of compliance. Most of these related to the absence of proper records. Within a fortnight all the units reported compliance. A follow-up visit by our officers indicated that all the units were now running as per the Factory Act and paying minimum wages as prescribed.

To me this seemed a miraculous transformation from flouting the minimum wages laws to total law abiding behaviour within the space of one month. So I sent a smaller team of two trusted officers once again to Kandla. Their instructions were not to inspect but to investigate. This meant talking to the union leaders, and to the workers outside the plant. They reported back that in one of the biggest factories, the minimum wages remained the same as before but the records had been fabricated. The wages prescribed was ₹ 24 per day, but they were actually paid ₹ 12. The signatures of these women workers were taken against ₹ 24 payment. All the registers looked new. None of the workers were willing to complain on record about the actual payment. Some of the others including a well-known multinational in India appeared to be following the rules as its deficiencies were minor.

We decide to tackle the minimum wages issue first and take up Factory Act violations later as these were minor. Our strategy was simple but effective. On pay day, our officers remained present at the two plants of the biggest employer while the workers were collecting the salary in cash. The plant management was told one day in advance that we would be there so that they did not run out of cash thinking they had to pay only ₹ 12. So, on the pay day with our officers standing by, 5,000 workers of these two factories collected their full wages for the first time in history. Once the cash is paid, even the sweetest tempered woman will not pay it back. So in Kandla the

Minimum Wages Act was implemented. All the other plants in Kandla followed suit. It was a historic victory. I thought it strange that it was not celebrated. While corporations, private and public, defence, educational institutes all announce their achievements, the labour organizations apparently did not see a great victory. Perhaps, it was because all the benefits went directly to the workers. Or was it because people thought it would be a short-lived victory?

The person who owned these two plants was a big in the garment business. Apart from these two plants in Kandla he was reported to have one in Bangalore, one in Sri Lanka and one in Egypt. His clothes were sold to the poshest shops in the West. He was active in industry forums and government dialogues. Even in Mumbai where he lived, he was known as a man of substantial wealth. He along with his manager in Kandla came to see me in the office after a few days.

He was suave, polished and we talked for ten minutes about the garment trade and exports while he circled around to find an opening. Then I complimented him on showing the world that the allegations against his company of not paying minimum wages were false. As a responsible industrialist of India how could anyone have accused him of this, I wanted to know. Now the whole world knew that these charges were false. He smiled like a man who was grateful his good name had been restored. The reality was he could not complain as he had always been insisting that he was paying the minimum wages prescribed. He probably sensed that I was not as dumb as I looked but also realized I was not open to any kind of deal. He appealed to my vanity by asking me to help him as the costs of doing this cut throat business were more than he could bear. The obvious counter to that was if that was the case then how did he have so much wealth, but I did not ask him this. I assured him there would be no harassment from our side. I had taken the precaution of keeping two of my senior officers with me. He hinted that he knew important members of the Committee and also the Gujarat government. I treated it as the usual boast of a businessman in trouble and dismissed it as such. In hindsight it became clear I had underestimated him.

I did not fool myself that he was reconciled to the situation. But it was a fact that the Factory Inspector in Kandla was a notoriously corrupt officer. He was said to have set-up a monthly tariff to be paid to him by each factory in Kandla based on the number of workers it employed. Perhaps the industrialist was hinting at this when he talked about costs. We then transferred this officer and posted a relatively cleaner person there with strict instructions that he should not attempt to follow the example of his predecessor. Of course, what

was paid to this officer was only a small fraction of the additional costs being now incurred in wages. But this strengthened us morally.

We kept up the pressure to make sure the minimum wages continued to be paid. We said this had to be done as there was continuous pressure from Delhi after the return of the Parliamentary delegation. It is an effective ruse to employ in government that we were doing all this not because we wanted to but because there was pressure from the top to do it. In this case it was a bluff. There was nothing from Delhi. After the first reports were sent to Government of Gujarat, there was no active follow up from there either. I was the only person pushing this and my officers were carrying out my instructions out of discipline.

While I have the highest respect for the Parliamentary Committee, the fact that they did not feel it necessary to insist on compliance on their instructions was puzzling to me. Considerable expenditure and elaborate administrative arrangements had been made for their visit. The citizen who witnessed their movements with blaring sirens leading a huge convoy was impressed and expected quick follow up on the observed non-compliance of basic laws. Yet I who took their directions seriously was perhaps the only one to do so and ultimately stood alone against the vested interests. Can we blame the Indian citizen if he is cynical and contemptuous of public assurances from our leadership?

In the mean time, we were making a determined effort to implement the minimum wages in other areas. A large number of establishments were visited and they were told to pay the correct wages and keep a record of it. The tobacco factories called “khallies” in Kheda district were notorious for the near slave like conditions in which the women workers slogged. Along with the members of SEWA our officers, led by lady officials, visited these establishments and instructed the owners to carry out corrective measures including paying minimum wages and ensure improved working conditions. To make sure this was done for the long-term, we formed a tripartite committee of the factory owners, our officers and SEWA representatives who would periodically visit the factories. We were successful in this and the owners proved surprisingly cooperative. We did something similar in the huge cloth markets of Ahmedabad where many were employed, including women.

At this stage, some explanation is required why this task became so important to me. I did not support militant trade unionism if the workers were reasonably well-looked after and if their wages were acceptable. Wherever we found this we supported the stand taken by the management. No management can spend its time holding continuous discussions with union

leaders or face slogans and threatening gestures from the unions inside their plant. But minimum wages was something else.

Wages were the only costs for which the price was elastic. The company had to pay the market price for power, raw material, equipments and other consumables. Beyond a certain point the prices could not be brought down. If the price of petrol was ₹ 20 a litre it could not be brought down to ₹ 10 by threatening not to buy it. But man's labour could be brought down to starvation wages as the low paid labourer was forced to accept any wage that was offered to him. He and his family had to eat every day. Unless the government machinery supported him he was prepared to accept an unfair wage to feed his stomach. Negotiations between the employer and the worker cannot be fair without a floor wage, which is the minimum wage prescribed. It was the moral and legal duty of the Labour Department to see that this wage was paid. It is callous to justify a wage lower than this on the ground that it was the result of demand and supply. The moral imperative to enforce the minimum wage was unassailable. The State should always be on the side of those who could not bargain.

Some asked what happened if the business could not afford to pay this wage. My answer was that in that case it was not a business. It had no business to be in business! What if they could not pay the full cost of say power or fuel or raw material? Would they be in business? The wage prescribed was the cost of a human being's labour looking to his calorie and other basic needs for his family. But as he could be forced to work for less, the government had to step in to avoid theft of his wages which would otherwise happen.

So we pressed on relentlessly to ensure this. I knew no genuine business would close by payment of these wages. The owners would find ways to save costs and become efficient even after paying this wage. And we were achieving successes. More and more establishments began to comply but opposition was mounting. Many thought the Minimum Wage as a wage imposed by government which curbed their freedom to do business. There was no point arguing with such people.

Sometime in April 1991, I received oral instructions from government at the highest level that I should go slow on the implementation of the Minimum Wages in Kandla. There was no doubt who had 'persuaded' the government on this. Such 'requests' were like the steel fist in the velvet glove. One ignored them at one's peril. I had to now take a decision.

The Labour Commissioner was a prestigious and powerful post. I had come here after spending three barren and meaningless years in the Tea

Board. I could win powerful friends in industry and business not by doing anything wrong but just by looking the other way. So many dazzling careers have been built this way. There was no pressure on me to press so hard on minimum wages. Expecting a follow up from Delhi after the Parliamentary Committee report was like 'Waiting for Godot'. That deception would not work any longer. None of my predecessors had done anything like this. There was every reason for me to change tacks. After all, I could say the government had asked me to stop. It could be reported that the minimum wages had been 'implemented' as per field reports. Such fudge would be accepted. Only those workers who looked up to the Labour Commissioner would feel abandoned but did they really matter? It would have been an easy rationalization to make. These are so frequently made that there is little guilt attached to it.

I could expect little support if, as seemed likely, I was to be transferred. No Minister in the government would take a stand in favour of minimum wages. The Kandla unions could be persuaded to pipe down after the first obligatory yells. As for the workers their voice would never be heard. Only SEWA's support could be counted on. But as Stalin had asked, how many divisions did the Pope have? The strong industry lobby had already depicted me as damaging Gujarat's glorious march towards industrial progress. The trouble with fighting for public interest is there are no lobbies for it. I would stand alone.

But I was the Labour Commissioner and required by law to implement the Minimum Wages Act. The industry particularly in Kandla could easily afford to pay ₹ 24 per day for 8 hours work. The deemed government's directive while posting me as Labour Commissioner was to implement the Act. Oral instructions not to do so were in violation of this. Between a law and oral instructions it was clear which should prevail. Did I not have any duty to those countless workers who expected the Labour Commissioner to protect their interests even though I did not know them and they could not pay me? Could I stand in front of a court and say I did not implement the law because somebody in the government had issued an oral order to me, a statement the government would promptly deny?

I decided to ignore the oral instructions and to follow the law. To make this clear we sent another team to Kandla to ensure cash payment to the workers. It was like throwing down the gauntlet. I was clear in my mind that I was not fighting for a group of workers but for the public interest. Mine was not a populist stand. None would be cheering me particularly in a business friendly State like Gujarat.



Still the government hesitated because there was a realization that I was doing the right thing. But within a month I received my orders posting me as Commissioner of Cottage Industries, a nice safe posting where I could do no harm. Or so they thought.

Someone recounted to me the conversation between the person who complained against me and the big man who took the decision to transfer me. On being asked what he had against me, the person's reply was that I was not practical, 'vyavaharu nathi'. Promptly the big man commented "you mean he does not take money?" But obviously somebody did that day!

My transfer created quite a stir. Harish Khare wrote a stinging report on it in *The Times of India* naming the industrialist who had lobbied for my transfer. Elaben Bhatt of SEWA wrote to the Chief Minister to reverse the decision. A number of Trade Union leaders made some pro forma gestures threatening an agitation. But within a few days the damage control specialists within the government had swung into action and the story died. And I took over as Cottage Industries Commissioner, a post held by an officer far junior to me. And it was this officer who replaced me as Labour Commissioner. My self-esteem took a double whammy.

Later thinking about it, the reluctance of established businessmen to pay a minimum wage of ₹ 24 per day, about ₹ 600 per month, appeared puzzling to me. After my experience later in running big corporations it was apparent that paying workers a decent wage in no way prevented the company from making profits. Labour militancy was harmful to the running of the company and should be discouraged. Surprisingly there is no labour militancy in units where the minimum wages are not paid. It is there only in the relatively better paying work. But minimum wages could easily be paid. Savings in all operations were possible. Instead they were willing to pay substantial amounts to government functionaries to overlook their violations of the law. To them paying bribes was the 'cost of doing business'.

Did they have an ethical gene missing in their personalities or was it the effect of capitalism that demanded such hard-heartedness. Or a combination of the two in that only such people became capitalists? Businessmen of this kind were trading in labour cost arbitrage and were not innovators at all. I could have told them what they were doing was not even good business. You could make more money by using the creative potential of a well-paid labour force. Perhaps it was our own Labour Department officers who encouraged them to violate the law so as to extract bribes. A possible culprit could also to be the globalized system of capitalist exploitation which earned its huge profits by keeping third world wages low and pollution high.

There are many businesses which are able to function only by being on the wrong side of the law. They may not be paying the proper taxes, or flouting pollution norms and violating environmental rules, stealing or not fully paying for power, paying low wages and otherwise breaking laws and such similar 'cost saving' measures. The regulatory agencies may be tacitly encouraging such conduct because it makes possible their venality. Strict action is taken once in a while to let such units know who is the boss and to assuage public complaints. Such businesses are not sustainable in the true sense as they are able to run only by not paying the full costs of their operations, including environmental costs. As is said, nature does not write off debts. Everything will have to be paid for. There is bound to be social protests and environmental damage which will make such businesses harder to run in the future without outright criminality. Mother Nature will protest in her own way but it will not hurt the culprits but the entire landscape and the environment will be scarred. The rate of growth of industrial production which shows India surging ahead does not take into account the destruction of real wealth and the social health that accompanies such growth. Taking these into account the growth is perhaps negative. But as the price will be paid by somebody else sometime in the future, such concerns are shrugged off. The problem is the future may already have arrived and people other than the polluters are paying the price.

## *Chapter 9*

# Commissioner of Cottage Industries (1991-92)

Uncovered and cleaned up a huge scam and was transferred as a result.

This was a field where one could witness the rich heritage of folk arts and crafts that Gujarat possessed. It took me to the distant and interior villages and gave me a glimpse into the skills which had been preserved through the centuries and were still practised today. The Gujaratis living in cities are still emotionally drawn to the villages from where they migrated. They renew this link by being avid customers of the handicrafts and handlooms of the rural Gujarat. Perhaps more than other States, the upper and middle class city dwellers of Gujarat are enthusiastic users of handicrafts and handlooms and other products of the traditional craftsmen. It is a strong cultural link creating a ready marketing channel for the rural artisans. The Gujarati business sense has also assisted in developing new markets for these products outside Gujarat. Government nurturing of this sector did play an important role in its growth. It also led to gross abuse of government assistance with the active connivance of the government functionaries.

Within a week of my joining, there were unmistakable signs of some pretty brazen wrongdoing. While handing over charge, my predecessor informed me about an important function which was to be held the next week in a village of Surendranagar district. It was to felicitate the handloom societies of that area for having surpassed the annual target for the distribution of handlooms. These handlooms were supplied to the cooperative societies through a 100% financial assistance of our department. As against a target of 1,800 handlooms to be distributed by our department for the entire State that year 1991-92, we had succeeded in distributing 1,800 looms in the district of Surendranagar itself! Each handloom cost about ₹ 5,000. So the total cost of these 1,800 looms was about ₹ 90 lakh then.

I attended the meet. It was a huge, enthusiastic affair with almost a thousand villagers participating attired in their traditional best. Three

Ministers including our Minister for Cottage Industries were present. Our department officers were there. Among them I saw the district head, an earnest looking man. They were there in full strength organizing the meet. Rousing speeches were made. Along with the others I too was felicitated with a turban. There was lunch served for all of us. I was assured that this was typical Saurashtra hospitality, and the department did not pay for it. I complemented our officers on this hard won achievement. They said it was because of me, even though I had joined just a week back.

In the days following when I praised the achievement in Surendranagar, hints were given to me by an upright officer in secrecy that things were not what they appeared to be. Our department was well-known for inflating such achievements, he said. At this stage, I could have done what most others would have done and treated this as usual jealous gossip and gone by the records. The paperwork was impeccable showing full details of looms manufactured and paid for, supplied to the societies and installed at the work place in the village. But then we took a step which was to commit us to uncovering one of the biggest scams in Gujarat.

We formed a team of the most honest and bold officers and provided them jeeps, with instructions to go to the district and verify the physical presence of each and everyone of these 1,800 looms claimed to have been distributed. The district office was not informed. For the next five days these teams were busy physically verifying the exact number of looms. For added credibility, they took written statements of all the secretaries of the societies to whom these looms were claimed to have been given. They then returned to Ahmedabad and gave me the signed report of their findings. I read through it. To say that I staggered and clutched the table for support would not be an exaggeration.

Out of the 1,800 looms which were shown to have been physically distributed and subsidy of ₹ 90 lakh paid, the team found only 56 looms; that is right, 56 looms. The rest were fictitious. Yet my officers had dared to hold a function with three Ministers to highlight their 'achievement'. They probably believed in the Goebbelsian doctrine that the bigger the lie the more likely it was to be believed. And the money said to have been paid for purchasing the looms? It was divided between our officers and their accomplices in the village. The cooperative societies as beneficiaries were paper creations. The weavers shown as beneficiaries claimed they never saw any of these looms.

I personally went and briefed the Minister for Cottage Industry. An ascetic Jain and a man of impeccable integrity and Gandhian ideals, he was

consequently seen as an oddity. But like many others he preferred to look away when his peripheral vision caught something unseemly. His opponents accused him of lending legitimacy by his presence to what was one of the most corrupt governments. Gujarat has had. The details I gave shocked him. Corruption must be removed he said but I must ensure that weavers do not suffer. I explained to him that there were no weavers involved at all, only our officers and some accomplices and agents in the field. But I assured him we would root out every vestige of corruption from the department and nothing would be covered up. I do not know whether he expected such a forceful statement from me. As a politician he was rightly worried about the fallout which would 'loom' large. There was concern writ large on his expressive features when I left him. He was not keeping well and he passed away a year later. He possessed a strain of nobility in him. I always saw him as Cassius, the Roman senator with his 'lean and hungry look'. I had the painful job of destroying his illusion of the rural artisans earning a living with the energetic efforts of his department officers.

After this all the looms allotted were cancelled and the cooperative societies were asked to pay back the amounts. As these societies were paper creations there was no way of getting the money back. In other districts too the officer's were frantically deflating their achievement numbers, fearing similar inspections. Then we looked for the culprits within our department, the officers in the Head Office and most of those in the districts. They showed great surprise that something like this could have happened and claimed total ignorance of these wrongdoings. We finally nailed two whose role was too obvious to be covered up though they too played dumb. They were suspended and cases were filed against them. Among them was the earnest looking man who was the head of the district. We could have cast a wider net and involved many others through guilt by association, but I had a department to run and did not wish to paralyse it with suspensions and enquiries. It was better to cleanse the department and turn the offices away from wrongdoing and into constructive work. In government corruption happens either because the man at the top is benefiting from it or he looks away hoping to thereby safeguard his career. I wanted these officers to work for the revival of this potentially great department. I have followed this policy ever since. Corruption that happened before I come is forgiven but they must abjure it totally under me. Surprisingly, officers are capable of changing overnight. I win their loyalty this way.

This episode indicated that the handloom development programme of the department could be beset with wrong reporting and utilizations of government funds. There were 1,050 recognized handloom societies eligible

for government assistance in the State when I joined. In addition to providing 100% help for buying looms as described, government also gave a subsidy of 20% to each society on the value of the cloth they produced every year. This was the biggest scheme in the department and accounted for the bulk of the expenditure every year. Thus if a society had produced cloth worth ₹ 3 lakh, they received a subsidy in cash of ₹ 60,000. Out of the department's annual budget of ₹ 10 crore, 5 crore was spent on this. This scheme was relied upon to show Gujarat's commitment to the skilled artisans and the Gandhian pattern of rural development. It was a good scheme if it had been implemented well. Over the years the number of these recognized societies had grown at around 50% compound rate every year. Handloom cloth was being produced in ever increasing quantities across the State if our department was to be believed. I thought it would be worthwhile to have a close look at these societies.

The files of these societies maintained in our offices showed a reassuring paper authentication. Each file showed the name of the village, the societies, the number of looms being worked, the name of the president and secretary, and the quantity and value of cloth produced and assistance granted. It only remained to see to what extent these reflected the reality on the ground.

Ahmedabad had a good number of these units. One afternoon I decided to visit three such societies to learn how handloom cloth was made and see at first-hand how the weavers lived. The society secretary was asked to remain present. In the first village, the record showed the society operating 30 looms. The secretary pleaded ignorance of its working. After much cajoling he showed us two looms in a broken condition. He said the other looms were not yet delivered. Yet the society had been paid ₹ 60,000 last year for 'weaving' ₹ 3 lakh worth of cloth. He confirmed that no work was going on. The picture in the other two villages was similar. A few looms were seen which obviously had never been used but full production shown and subsidy claimed.

Back in the office we had a detailed discussion. The officers admitted that over the years under pressure from the government the number of societies had grown exponentially far beyond what was organically possible. The position in rest of the State may not be so bad but would show similar fictions. My thinking was that if cloth was being produced and workers employed then deficiencies in records could be tolerated. Claiming subsidy slightly more than what was reasonable we would wink at. But to spend crores of rupees on a scheme which existed only on paper could not be allowed.

We decided to verify the real life existence of all the societies in the field. Looking to what had turned up till now, the records could not be trusted. I could become complicit in the wrongdoing by delaying and looking away. The officers felt I was serious and would defend them. I gave my signature on all inspection orders, so no one would be in any doubt. All district officers were instructed to carry out an investigative audit by physical verification and recommend whether the society was genuine. I felt now they would give me the correct picture. But I knew these actions would wake up some dangerous sleeping dogs. For those who need reminding, the years 1990-95 were a period of unchecked corruption in the State, corruption which originated from the top. But at least I could take a stand in my department similar to what was done in the Labour Department. I had that power. It was time to act. As for the consequences they would doubtless be unpleasant for me but would be curative for the larger society. This calculus, the benefit to society rather than my personal prospects, was the direction finder for me.

But we had principled support from one quarter. Shri Jinabhai Darji of Surat had been an influential figure in State politics for the last two decades. He was the author of the KHAM theory in Gujarat which brought the Congress to power in the eighties. KHAM was an acronym for Kshatriyas, Harijans, Agricultural labour and Muslims whose coming together would be an unbeatable combination electorally. He never joined the government and had remained incorruptible, running many grass roots organization for the tribals and rural poor. His views were respected even by those who opposed him politically. He too was vehemently opposed to the blatant corruption of the department in the handloom sector which he knew of long before I came on the scene. But he was delighted to know that now our department was acting in earnest against it. As he was known as a champion of the weak and exploited, I was lucky to have him on my side. But I had never sought him out. We happened to have similar expectations of government schemes. He urged me forward when he came to know of the direction we were moving. He wrote letters to me pointing out bogus societies we had missed, urging us to act. He even visited me in my office to reinforce his full support.

To cut a long story short, over the next eight months these inspections were carried out. The inspecting team always took the statements of the society secretary and ordinary villagers and weavers. The picture that emerged was of systematic and organized creation of bogus societies and defalcation of government funds. Based on these inspection reports we cancelled the recognition of such societies. Of the 1,050 societies that existed on records at the beginning of this exercise, only 95 remained at the end. We had struck off 955 societies from our list. The reader will agree these are

startling figures. The fact that these were societies of the Scheduled Castes will make this figure even more difficult to believe. A few years later, one of our senior officers told me he could not believe what had been done. When he was Collector his efforts to close one society had been thwarted. My only regret was that we had done this against what were posing as organizations of the poor. But I consoled myself that no actual weaver was affected, only some ingenious scamsters, mainly our officers and local rogues who had camouflaged themselves. Though the total amount defalcated by this activity was comparatively modest, its moral contamination was troubling. But the money was a pittance compared to what the real scamsters in the corridors of power in Gandhinagar and Delhi were skimming off from the commonwealth of India. In my pensive moods I visualized similar clean ups elsewhere had I the power. O, for a great cleansing tide to flow over our sacred land, and wash away the stains that dishonoured it!

A few well-aimed kicks had brought down this rotten structure of corruption built over years. No one mourned it because no weaver was affected. Only a few corrupt officers and their field partners and possibly some politicians saw their income drying up. I did not initiate any criminal action against any officer or their enablers. I had a department to run. Also there was no point in embarrassing my predecessors, though I did send a full report to the government which was met with a deafening silence. But the Augean stables had been cleansed.

At the same time we wrote to all these societies that they should reapply in the form enclosed to the district officers after reestablishing genuine working. The officers were told to make all efforts and guide them to revive. But these were all paper creations. A dead man could walk but not one who never was.

This step was welcomed by the real weavers in the villages. They had observed the departmentally sanctioned 'weavers' weaving fictional cloth and making more money than them. The inducements, threats and even violence which were a part of this activity in the affected villages went away. One observer told me that this step had probably prevented three to four murders a year.

A prominent opposition leader met me one day. He said the steps we were taking were unavoidable considering the wholesale wrongdoings in the sector for which the present government was responsible. He had no quarrel with that. But there was one case of injustice to six genuinely functioning societies in his constituency. He could personally certify that these were actually working as he had seen them and it may have been some over



zealousness on our part that these societies too had to close. He gave a letter in writing to this effect. This MLA was known to be a relatively upright person. After he left I called my officers and ordered that the societies' recognition be restored which was done after two days. The MLA thanked me profusely when he came to know of this step. After two weeks our inspection team once again went to these societies to verify their functioning. There was no trace of them in the field. Their recognition was again cancelled. The MLA did not contact me again. Perhaps, he was embarrassed and had lost face with me. He was the agriculture minister when the drip programme was successfully launched fifteen years later by the GSFC!

We started a dialogue with the genuine weavers. First, it was realized that weaving was a skill and a vocation voluntarily chosen. We could not artificially create weavers merely to fulfil some grand government political objective. If we tried to do this and meet political targets, then the result would be what we had witnessed. The target the government had fixed was to create one lac new employment every year by the cottage industries department towards which each handloom would create four jobs. The cottage industries department was put in the false position of having to cook up these achievements. A weaver cannot be created this way. If weaving was made paying and given infrastructural support then it would increase organically. There was a weaving community in Gujarat among whom a large number of genuine weavers produced cloth of beauty, elegance and utility that had captivated the middle class of the State and elsewhere. I wish to stress this and my accounts of bogus weavers does not mean there were no genuine weavers in the State. There were a large number and it was a matter of pride for our department. Their skills were extraordinary.

The first requirement the weavers indicated was a separate work shed in each village the looms could be installed instead of their houses at present. A scheme was devised and quickly approved. Some of these sheds were built by the time I left.

The second need for them was working capital. This was mainly needed for the purchase of yarn, the raw material. We moved the government for the creation of a revolving fund to purchase and supply this yarn. Within a short time the government approved a Revolving Fund, as it became known, for ₹ 5 crore. This money would be used for buying yarn and providing it to the societies for weaving. Its cost would be recovered from the price of the cloth they manufactured and handed over to the Handloom Development Corporation for marketing. Assuming a three month period for conversion from yarn to cloth and sale, then ₹ 5 crore fund could be rotated 4 times a

year thereby providing up to ₹ 20 crore credit and production annually. This would be sufficient to meet the requirement of more than a thousand societies working full time. If each of the societies was producing ₹ 4 lakh of cloth annually and the yarn which is the raw material accounts for 50% of the selling price, then of the total production of ₹ 40 crores from 1,000 societies, the yarn which is the raw material would amount to ₹ 20 crore for which the Revolving Fund was sufficient. Whoever wanted to weave real cloth could now do so, only the weavers of fictional cloth found themselves out of business.

The third requirement was marketing of the finished product. A scheme was formulated to give financial help to the weavers to take part in marketing expos and sell their produce. The department also held many such expos in Gujarat, Delhi and elsewhere where the weavers could hire a stall at a nominal cost. And our two State Corporations—Handloom and Handicraft—came forward to market the produce of these societies.

With these efforts the negative work of removing corruption was balanced by constructive schemes to provide genuine backward and forward linkages to the weavers. I repeat that not a single weaver's livelihood was affected by the closure of those ghost units. One can create grand hoardings of achievements behind which lie the mocking and arid plains of failure. But real development is a painstaking process created by those who understand that it is human potential that is being developed which cannot be done by distributing some looms and equipments. It takes years for a dedicated team to create this.

The Khadi Board too functioned under the administrative control of the department. The difference between Khadi Board and Handloom sector was that in Handloom the weaving was by hand whereas the yarn which was used was made in mills with machinery. In Khadi, the starting raw material was cotton from which the yarn was spun manually and then also weaved manually. Khadi was therefore all manual. The Khadi movement in Gujarat was much older than the government and was led and supervised by men of a different mould, committed, in differing degrees, to Gandhian ideals. Though there was undoubtedly waste and inefficiencies in their working but nothing of the kind seen in the Handloom sector was possible there. I was Chairman of the Board for some time. There was a fear among them that something similar to what was done in Handloom would follow here. I assured them there was no chance of this as the two were different. One of their units at Gondal had developed a modern steel yarn spinning equipment which had increased productivity. The Board also marketed products such as

footwear, honey, home remedies, condiments spices and similar products. It had well-located outlets in most major cities.

In course of time I planned to engage constructively with its units but could not do so.

The Handicraft Development Corporation was the best known of the organizations among the cottage sector. It was fortunate in having good CEOs from the beginnings including an IPS officer who expanded its operations, improved the range of products and transformed its retail outlets into meeting places for the young hip crowd in Delhi and Ahmedabad. They created what later became known as ethnic chic. The current MD was an officer just two years junior to me. He was capable, soft spoken and expanded the range and quality of its products. They also had some good designers from NID and this brought new fashionable products continuously to its outlets. One experienced a sense of excitements while entering its offices. Something new was always visible.

The good ladies of SEWA too were active in this field. In Radhanpur in Banaskantha district, they had established a cluster of village women who produced craft work of a high quality. SEWA trained them, gave them the raw material and collected the finished product from them for marketing regularly while paying them for their work. They marketed this through an elegant shop on the CG road in Ahmedabad. The designs for the products were supplied to these women by SEWA.

The entire cottage industry was witnessing such empowerment of village women through creative work. Most of the workers in the field were women. It gave them a new dignity, a sense of purpose and confidence about their self worth. In their dim lit rooms with failing eyesight they yet produced objects of elegance and utility that graced many a drawing room of the wealthy and urban elite living in distant cities. Something was stirring. It was a bond between the women who were otherwise so far apart. Most of the customers of these handicrafts and printed and embroidered cloth were women. Somehow instinctively women recognized that it was other women who had made these objects. I saw something profoundly moving in this.

All over Gujarat were these skilled communities of village craftsmen who through centuries of neglect and condescension had preserved this precious heritage. It was now glowing in the full gaze of an admiring India which reclaimed it as a long lost heirloom.

It was becoming clear to me that there were immense possibilities if the field were developed with passion and rigour and integrity. I began to plan for

a long stay in the job as it was not coveted by others. But even this modest wish was denied me.

One day I got a message from the Chief Minister's office that he was meeting some persons who wished to discuss the issue of handloom societies with him and I should attend the meeting as it concerned my department. With two concerned officers and the files of all the societies I entered the room of honourable Chief Minister at the time indicated.

There must have been around one hundred people sitting in front of him. In the ordinary course of events it was difficult to even meet him. I realized something decisive would happen. He asked me to sit to the side of the table. Among those present were some very influential political figures representing the weavers community including MLAs on whom his government was dependent for support.

One of the MLAs spoke on behalf of others. He said, the government had devised a number of ways to help the community as a result of which they had benefited and progressed. But during the last one year the very department which had helped them had turned against them and had withdrawn many of their benefits. On behalf of all those present and of the entire community he wanted that this persecution should stop and amends made. The Chief Minister gave me a puzzled look and asked to explain as if he was totally unaware of the facts. I explained the details of the existing and new schemes for the weavers including the Revolving Fund and how all our officers and the department were committed to ensure that benefits came to the weavers. I explained that the steps we were forced to take were against those bogus societies that had been detected as a result of field verification. I was sternly asked to substantiate this assertion of bogus societies. I pointed to the entire bundle of field reports I had brought with me. The Chief Minister asked me to read out one such report. My officer read out the first such report.

Name of the village—X; name of the society—ABC; looms sanctioned and paid for—40; value of production reported—₹ 3 lakh; subsidy paid—₹ 60,000; date of field visit—given; number of looms found—3 (partly broken, none working); statement of society secretary indicated no work going on and none in the past; a clear statement of the secretary that if the society was closed no one would be adversely affected.

They wanted more such reports to be read out. All indicated a similar situation. By now the mood had changed and some among the delegates had

amused expressions. The Chief Minister said it was enough and in a reasonable manner asked the delegation what should be done. They had the decency to say that such units deserved no help but there were some good one too which had been unfairly lumped with the rotten ones. Being from the weaker sections of society they did not have the crookedness of the businessmen I had encountered as Labour Commissioner.

I assured them that we would look at all deserving cases; in fact we had already asked all the closed units to reapply so that an inspection could be arranged. After a few light-hearted remarks the Chief Minister brought the meeting to a close.

Then he called me to his inner chamber and said that he was aware of the large scale misuse of government funds under this scheme and complimented the department on the steps it had taken. On no account should any wrongdoing ever be allowed in future while looking at the revival cases. I thanked him for his understanding and left. The next week I received my transfer orders. It was perhaps to ensure continuing support to his Ministry.

I had been Commissioner of Cottage Industry for just about over an year. It was a modest assignment but there I had found a rare sense of purpose and meaning. I was prepared to stay here for a much longer time, a commitment in which I found an emotional identification and which assuaged a deeply felt need. Yet this opportunity was snatched away. I felt that given time we could do in this field something which would create a virtuous glow which would be visible far distant even in the darkest of days sending a message of comfort of cheer to those whose burdens of life are so heavy. This sector needed good leadership in the field as much as in the most modern multinational or the most advanced space mission. Instead they were patronized with what was no better than handouts and forced into dishonesty so the government could show how committed they were to the welfare of the poor. This was a misreading of their need for a reality based senses of hope. They are no different from any of us. They expect a much higher level of leadership from those they look up to. We constantly underestimate them. They are prepared to travel rough with guides who are worthy of their trust and who share an emotional empathy with them.

Many of the leaders of the weavers told me that what was done was good for their self image and would benefit them enormously. I could have prepared a detailed report and sent it to the government recommending strong action and waited. That way I could claim to have uncovered wrongdoing and informed the government and passed the buck, a sort of

eating your cake and having it too. But it was my area of responsibility and I had the power to act. I did my own cleaning up.

I could have stayed on for a longer time if I was “practical”, a much used word in Gujarat in those days which meant the opposite of its real meaning. It urged us to abandon the field of real striving in the field and make peace with the predators of public interest. Yes, I could have done that. But it would have been a bad bargain. The means employed to stay on would have contaminated the ends for which I wanted to stay on. The sector would have remained tainted and a mockery of what the Father of the Nation wanted.

So what was achieved in the one year? Was it enough to be a Don Quixote tilting at the windmills and accomplish nothing? I would plead that my transfer did not mean that our efforts were wrong. In philosophy there is an axiom that you cannot derive ought from is. In simple layman’s language it means that merely because some things are being done in a certain way does not make it right nor does it mean that no effort should be made to strive for a better way. The very act of taking a stand even though it may be unsuccessful is a moral fact which strengthens the belief in an absolute right regardless of what seems to be the dominance of selfishness and greed.

Our actions showed to the world that the schemes for the development of the weaker sections had become ugly caricatures of what was originally intended. These were no longer schemes for the weaker sections but a feast for the vultures that feed on the carcass of development schemes. They were weaving, not cloth, but a deceitful web on phantom looms which tainted all those who were involved in the programme. If we had not acted it would have amounted to perverting the public interest. Nothing wrong with the schemes, only with the way it was implemented in the field. We showed that it was possible to do it better with more commitment and dedication and without corruption but that some time had to be given for it to work. Dismantling the rottenness was easy, but setting up something to take its place was a gradual process and required a long term nurturing. The growth of societies was an organic process and it was wrong for the government to set targets dictated by political needs. It was necessary even at personal risk to fight against wrongdoing so that those who believe in you are not told lies. The truth had to be fought for even if you had to proclaim it alone against the whole world from the rooftops, not by words but by your actions. Fifteen years later a retired senior officer told me that, more than even what was achieved in the State PSUs later on, it was what was done in this sector that I should take most pride in. I am content with this assessment.

After my Labour and Cottage assignments, it became clear to me that one had to think for oneself. It was our job to follow the explicit and stated objectives of the government, look at our powers and then use one's best judgement to achieve these objectives, and serve the public interest. There was a truth out there, and we had to see it and realize it by the laborious motions of verification and testing.

From Cottage I was posted back as Fisheries Commissioner in September, 1992 even though I had served earlier there. So eight years after my first posting, I came back to the same job. In the meantime the Fisheries Commissioner had lost much of its powers and attraction. It was an indication that this was the only job the administration felt comfortable in posting me to. But this period was the high noon of corruption in the State so maybe it was a vindication of what I was doing. I decided not to sulk and mope but to look with fresh eyes at what was possible. No matter how despondent the evening, the next morning it was different and the future beckoned, inviting me to follow its beguiling steps. The black thoughts of the night dispersed "like ghosts from an enchanter fleeing." This cycle of dejection and renewal was repeated again and again.

My parents had passed away during the past two years. That cocoon of parental love, acceptance and a forgiveness that had not to be sought had nurtured me for forty years but now I had lost even this. But forty was too early to see one's parents die. I felt weighed down and terribly alone.

I did not know it then but this was the turning point in the graph of my fortunes. In the next fifteen years I was to experience extraordinary success and recognition in fields which were crucial to the State's development.

## *Chapter 10*

# Declaration of Independence!

My experience during two tenures as Fisheries Commissioner has been described earlier. Among those outside observers who looked at government, I was being seen as someone who was prepared to follow his instincts and do things differently. In spite of the official displeasure my confidence was growing. I was eying the ball and hitting it with middle of the bat. Pursuing the public interest boldly while maintaining absolute integrity was giving me a new standard to follow, a direction seeking which freed me from ensuring official approval before taking any step.

It was becoming clear to me that there was a big problem in the government. The actual world where real, intelligent and observant people lived and thought was different from the official world of the secretariat corridors, files and meetings. Not only in the observable physical differences but, also, in a more fundamental level of thinking. What was good, what was beneficial and what made sense was perceived differently in these two theatres of action. It was a relationship of mutual incomprehension to varying degrees. In the real world, right action is seen as that which begets the greatest benefit to society without venality, whereas in the official world right action is that which causes the least problems to the government. The other way in which the government working becomes opaque to the common man is through the language the bureaucracies use; quite likely this is done deliberately so as to bewilder the common man and prevent him from questioning the government's actions. This language sounds like English but is not. If schizophrenia could be defined as withdrawal from reality, then in this sense the government as an entity is schizophrenic. Officers in the government who participate in this self delusion become normal the moment they leave office and get back to the real world every evening. In any meeting whenever I made a remark based on the real world, there was an uncomfortable silence, a flippant remark and a quick change of topic. If a mindless bureaucratic observation was made there appeared to be a ready comprehension. But this withdrawal from the real world did not result in any loss of confidence on the part of those practising it. On the contrary there was a very high level of



confidence among these schizophrenics, so high that the common man often felt he must be wrong and that his senses may be misleading him. It sapped the energies of societies and turned them into the direction of manipulating the government. The rich and the powerful could do it; the poor and powerless could not.

To move out from this fantasy world and into the real world! Without being a populist I would do that which the government had prescribed and was objectively good but would do in a way which made sense to the common man. All the tools which not had been proscribed would be used to grow the commonwealth. And the feedback would be from the field to see whether our actions were achieving the desired effect and then making necessary corrective changes. I would not look at the higher ups in the government to see whether they were scowling or pleased. In fact it was beginning to appear that their reaction was at times inversely related to how things were going on in the field. That was the only way I could maintain my sanity and make a difference in the real objective world of men and events.

I decided to do this. It was a declaration of independence! But there were no cheering multitudes by my side.

But the three earlier tenures—Labour, Cottage and Fisheries—had elevated me in public opinion among the middle class in Gujarat. I was touching a chord which had rarely been played on. People were watching me to see whether I would continue to travel on the path I walked, and “scorn delights and live laborious days”. I was determined not to disappoint them and show that ethical action and organizational successes were closely aligned. Around that time, when I learnt that my name was not on the list of officers of my batch who were selected as Joint Secretaries, I saw it as a worthless trinket lying on the ground which I had missed. I was striding ahead, eyes seeking a more distant goal.

## *Chapter 11*

# Gujarat Housing Board (1994-95)

Was able to substantially improve the working of the organization.  
Corruption was driven out.

I spent just over a year as Housing Commissioner in the Gujarat Housing Board (GHB). Most of the goals I set for myself were met during this period. At the end, the government was happy, the Housing Board customers of our houses were pleased seeing a substantial improvement in the quality and design of houses, my officers and other employees had accepted the need for setting higher standards, and the Board contractors felt they were being treated as responsible and honest professionals. My transfer out was not because of government displeasure but to a more important assignment as the government saw it. Such a move was rare in my career. Usually I was pushed out of a job.

The Board's main business was to provide affordable housing in the State's urban areas. People preferred Board flats as it came with a secure ownership title. Up to the nineties with the ULC Act and other restrictions, the GHB stood out because of its ability to procure land. The Board was able to buy land mainly transferred from the government, build on it and sell it without any difficulty. As it charged the purchaser the full cost plus its margins it was always in a profit. The housing units were given on a hire purchase basis with the buyer paying part as upfront and the rest on a monthly instalment plan of 5 to 7 years.

So the GHB flats were sought after for three reasons. First was the clear title without any possibility of doubtful ownership issues cropping up later, all plan and other approvals from the municipal bodies were verified and reliable; second the GHB colonies were in well-located areas of the city because of prior government ownership of the land; third, the HP facility had the financing built into the purchase.

But the quality of these houses was something else. And the organization was known to have corrupt elements. The poor quality and corruption were linked. And the GHB designs were dull and unattractive. They looked like

Soviet era workers flats and caused me mental pain whenever I looked at one. There were other problems. Many of the residents were not paying the monthly installments citing quality complaints.

So my mythical all observing astute citizen, the oracle whom I conjured up told me that if the quality of the houses improved and the corruption was wiped out and houses delivered on time as promised, then I would get an immediate thumbs up from the objective audience. The pressure on the residents to pay would be then seen as justified. The architectural and aesthetic quality of the houses would improve as we took up new constructions so there would be a time lag. Instead of doing things one after the other we decided to move on a broad front doing everything at the same time. As the length of my postings was uncertain I decided to get busy from the word go.

It was clear to me that the best way to understand the complaints about quality was to hear it from the horse's mouth. The customers could tell me about it far more accurately than our engineers whose impartiality was in doubt. How to go about it?

The standard bureaucratic ploy was to form a committee of senior engineers to study and report, say within one month. The report would most likely reveal that while there were definitely areas of shortcomings these could be set right by localized corrective measures. These steps would be immediately initiated. Once this was done some time had to be given for the results to be properly analysed. The advantage of this approach was that it gave the new incumbent a clear six months during which time he could claim that "necessary action was being taken to deal with the grievances of the residents so let us give this process some time please." But this technique having been repeatedly used in innumerable administrative and political situations had lost its credibility and nobody was likely to be taken in. The other way was to have a day-long 'interaction' in a sammelan-type gathering with light refreshments or even lunch. The residents association could be called and they could be allowed to let off steam. The engineers would have standard answers to complaints. One would be that this complaint had already been attended to. Second would be to acknowledge the complaint but give some involved technical jargon laden reply to explain the complex phenomena. Third would be to say that this was the first time such a complaint was being brought to their notice so it would have to be studied, no answer could be given for the present. Fourth that what the applicant was asking was outside the scope of the specifications. Fifth could be to say that what the person was complaining about was not a complaint at all, that is how the contraption was supposed to function. And finally maybe the problem had

arisen because the house owner had misused the facilities. All these answers would be given in a patient and reasonable tone so as to make the complainant feel foolish. At the most I could say that the given explanation was not acceptable and I want a report on my table coming Monday 'without fail'. The only result of such an exercise would be to have the residents requesting me as to what action had been taken on the meeting held last month, a question I would be unable to answer with good faith. The impression would be that I was trying to fudge and cover up the issue or worse that the Housing Commissioner was hopelessly out of his depth and the engineers had stalemated him.

I decided to take the bull by the horns. We would go to the housing colony and see for ourselves. This visit which was announced two days earlier was the first of around three such events planned which I dramatically called a *padyatra*. Accompanying me were about a dozen of my officers and a large number of residents mainly some very indignant women. A new and recently occupied colony was selected. We visited flat after flat, climbing and coming down staircases. The housewives vented their pent up anger on all of us. They showed us doors which had curved, knobs that had come off, windows which did not close and allowed rain water access, ceilings leaking, paint peeling off, ditto with plaster, damp walls, electrical switches refusing to switch on, some unable to switch off once switched on, taps leaking or refusing to close, nails going through walls as if through sand and many others. The buildings had just been handed over recently. If you looked from outside the toilets and bathrooms could be located by the damp patch visible from the street level. The compound was uneven and filled with stagnant water and rubbish. Children had nowhere to play. Towards the end of the two hour visit a house wife poked one of our engineers on his ample paunch hoping that at least now he would stop eating their money. I had nothing to say except that things would change.

Next day I visited the well-known hardware shops in Ahmedabad with a couple of my officers. For a reasonable price excellent taps, door knobs, hinges and bathroom fixtures of reputed makes were available but we did not buy these but shoddy stuff from god knows where on the ground that those were cheaper.

Then we went to a electrical fitting shop. All the well-known makes of switches, lamp holders, wires and switch boxes could be had for competitive prices. But you guessed it, we never bought these. Sub-standard stuff was bought because, that's right, they were cheaper. We calculated that if we bought the most expensive stuff, the total cost of the residence would increase only by 2,000-3,000 rupees.

Back in the office when I asked why we could not use such better quality material, the answer was that audit may take objection. This audit objection was a handy excuse for not doing anything intelligent in the government. The audit was a bogey man in the government to deter any common sense steps. “But Sir, the audit will object!” This was the chorus from people who had broken probably every rule in the book. The auditor has been unfairly maligned and used by vested interests to prevent change. All the auditors I have known, and I have met them from middle level to the top, have been extremely understanding of the need for intelligent change if explained to them properly. So, I did not fall for this. Our officers said we were purchasing material of the similar specifications but of unknown make. I directed them to make out a list of 3-4 top brands in all these items and buy it from the authorized dealers. They were hesitating to even issue the order after I had signed the noting. They said there would be an enquiry against them if they took this step which for some reason they self righteously felt was wrong. I issued the order under my own signature. All fittings in our new constructed houses would be of recognized brands which were specified in the order. They were only required to buy it from their authorized dealers at the company approved prices after taking competitive quotations from authorized dealers. We asked the suppliers to quote their best prices to us. We added a provision that if it came to the notice of our officers that there was an equally good brand not included in our list, they should send a proposal to Head Office which would after scrutiny approve this new brand. With one stroke we gave our buildings the best fittings money could buy. No more shoddy stuff for families who had trusted us and bought our flats, we declared.

One day, a widow came to us and complained that her flat which she had purchased three years back on the top floor leaked copiously during the monsoon. Showing a touching but misplaced faith in the HB she had been coming here regularly every monsoon requesting that something should be done. The damp patches on the walls outside the toilets and bathrooms have been described. Our engineers told me that rain water from the roof percolated down through cracks in the roof slab because of rusting reinforcement and on to the floor below. Same for the toilets and bathrooms. And then it struck me. Are we not using waterproofing treatment on the roof? The answer was no, we were not. And why not? There was no reason. There and then we decided that from now roof waterproofing would be a standard feature in all our residential buildings and also below toilets and bathrooms too. The waterproofing companies we short listed also gave a guarantee of a 5 to 7 years. All construction from now on was to be with one of these short

listed companies. The request of our engineers to give them the option to use any other agency with “similar specifications” was rejected. If any other agency had a good product and needed to be added to our short-list, then let the concerned field office propose this with details. I refused to fall for this ‘similar specification’ loophole through which malpractices would ‘seep’ in like rain water!

During our *padyatra* visits the bitterest complaint was about the quality of the cement plaster inside the houses. Nails driven in were likely to reveal the weakness of plaster. Cracks would form and the exposed plaster was powdery to the touch. Clearly the cement used was less, sand more. Also probably, it was not strengthened by sufficiently curing it by sprinkling of water. But to me it was clear that the plaster was only the tip of the iceberg of a much larger wrongdoing. If the contractor had not added sufficient cement to the plaster which is on the surface, most likely he did not do it in the cement mortar used in the brick walls. And more worrying he was not using it the reinforced concrete columns, beams, and slabs which hold up the structure. He was able to do it only because of the absence of a management commitment to high quality and good work.

There was no system of accounting for the cement which should have been used in construction. We took a number of steps which effectively made sure that all the cement as specified in the norms went into the building.

First, we directed that all building sites must maintain a cement godown under lock and key. There must be a register showing the stock and the receipt and issue of cement updated with each transaction. Every weekend the details of the cement stock, issued and received had to be sent to the HO and marked to me which I looked at. Then we did something nobody expected. Two mobile teams were formed who would be told just the previous evening by me where they were to inspect. They would drive to the site and do a surprise inspection and check the physical stock. Officers were told that If there was a discrepancy in the figures it they would have a difficult time for their remaining period of their career. But everybody felt that a real effort to improve the board was underway and they all signed up. There was never any discrepancy.

Then it was made necessary that each site must have a cement mixer and mixing manually on ground was unacceptable. The number of loads mixed was to be recorded.

We made it mandatory to cure the cement with regular sprinkling of water. This enabled the cement, whether in plaster, brickwork or columns beams and slabs to attain full strength.

Good shuttering material was insisted on and vibrators used in all structural cement work.

And we then calculated how much cement was required to complete each building as per the norms in plastering, brick masonry, flooring, in reinforced concrete, etc, as per the drawing dimensions and construction norms and tallied this with the cement issued from the cement godown. The progress of the construction was tallied with the cement issued. This was a breakthrough insight which made it possible to have a vice like control on the cement use. Only a suicidal engineer or contractor would attempt any wrongdoing which was certain to be detected quickly. With this calculation and physical checks all the cement that was required to go into the building had to be consumed in it.

Earlier the flats were allotted to the residents after the building was nearing completion. We decided to allot as soon as the construction began and informed the allottee of his flat number and encouraged him to visit and satisfy himself about the progress and quality of the work.

All these steps resulted in three striking changes. The quality of the Housing board work improved to a degree no body had thought possible. Secondly, the professionalism and morale of the officers improved. And last, corruption came down to negligible levels, as a result.

One contractor showed me his private diary where payments to some of our officers were recorded. But he informed me that now all his payments and also from other contractors too had stopped. With the strict quality checks this margin for such payments had vanished, he explained to me in a business like manner. Senior engineers whom I trusted also confirmed this in private. The corruption money was now going to the flat owners in the form of better quality and possibly lower cost. In fact the gain is much more than the corruption money which is only a fraction of the loss to the organization and the rightful beneficiaries. I would say that X amount of corruption in a system causes losses of 10X to the organization in the form of demoralization, inefficiencies, lack of innovation, motivation, lack of cooperation and trust and leakages and general lethargy. Our target was not to reduce corruption but to reinvigorate the entire organizational working. The removal of corruption was a subsidiary benefit. Far larger improvements took place. The present single-minded determination to remove corruption and say nothing about autonomous direction seeking and the consequent motivation leading to better results is a symptom of the authoritarian mind set which prevails not only in the government but also among the anti-corruption fighters.

Those vocal non-officials who were strident alleging corruption also reported that things had improved. I used to personally check the quality of the work. The concrete surfaces were smooth with no pitting, they were being cured, the plaster on the walls and between the bricks was hard and scratch proof, mixers were being used, the wiring, switches taps, door latches and other signs too indicated a commitment to quality.

I constantly talked to our officers on the need to improve our working, become more professional and wipe out every trace of corruption. They saw that I never asked them to hide anything or favour any one. Most of our engineers were highly intelligent and capable of sustained effort if the task was challenging. They responded well to this strange officer who like a wide eyed innocent talked of what was right and knew a bit of civil engineering too. But they too felt good about working to high professional standards. Without this satisfaction with improved self worth of my officers nothing would have been possible. The new structured system of organizational expectations from officers enabled the realization of at least part of their potential. The full worth of any individual is never known, it is larger than we ever thought possible, it expands continuously to meet expectations.

There was another factor which helped me enormously. The residents of the Board colonies were the articulate and active middle class to whom the political establishment listened. They had stored up considerable anger against the Board at being allotted substandard houses to live in which they had purchased with their life savings. Many of our officers were also from this same strata of society. The improvements now taking place became quickly known to this group and through them to many influential sections of the State leadership. Unlike in Labour and Cottage, our reformatory zeal did not deprive any group of people, instead it benefited a large number of them. For the first and only time in my career there was a vested interest working to support me.

Other improvements were made. Even though each colony had a open land owned by it, not many had a compound wall. We decided that all such compounds should be enclosed by a wall. The open areas around the building would be covered with paving tiles. Instead of buying such tiles at an exorbitant price, we set-up a tile manufacturing facility of our own which gave us well-made one foot square tiles at a fraction of the market price. This paved area became a meeting place for the colony residents where earlier they had kept to themselves. We decided that all area within the compound should either be under the building, or the outdoor tiles, or a lawn or the internal roads, play ground, etc. No open land should be visible. There would be no



longer any slush encountered during the rains, the water being designed for draining out through storm water drains. A facility for feeding birds, a *chabotara*, began to be installed in each common space. This was a tradition in earlier Gujarat housing clusters.

A children's play ground was invariably added in all such colonies. In addition to slides, swings, horizontal and linked vertical ladders and other traditional play things, we tried cement figures of common animals done realistically. I still recall the enthusiasm of the children in a low income colony when we installed a cement turtle. A large number of them were trying to sit on it together shrieking with delight!

I then asked a sculptor to make a figure of a seated student intently studying a book on a table. It would be out on the lawn where everybody could see it. At all times they would see this figure engrossed. They would see it in the moon lit nights; when it rained they could see it had not moved, in the bitter winter cold it would still be reading the book, in the early morning it would be there, it would never be deterred. I thought watching this figure would inspire not only youngsters but also adults. It was never done but the image has persisted in my mind's eye since then.

The drinking water was always a concern. I visited some old houses in Khadia area of the city and saw how water was conserved before pumping technology had arrived. More than a hundred years back people had learnt to store rain water during the rains and drink it in the remaining months. But these houses in the old localities of the city were still using this technique. The floor slab on the ground floor rests as a cover on a well-constructed water tank just below. There is an opening lid on a corner of the slab from which water can be drawn out like from a well. The rain water falling on the roof is conveyed through a vertical chute to the underground tank. The house owner told me they do not use the water from the first rains as it was likely to have dissolved impurities suspended in the air. He said the water so collected was sufficient to meet his drinking water needs, cooking needs and was also for bathing. I tried to incorporate this in our building designs. We were able to do it for a few ground floor tenements when I was there. It could be done in multistorey buildings too with a bit of design ingenuity. It was clear to me and many others that proper harvesting of rain water could solve the drinking water problem substantially. But the engineer bureaucrat contractor combine would definitely stunt the development of such a technology. The higher the cost the more money there is for them to harvest.

Our success was mixed at best in one area. The residents in some of the colonies were refusing to make the loan repayments. The Board had drafted

a scheme with some concessions to convince them to pay. At the same time we issues notices to make payment. Many paid but a hard core resisted particularly in the Sola road area. They were also politically the most strident. We cancelled some of the allotments and issued them eviction notices. But short of cutting off water and electric supply or using force, we did everything, including sending teams to individual houses and sticking notices outside. Paradoxically the new improved quality houses now being built further enraged them as these contrasted with what they claimed were the shabbily built houses they had to live in.

The officer before me also felt the quality of the building architecture to be dismal. He had initiated steps to form panels of private architects in each city to design our buildings. I took this process forward and selected the architects in some cities. I do not know how far this progressed but it would have done good if implemented imaginatively. But in the meantime our in-house architects who had till then produced uninspiring box like units suddenly began to design attractive and functional structures and showed them to me for approval. I said if they had done this kind of thing earlier Ahmedabad would not have looked so ugly where our colonies had come up. They said nobody expected anything better of them. This remark highlighted an over riding truth.

Officers respond to what we expect of them. Of course our expectations of them cannot be casual or spur of the moment whims but be supported by a whole moral framework of objective ways of working which proclaims day after day and continually the organization's absolute commitment to an ethical goal. If officers are assured of this they respond. We cannot manipulate highly intelligent experienced men and women but conditions can be created to bring out the best in them. Inside every individual is the kind of person he imagines himself to be. Capable, moral, innovative and courageous. Great energies lie confined waiting to burst forth and proclaim to the world what he could be. He has imagined himself to be many things far better than what he is now. It is not possible to estimate what limits a person could measure, never. But the organization cramps him, expects little of him, and assumes he will respond only to fear or greed and that without these he would prefer to do nothing. A person has many potentialities. It is up to the organization to bring out the best in him. I have never judged my officers on the basis of failures. I only urged them forward by showing the wide gap between their true capabilities and their present level of effort. Though people above me in the hierarchy have let me down many times, rarely have those who worked for me. Ethical alchemy can turn lead to gold. I was just beginning to understand this. Not only our actions but also the goals for which we were

working had to be ethical. What were our goals here? It was to provide the best houses money could build so that middle class and lower middle class families and their children could live in dignity and comfort. It was an energizing goal, big enough to demand all our exertions.

Today corruption is seen as a canker that is destroying the vitals of the country from within. The common man and also many of our most influential citizens are stressing the need to take strong steps to wipe it out. The government's response is to pursue anti-corruption cases energetically and to put in place a stricter regime of auditing checks. Assuming they are sincere it appears they only want to remove corruption, leaving the rest of working culture the same. It won't work. If in the Housing Board I had only tried to remove corruption without doing the good stuff, and instituted enquiries and audit checks all along the line, suspecting everyone, insisting on following all procedures as laid down and not done anything positive, then while corruption may have come down for a while, the work would have slowed down drastically. The money saved by this lower level of corruption would be far less than what was lost by a slow down of the work. The demand from the stakeholders to remove me would have been fully justified. There is a danger in carrying this anti-corruption crusade too far if there is no willingness to loosen the innumerable controls that actively discourage creative work within the government. My own experience indicates that governments are intolerant of autonomous functioning even when it is successful and carried out with integrity. If corruption is to go it must be replaced and pushed out by good deeds. Removal of corruption cannot be a one point agenda. It can never happen by itself. Autonomy in functioning and accountability for results should be the guideline. No government is prepared for this.

In the perception of the man in the street the ideal situation is when impressive results are obtained with integrity. We scroll down the list of preferences where there are varying degrees of honesty, efficiency and corruption. He sees little to choose between a system which moves by corruption and one which hardly functions with even though there is a low level of corruption. Standing in a line he prefers to be in one where his work gets done quickly and fairly without any bribe. But he is prepared to pay rather than stand in a que which does not move because the decision-makers move in slow motion stating that all necessary checks are being made. So corruption is the flip side of government inefficiency. An ethical management can wipe out both inefficiency and corruption. Attempting to remove corruption without an ethical approach is like trying to chase and catch one's shadow. Corruption will always remain as long as the country's rulers see an ethical leadership in the government as a greater threat than corruption.

## Chapter 12

# Secretary of Water Supply (July-December 1995)

In this short time I was unable to make any lasting impact.

It was the year 1995 and by July end it was clear the rains were scanty and the spectre of drought, like an unwelcome but familiar guest, appeared once more on the State's doorstep. Crops would be seriously affected but it was drinking water that was the government's absolute responsibility. The government decided to post me as Secretary of the Water Supply Department. It looked for the first time in my career that it was a force of attraction rather than repulsion that caused my shift. But I left the Housing Board on a high note and with public goodwill. The Naranpura residents had given me thumbs up. It was a complete and satisfying success. The reader will appreciate that I was able to carry out this drastic functional reform of this organization in just 10 months.

A curious incident occurred during the first week after I joined. I got a call from a higher up that the chief reporter of one of the two powerful dailies of Gujarat would be meeting me on a particular day so would I give him time. The time was fixed and I spent the next two days preparing for his questions which were likely to be about the government's preparedness to meet the coming drinking water shortage. He met me at the appointed time but appeared excessively deferential. The reason for this became clear very quickly. He did not want to know about our drought preparation at all. What he came for was to enquire and expedite the award of a contract to a company which was in the construction business and a subsidiary of the newspaper group. I promised to do whatever was possible and he left thanking me. I did not write down the name of the company and forgot it by the time he was out of the door.

A journalist has written a book entitled *Everybody Loves a Good Drought*. A drinking water shortage benefits many persons, other than those actually facing the water shortage in whose name all the frantic activity takes place. Funds are allotted with no questions asked. New water supply schemes are

designed and the ones under construction are speeded up. The more money you spend the more you are seen to care for the water starved villages.

As Secretary, my entire work was the control and monitoring of the functioning of the Gujarat Water Supply Sewerage Board (GWSSB) and to get its schemes approved within the government and arrange funds for it. Its CEO was the Member Secretary and there was a non-executive Chairman, a politician. This body had a reputation for waste, inefficiency, political patronage and outright corruption. If I was the CEO, I could have set it right in a short period. There was little complexity in its working and its weaknesses were so obvious that improving it would have been like plucking low hanging fruit. But I was not the CEO. With the administrative set-up it had, I did not have any control on the day-to-day working of this body. For the obvious reasons, this arrangement had political and as I later found, even administrative support from above.

Sitting as Secretary, I was expected to control the effective functioning of this field organization. Many senior administrators who do not have the stomach to dirty their hands by directly running a field organization particularly one which is known to be tainted and not particularly prestigious, think they can effectively monitor the working of such an organization. They feel these can be reformed by issuing administrative and policy guidelines from a centralized secretariat, talking tough and by some well-publicized field visits. It is a self-serving conceit. If an organization working has to be improved it can only be by a capable CEO who is prepared to act strongly. To those who would counter that they were able to do it, my answer is that in that case organizations like the GWSSB would have been efficient.

But, I was able to re-orient it a little and nudge it towards bringing some cost effectiveness to its wide spread operations. As it became clear that we were facing a severe failure of the monsoons, the list of works to be taken up on a war footing was being prepared. In course of time it grew alarmingly long. We had a window of about 4 to 6 months before the shortage turned into a distress situation. The existing water sources would be dry up by January. By then the new water supply schemes had to be implemented. In actual practice the new schemes taken up with such a sense of urgency and great expenditure would not all be ready by the time water was needed from February onwards. The bulk of the water needs in no source villages would be met by water tankers. But when these schemes are taken up the official claim is that they would be capable of supplying water in time.

Soon a huge list of purchases by the GWSSB was received for financial approval and transfer of funds by the government. Most of the items were

tubes, pipes, pump sets etc. But then one engineer mentioned to me privately that large unutilized stocks from last year's purchases were lying at various open sites at different places. We immediately asked the GWSSB to reduce their shopping list by the quantity of material already available with us. This threw a nasty spanner in the purchase proposal. First I was informed that it would require a physical stock verification as these materials were lying at different sites and would take a long time. In the meantime the proposed projects would get delayed. Telling the controlling officer that the work in the field would get delayed is an effective way to stampede him to sign on the dotted line. My officers were told to do the physical verification come what may. It would be difficult, they said. Please start immediately, was my answer. I visited some of the sites where this material was stored. These were open air storage sites without protection against the weather. The GWSSB was finally persuaded to make a list of these and as a result a substantial quantity of items was dropped from the purchase list. Tarpaulins were ordered to cover these materials.

What are the components of a water supply scheme to a group of people living in close proximity to each other? The first is the water source. This could either be a bore well or a water reservoir of some size, such any impounded water like a dam or a lake. The source would have a pumping equipment of some sort. In the bore wells it is normally a submersible pump which is inserted into the bore. Then there is the pipeline to carry the water to the population cluster where a storage, usually in the form of an overhead tank, is built. From this storage the water flows by gravity to the individual houses by a network of pipes and valves.

Once the water scheme is completed and commissioned, it ceases to interest top authorities and there is no further monitoring. I thought it would be interesting to look at how schemes shown as completed were actually performing. The GWSSB had shown a large number of schemes as completed in the previous years and taken the credit. Consequently, all the people in that area were shown to have been provided water.

I wanted to know how much water was actually being pumped daily in schemes which had been 'completed'. This simple information posed a great challenge to our engineers. It was not their fault as no one had asked for it. In the government achievement is how much money is spent on schemes shown as completed and not what benefits are actually flowing in to the kitchen tap of the household. I was told that meters had not been fixed in many schemes. And where they were, they were not working. We decided that good reliable meters should be ordered and fixed quickly. But the few places where meters had been fixed and were reliable, I asked them to let me know

the quantity of water being supplied. And even where meters had not been fixed or were defective, I asked for the number of hours the water was filled in and let out from the overhead tank. With water flow calculations it was not difficult to know to a fair degree of accuracy the quantity of water which had flown into the houses. The GWSSB engineers were finding that I was a difficult man to put off when I wanted some information. Unlike other officers who start nodding the moment they are confronted with a 'technical opinion', I did not give much deference to such stalling.

But the first numbers showed that the actual capacity utilization of these schemes was abysmally low. It could be because the water source turned out to have less water than was projected when the scheme was approved. It was a case of wrong selection of water source. But when the source was adequate, at times pumps were out of order, there was leakage in the pipelines wasting a lot of water on route, at times some were denied water to favour another group of people, at times it was sheer lethargy and the valve was just not opened. Nobody had asked for all this information in the past. I too felt that as Secretary this intervention on the day-to-day running of the organization was just micro management on my part which should be actually done by the chief executive of the GWSSB.

But he was not doing it. He was capable and energetic but he was taking instructions from many important people. As a result he was not answerable to anyone. Vast funds were involved. Our efficiency was judged by how many schemes of the GWSSB had been put up to the government by me, the Secretary (water supply), how many were sanctioned, how much funds transferred to the GWSSB, how many contracts awarded in the field, physical progress of the various schemes, how much money spent, how many schemes 'completed'. These were the activities which benefited the middlemen; nobody asked how much water went into parched throats. I was the head of a vital department where the day-to-day work of the GWSSB was not under my control. Responsibility without the means to exercise it was a dangerous burden to carry when millions of people were looking to the government for succour.

When you are using powers which you do not actually possess there is a very perceptible law of diminishing returns. In the first month or two my instructions were followed energetically. But as these instructions began to have a substantial impact on the GWSSB functioning, resistance was developing. The screws through which leakages were happening were being tightened up. It was clear that the Member Secretary would no longer follow my operational instructions. To be fair to him, legally he was right.

I met the Chief Secretary and informed him of the situation. I said running the department was easily done if I had the GWSSB firmly under my control. I said I could hold additional charge of the post of the Member Secretary of the GWSSB. It was pointed out to me that this was a lower grade post and that charge was held of a post equivalent in status or higher, never of a lower one. I said I was prepared to risk it.

The rule is never to expose oneself to direct fire especially when facing a situation when politicians were indignantly attacking the government. When there was a seasoned officer as Member Secretary, it was foolish for me to want to take charge. I said that was how I saw it and I was prepared to face the heat because the job was conceptually simple and the GWSSB could be made to perform efficiently. The understanding I took away from this discussion was that it would be thought over.

Three days later, I received my orders of transfer. It was as the Managing Director of Sardar Sarovar Narmada Nigam Limited (SSNNL), handling the Sardar Sarovar Project. But I would have liked to have stayed on in the present job if full operational control had been given to me of the GWSSB. It was a job no IAS officer wanted but me. There were two reasons for my wanting to stay on. The first was I saw how easy it would be for me to improve the working of that body. The quality of the officers was impressively good. They were field oriented and capable of putting in hard sustained work in the hot sun. The weaknesses in the functioning of it were so obvious that its turn around could have been easily achieved. It was outdoor work which seemed to suit me. The GWSSB could have been made into a model of what such a body could be. It only needed good leadership. The second reason was heartbreaking suffering of the villagers which was so visible. One could see the line of women carrying drinking water in pots on their heads for long distances in the pitiless sun. True, the western and northern parts of the State had low rainfall in even in normal years and water was always limited. Agriculture may suffer in drought years but there should have always been enough water for drinking if it were properly managed. I thought a GWSSB efficiently run with innovative steps in the field could have provided enough drinking water to every villager even in the worst drought years. And, I thought, if there was a divinity which ruled over this our world, I would be favoured by its grace. When we had shuffled off this mortal coil, and my good and bad deeds were being looked at as I was knocking on heaven's door, it would be the work I had done here that would make the stern gatekeeper smile and let me in.

I felt common sense solutions were not being carried out because of a vested interest in carrying out capital intensive projects among the



predatory politician and officers. Today the drinking water is available in sufficient quantities to the suffering villagers. This happened because of two other literally ground-breaking efforts. The first was the mass movement among the villages to prevent rain water runoff through check dams and other water retaining structures. These were planned, designed and carried out at the village level with low capital expenditure with little GWSSB direction. As a result the underground water level rose with the water so impounded seeping downwards. Agriculture benefited with the high moisture content in the soil. The village wells were recharged. This liberated women from the daily back breaking walk in the hot sun with the water burden on their heads. It also increased the confidence of the villagers in their own efforts.

The second was the substantial raising of the Sardar Sarovar dam and the construction of some of the important canals. This made water available in sufficient quantities to enable pumping over long distances through pipelines to the villages. But it is a capital intensive project with high energy consumption. A large amount of money was spent on these pipeline schemes. The intention appears to be to spread this pipeline network to villages deeper into the west and north. A great deal of chest thumping is done when the water reaches distant taps. But the question whether the money was well-spent, whether the physical infrastructure so created is being fully utilized or whether there were lower cost models available is never raised. The villagers get their water and the large amount of money spent keeps the key persons happy. Nobody asks whether better results could have been obtained with less expenditure.

But of the two developments described above, the first one gave a better bang for the buck. And most likely the GWSSB is organizationally still in need of substantial improvement.

The CAG report for the year 2004 on the use of drinking water from the Sardar Sarovar Project states—

“Only 44% of the envisaged people received the benefits after two years of execution of the augmented project that cost ₹ 464.71 crore and that of the 1.51 million beneficiaries covered, about 94% were provided with water unfit for human consumption.”

### *Chapter 13*

## Managing Director of Sardar Sarovar Narmada Nigam Ltd (January 1996 to September 1997)

(I was successful in reviving this great project—the Sardar Sarovar Project, one of the ‘temples of modern India’. When I joined all the project sites had stopped work; when I left, all the sites including many new ones, were humming with work, except the dam site with a court stay; value of dam site work remaining was far less than the others. Corruption was driven out.)

I was the Managing Director of this giant body for around one year and nine months. During this period the project revived from the death like inactivity into which it had slipped. Its confidence was restored, its sense of purpose strengthened, and it was set on the track which led to it successfully passing major milestones subsequently. In graphical terms the downward gradient of the project turned upward soon after I joined on 6th January 1996. In fact, once the project had revived, many officers referred to this date frequently as the turning point for the project. This date was frequently referred to while looking back on the revival of the project. “Before 6th January and after 6th January”, they used to say.

While I was in the Water Supply Department, I had decided to tour the important sites of the Sardar Sarovar Project. This was two months before I joined the Sardar Sarovar Narmada Nigam Limited (SSNNL) and was unaware of my next move. The reason I wanted to see the project was that it promised drinking water to the GWSSB in plenty as soon as it was completed. The impression given was that it would be a short time and we should be fully geared to take the water as it became available. I wanted my own assessment of how likely this prospect was.

I visited the dam site and drove along the side of the main canal from Kevadia to Kadi, 240 kms away. It took me two days starting in the morning and coming back after dusk driving along the side of the canal raising dust.

What I saw was not a reassuring. Six months back in June 1995 the Supreme Court had stayed the construction of the dam. So there was no activity at the dam site. The dam height was stuck at 80 metres. The officers and the contractor's staff were sitting idle. The main canal was completed up to Orsang at 50 kms from the dam. After that only earthwork was done up to the Mahi river crossing. Beyond Mahi even the earthwork had not started. I visited six sites and every where the sense I got was that of the air of a great enterprise brought to a grinding halt and the sudden silence. Nobody knew when the work would start. The stay was only for the dam so why was the main canal not being constructed I asked. One engineer told me it was the lack of Vitamin M. They explained the M stood for money. It seems the contractors had not been paid for almost six months. Many of the contractors were demobilizing, sending their labour and heavy machinery out. The officers were demoralized. It did not look like a project which would be making water available for drinking water any time soon.

I recalled this state of affairs after receiving the transfer order at 9 PM one night. My first reaction was of intense rage that this move was made while we were discussing arrangements to improve the working of GWSSB. The GWSSB which I was confident of turning around had been snatched away from me. The proposed appointment had not even been discussed with me. My next thought was that this was a job too big and complex for my limited talents. The project was gasping for breath. It would now become my failure. It was being given to me as no one else would take it.

Today the Sardar Sarovar Project (SSP) is deified and no superlatives in its praise are considered strong enough. Politicians rush to the dam site whenever an occasion presents itself and pay obeisance to this temple of modern India. These are cost free and dividend rich gestures. But we must remember it was not so always. By the end of 1995 serious doubts were being expressed on this project within Gujarat itself. These doubts were not on the need for the project itself. The utilization of the Narmada waters for soothing the thirst of the drought stricken people of Saurashtra, North Gujarat and Kutch was an article of faith with the Gujarat people. But as the project dragged on, the cost estimates went up, and as the SSNNL failed to meet construction targets for one reason or other, certain weariness was creeping in. It is a good project but why is it not moving ahead? When it will ever be completed, were the questions being asked even within the circles most committed to it. The worldwide condemnation of the project caught the technocrats of the SSNNL flat footed. It also demoralized them as their self worth went down. As engineers they were inactive as work had stopped. With

the withdrawal of the World Bank support the issue of how the State would fund the project was a real worry. So at the start of 1996, the credibility of the project as a viable one, no matter how desirable, was under critical questioning. The support for the dam was low key and nothing like what it became once the project picked up steam. People joined the bandwagon as they saw the work speeding up. Public memory is short but this fact should be kept in mind.

Even after we got the canal works restarted, there was a debate within the government, not in a formal sense but opinions being aired, as to whether it was wise to spend so much money on the canals when the construction of the dam itself was in doubt. Would the Supreme Court ever lift its stay? Till this happened would not the canal represent idle expenditure on a huge scale. And then there were some pseudo technical discussions quoting the views of unnamed experts. These experts opined that the concrete canals which were partly completed were exposed to the hot sun and this could weaken the linings. They claimed vindication when there appeared fine cracks on the surface. It turned out this was the thin slice of caked mud on the canal surface after the water had dried which was now cracking in the hot sun!

The contractors had not been paid for eight months. And the stark dismal reality was that every work in the project had come to a halt. The only real work apart from some design work being done by our excellent in house team was the constant follow up on the Supreme Court case. The public perception was the project was being further weakened by corruption through a politician-officer-contractor combine.

Soon after taking over I went to call on our Minister Shri Jaynarayan Vyas. He was also the Chairman of the SSNNL. During the next two months I got to know him well. He had a quick intelligent mind and was extraordinarily articulate both in Gujarati and English. He had done his post-graduate in engineering from IIT (Mumbai), so we were alumni of the same institution. He was energetic, impatient with the bureaucratic culture and keen to get things done. We seemed to speak a common language. A few months later when the project began to move ahead briskly and we had come to know each other well, he confessed to me that it was with shock that he had learnt of his appointment as Minister for the project six months back. He saw the job as impossible and thought it would abort his career right at the beginning. In the first few months he played the role of the Minister and Chairman and I functioned as the MD and CEO. I thought we would get along well. Turned out I was wrong. But I still see him as an extraordinarily gifted and warm individual.

So I joined on 6th January 1996 and began to try and understand what it was all about. My predecessor Ashok Chawla gave me perceptive analyses on the issues and personalities around the project and the minefields to watch out for. To the right of the chair I sat in were some official looking documents placed prominently on a side board. These were the documents relating to the World Bank and correspondence with the Government of India. I was advised to read these thoroughly. Over the next week, I read through some of them. I concluded that either I was mentally deficient or what was written on these impressive documents was some kind of impressive gibberish. After every page was turned my mind seemed to activate some automatic erase button so that I forgot what I had just read. My head began to reel. I decided it was easier to deal with and understand the real world than the abstractions conjured up in these papers. I called my PA and asked him to take the whole lot out of my room and deposit it in the darkest corner of the eight storey building he could find and never to bring these back into my room again. It was like regaining one's sight after taking off blinkers.

Then I decided to visit the sites for the first time as the MD of the SSNNL. After spending the night in the Kewadia guest house, the next morning I saw the dam which had been raised to a height of 80 m plus some humps to a further height of 3 m. There was no construction happening but I visited the site arrangements for laying the concrete across the breadth of the dam. It was an elaborate arrangement by which huge quantities of concrete could be precisely placed at any horizontal or vertical coordinate along the dam axis. This was made possible by a bucket loaded with concrete which could move over the dam, hung from a thick steel rope which spanned the dam. The movement of the concrete bucket could be controlled from a control room so as to place and pour it over the exact portion of the dam required. An automated cement mixing plant supplied concrete in precisely mixed quantities after chilling it. These arrangements were world class. The dam had to go up to 121 m at full height above which would be the steel gates of 18 m. This would take it to a total height of 139 m. Looking at the complete calm and inactivity there, that looked like a distant dream. This huge potential of men and machines was lying idle, held up by the commands of a distant court. But the site was capable of taking up the construction quickly the moment clearance was given. I thought of it as Gulliver tied down by the Lilliputians. That was the bright side one could look at. The chief engineer posted there assured me the dam could be completed to the full height within an year once the all clear was given.

The dam was to provide sufficient water to irrigate 18 lakh ha. The impounded water would pass through two power houses, the river bed power

house and the canal head power house. The power generated would be 1,400 MW. After generating power the water would flow partly into the river down stream from the riverbed power house and partly into the main canal through the canal head power house.

And then we drove along the side of the main canal all the way to Gandhinagar, 200 kms away. The main canal where it began was 6 m deep and 100 m wide at the top. This was bigger than anything I had heard of, far less seen. It could carry 40,000 cusecs (cubic feet per second). This had to be imagined as the entire canal was bone dry at present. I saw it in my mind's eye. It was a magnificent image urging its materilization.

This canal was not a continuous flow of water. There were gates every 20 kms to provide water control management. The canal had to cross road and railway lines which travelled above. The most challenging were the river crossings. Where the river bed was lower the canal went over it as an aqueduct or where it was above, the canal crossed it as a syphon below it. These were gigantic works which posed great technical and human challenges. All along the drive our engineers were waiting by the side in the open, with cool drinks and snacks. Technical drawings were spread out over stands which explained the constructions to be carried out.

But all the way to Gandhinagar, there was no activity. It was silence that I experienced at all these sites. Yes the contractors had not been paid for eight months. Their big construction machines were still, their labour had gone home. But everywhere, I saw that the engineers and contractors were ready to start at short notice. "Give us the tools and we will finish the job" they seemed to be saying. The tool they needed was money and an SSNNL management which was committed to pushing ahead aggressively. Unlike the dam there was not legal stay stopping the canal work. This got me thinking.

The next week in the big impressive SSNNL offices I sat and waited for the work to come to me like a good government bureaucrat. Nothing came. As a mirror reflection of the inactivity in the field, no real decisions were being processed in the HO. Though paperwork can generate the dust clouds of what looks like work, it was clear nothing was going on. It was demoralization and inactivity feeding and growing on each other. Yet I recall considerable discussions about what if situations. What would the Supreme Court do, what about Madhya Pradesh, the enduring enmity and the destructive intentions of the NBA (Naramda Bachao Andolan), the views Government of India, etc. We were not talking about what we planned tomorrow. Analyses paralysis was raging unabated in the SSNNL office. This virus had to be terminated.

Yet the SSNNL engineers were the cream of the crop, the best of the lot but they were sitting idle. We all felt the touching expectations of the millions those who believed in the project but we were paralysed. The clouds of demoralization could be blown away only by the strong gust of action.

I met the Minister and asked him to move the government for immediate funds. I assured him that if these were given he would get action. He asked me what I had in mind. I said the error in our thinking was that it was being assumed that because of the Supreme Court stay the entire project had to slow down. The stay was only on the dam. There was nothing stopping the work on the canals particularly the main canal which was bigger than the dam. The dam work with the infrastructure in place and a good contractor, who was reliable, could be completed within one working year once the stay was lifted, as it would be ultimately. The canal work was bigger and would take much longer. It was the critical path. We ought not to waste this valuable time. There was another reason which as Minister I knew he would grasp. The start of the canal and other work would send a strong signal of a giant project on the move and create goodwill, a forward momentum and morale which would carry us over to final success.

But the contractors' payment overdue was huge. Would they start work without this being cleared first? We decided we would ask the contractors to accept regular monthly payment henceforth. We would guarantee the payment overdue would not go up. One month's payment would be made immediately. Every month end they would be paid for that month's work as certified by our site engineer. As and when funds became available more installments would be paid so that within say six months the overdue would be totally paid. We also decided that after two months once all the works had started, the SSNNL would go in for a Bond issue in the market to raise funds. It would create a positive glow around the project.

We conveyed this to the contractors. I told them that the first monthly payment would be made by the end of the month of Jan. but they must mobilize and show readiness to start work. They asked me my views on the project. I said it was a great project and there was no doubt that it would pick up momentum. We in the SSNNL were committed to it. Together we could see that it restarted. They agreed to restart work. They had invested a considerable amount of funds time and effort in their works and here was a chance to once again move ahead. But they told me they were seeing a different SSNNL. Earlier the mood among the management was doubtful and non-committal. The contractors did not feel that the SSNNL itself was

confident about the project. Their own belief had weakened. They assured me that they would not be found wanting and would do their best.

The Minister was successful in moving the government to release funds. By mid-February, 1996 an instalment of funds from the Gujarat Government was received. The bills submitted for the work done in April 1995 was promptly released to the contractors of the canal. We had kept our word. This release sent a surge of positive signals into the organization. By the end of February 1996, the cranes, mixers, earth movers and shuttering were moving and the sound of machinery was heard after a long time along the desolate canal banks of the project. The great enterprise was stirring, freed of its chains. These were not real chains but imagined and self-imposed. By an act of will the project was unchained. But the project could never be freed of its responsibilities to those who were adversely affected by it. I was aware of these. The project had to satisfy the country's insistence on a fair compensatory deal to those affected. Only when we were seen to be doing this would the Supreme Court allow us to go ahead. Some way had to be found so that the project moved in coordinated steps along with the rehabilitation.

Around this time I thought that a listing out of those objectives which were paramount would direct our efforts to where they were likely to yield the quickest results. Having too many targets to aim at would dissipate our efforts with less likelihood of success. This was discussed with our officers in many intensive sessions. The predominant feeling was that the Supreme Court would not give us the go ahead any time soon. The World Bank had withdrawn from the project, landing a grave blow to its credibility especially as Gujarat Government had projected the WB association forcefully. It would also create a gap in the financing of the project. This too had to be bridged.

We called this exercise the Prioritization of Objectives. We listed out the objectives which would drive the organization and make the project a reality.

1. Make all efforts to move the Supreme Court to lift the stay.
2. Concentrate all efforts on the speeding up of the main canal work.
3. Take steps to ensure funding for the project.

These three major goals were inter-linked and had within them a score of other activities the success of which would make the achievements of these major goals more likely.

The case in the Supreme Court was unique of its kind. The SSNNL was represented by the distinguished Fali Nariman. In my first meeting with him he indicated his unhappiness with the information being provided to him



about the rehabilitation of those affected by the project. This was about people whose land and houses would be partially or temporarily submerged by the raising of the dam and the consequent rise in the level of the reservoir water so formed, called the Project Affected Persons (PAPs). This was the major issue about which the Supreme Court had to be convinced. He stressed this repeatedly. What was being given to him was incomplete and fragmentary information. The information was largely supplied by the Sardar Sarovar Punarvasvat Agency (SSPA)—whose job was to provide rehabilitation to PAPs, but had to be in a form that satisfied the Supreme Court. We were trying to get a blanket approval from the Supreme Court for the restarting of the work on the dam. The NBA which was pugnaciously represented by Shanti Bhushan was able to raise doubts about our claims. The Rehabilitation Committee of the Ministry of Social Welfare of the Government of India was required to give its opinion on the rehabilitation being done satisfactorily. The attitude of the Madhya Pradesh Government was ambiguous. While it did not want to give the impression of opposing the project, there were powerful voices amongst them questioning the fairness of the project. Their view was that while Madhya Pradesh had to bear the bulk of submergence, it would be Gujarat that would benefit from the irrigation potential to be created. But as the entire project based on the Narmada Tribunal Award which emerged after many years deliberation, this was an issue that could not be raised again.

After attending a few such hearings, it was clear to me that expecting a complete green signal for the entire project was wishful thinking. The Social Welfare Department of the Government of India could not give an exact correspondence between the rehabilitation work carried out and the height to which the dam could be raised. In an inspired moment I suggested to Mr Nariman that the project should conceptually be divided into 5 m horizontal slices. First the rehabilitation would be done for the raising of the dam to from the present 80 m to 85 m. In other words, those who would be affected by the raising of the dam height from 80 m to 85 m would be rehabilitated. This would be verified by the Government of India Rehabilitation Committee after field visits and certified accordingly. We would then approach the Supreme Court not for a total lifting of the stay on the dam construction but for permission to raise it up to 85 m. This process would be repeated for every 5 m slice subsequently. The dam would rise step by step. Mr Nariman was a man of few words except when he was on his feet in full flow before the bench. Perhaps, he wished he had thought of this simple manoeuvre himself. Without further discussion he said it may work and he would present it at the next hearing. This was suggested in the next hearing in a masterly fashion by

Mr Nariman, keeping it low key. This was accepted in principle as nobody even the NBA or the Madhya Pradesh side could logically oppose this. This was the move which in retrospect cut the Gordian knot. But there was a long road to travel before the dam moved from 80 m to 85 m. But conceptually the key to open the locked gates of the huge project had been found. From memory this event happened around end 1996.

After this conditional approval, we in the SSNNL and SSPA worked to complete rehabilitation up to 85 m. The core of rehabilitation was to locate good agricultural land and offer it to the PAPs and give them the other benefits. In due course we requested the Social Welfare Ministry to inspect and certify the completion of rehabilitation which they did after a field visit. Realizing the importance of this report and the reliance the Supreme Court would place on it, the team was led by the Secretary of the Ministry, a senior IAS officer. The Ministry certified that rehabilitation had indeed been done up to 85 m. We then filed our affidavit for the next Supreme Court hearing stating this, confident of approval for rising the height by 5 m. The application was rejected without assigning any reason or any substantive grounds. Perhaps the Court wanted to wait and be certain about committing itself as the move from 80 m to 85 m was an irrevocable step. It was not a wall, but a door on which we had to continue knocking. The logic of our request could not be faulted. In due course the approval would be given to raise the height of 85 m. With the Madhya Pradesh side still having reservations on raising the height, the court was giving us more time to bring the Madhya Pradesh Government to agree. The height increase from 80 m to 85 m was crucial. Madhya Pradesh was not opposed to the dam but suggested a lower height. This lower height would involve a profile change at around 83 m so once the height had been raised to 85 m according to the existing design profile, then the dam construction could not be changed later. This was why the increase from 80 m to 85 m was so strenuously fought over. Once that was given the height of the dam would remain fixed.

While the project rehabilitation package was generous, two hectares of land in the irrigated area of the project to each person, with every major son being eligible for this benefit, the provision of a dwelling house for these oustees in the new settlements was overlooked. What was given to them were tin sheds as temporary accommodation till such time as they built their own houses from assistance given to them. But they did not build these permanent houses and as a result that they continued to stay in these oven like sheds even in the summer. The photos of these sheds had given effective ammunition to the opponents of the project. At my initiative we decided to provide permanent houses to them at our expense. Many of these were built

and the sight of these in village like clusters created a favourable impression and persuaded the displaced persons to shift.

I visited Madhya Pradesh and met many senior officials concerned with the project and those close to the Chief Minister. I told them of everything we were doing and were prepared to do. I requested them for support to move this giant project forward in which both the States had such a vital interest. The impression I got that this would happen but in a politically choreographed way. The Madhya Pradesh Chief Minister was persuaded to visit Gujarat and see the rehabilitation carried out here. He went back satisfied that the work was being done satisfactorily overall. The sight of the houses we had built impressed him. His problem was the PAPs in Madhya Pradesh who did not wish to come to Gujarat. Providing land in Madhya Pradesh was proving difficult because of the Forest Act. There were suggestions that monetary benefits could be made to the Madhya Pradesh oustees with a mechanism to ensure that they did purchase the land nearby. Some such facility was made available later on. This broke the last effective resistance to the project.

In between there was an episode which brought me to the brink of a serious hazard. At the direction of the Gujarat Chief Minister, the SSNNL decided to launch an aggressive publicity campaign in favour of the project. An organization called the Gujarat Lok Manch, headed by eminent men, one of them a Gandhian, was to put up these advertisements which the SSNNL would design and pay for. The Gujarat Lok Manch leaders agreed enthusiastically. They said no sacrifice was big enough to make for the Sardar Sarovar Project and to quench the thirst of Gujarat's suffering millions. The first few ads showed the great benefits the project would bring all around. We then moved into a higher emotional gear and showed pathetic views of starving cattle, women waiting for water and other scenes depicting the terrible hardship being undergone by the people of the water stressed areas of the State for whom this project was designed. These were prepared by an advertising agency from Mumbai. The advertisements were captioned 'Who Cares?' As these were sensational, they had a limited impact. I then personally prepared a factual presentation on a question and answer format listing out information on the project particularly mentioning the 5 m linkage between height increase and satisfactory rehabilitation. This was put up as a full page advertisement in all the national newspapers. No mention of the Supreme Court case or adverse comment was made. This advertisement created a favourable public impact among a large number of persons who for the first time saw the issues clearly. But the consequences for me were serious. While the first advertisement drew no reaction, the truth was quite another matter.

Next week in Delhi I was told by Mr Nariman that I personally should be prepared to face the charge of contempt of the Supreme Court. Coming from him this was an ominous message and I suddenly realized the danger I was in. A date for hearing was kept. In the days before the hearing I would wake up in the night in a cold sweat, having dreamt of being led into the jail for a three month sentence. But I cultivated an air of stoic and steely determination. At the hearing, the SSNNL was mercilessly criticized by the NBA advocate. On being asked by the honourable judges, the representative of the Gujarat Lok Manch stood up and claimed that they were not aware of these advertisements and it was done without their approval. I was now in the cross hairs of judicial indignation. I was saved by the great prestige and the humanism of Nariman. He immediately took the blame and magnanimously offered to publicly apologize. In effect it meant that I would apologize. The court accepted this. We published a three-quarter page advertisement in all major newspapers of the country apologizing for our actions. The apology was given in my name. In the defence of the SSP I stood alone in the dock.

But my walk to Canossa was not over. I then had to undergo an interview with a Supreme Court lawyer who was perhaps playing the role of *amicus curiae*. He was convinced that we meant no harm. But he could not resist taunting me. He said I appeared to be an intelligent individual and if I was ever out of a job he would have a position for me. I restrained the impulse to make him a reciprocal offer. It would have been at odds with the role of the penitent that I was playing. He was a tall man with a big nose and melancholy eyes. During discussions he would have tea with gluco biscuits with us staring hungrily at him. He had the impressive gravitas of a lawyer straight from central casting.

This episode showed how fickle were the promises of those who had pledged to shed blood for the project. At the first sign of danger they had bolted. But it also showed me the tolerance of our judicial system and the decency of people like Nariman who could have thrown me to the wolves. This was around July 1997. In Gujarat nobody thanked me for having risked myself for the 'Lifeline of Gujarat'. We put up a file to the government detailing all these events and sought post facto sanction for the steps we had taken. The Chief Minister did not sign this file saying he wished to have nothing to do with any matter involving the Supreme Court. This was rich, considering how the entire episode began.

A few months later, Nariman returned our brief and refused to appear for the SSNNL. This was in protest against the attack on Christians which were happening in Dangs and some other places in Gujarat. Ironically, the

person who succeeded him was from the Christian community. In my life I came across only a few to whom the term great could be applied. One was our school principal, Rev Llewelyn, whose moral purity and toughness could inspire yet strike a chill. Nariman too had something of this quality in him. Zinabhai Darji had a bit of it. Keshubhai Patel gave glimpses of it now and then. A person achieves greatness to the extent that he becomes the living personification of some abstract but universal idea. Nariman was conservative in his thinking and saw adherence to law as the guarantee of individual freedom. Law was what kept the different organs of society in its place and assured continuity in day-to-day life. Society ran on respect for the law, for without law we would have the Hobbesian state of nature. The argument that law should be frequently changed or worse, circumvented, to accommodate political agendas, he saw as sheer folly. He had resigned in protest against the imposition of emergency in 1975. This was an act of unusual courage. But he never played to the gallery and he was an aristocrat by temperament. He was often seen to be on the side of wealth and privilege. But if these were lawful then it was necessary to protect them. But it was law that had to be respected.

The course of the Sardar Sarovar Project reads like a moral fable of our time. It was finally democracy and the rule of law that won. But perceptions reflecting a shifting reality also changed. It was a long war spread over more than two decades. Two ideas of development which appeared fundamentally opposed had taken up unyielding positions against each other and the resulting conflict was calling into question the very definition of progress. It was the bulldozers, contractors and money on one side and a charismatic woman, a Joan of Arc like figure, leading and organizing her bedraggled supporters on the other. This is what it looked like to many observers. The world's sympathies were with those who were being asked to give up their little parcels of land for the sake of this giant project. The World Bank had indicted the project when I joined. It was dying of a thousand cuts, its confidence seeping away. Our efforts changed the way the world looked at us. The project picked up speed. Corruption was completely eliminated in the SSNNL in my time so this stick was no longer available to the critics to beat us with. At the constant urging of the Supreme Court, the rehabilitation of those affected was speeded up. Nariman repeatedly told me that we should not look for any short cuts for the project. It would move ahead when the country was satisfied that it had paid its dues and it deserved to, and not before. To the Court, Nariman urged, with great eloquence and passion, that it was duty bound to protect and implement the Narmada Award. The final Supreme Court approval for the dam to rise was not a particularly legally

argued judgement and was little different from the Naramda Award. It was a decision the Government of India should have taken if its leaders had the moral stature to command respect. Today the Supreme Court is being petitioned repeatedly on various issues because the national leaders cannot take decisions, having lost the moral authority over their followers.

The Sardar Sarovar issue was settled without violence and without injustice to either side. I do not feel that there has been massive displacement in the submergence area with the dam rising. Those displaced have found their moorings. Neither has the environment been damaged. The people of Saurashtra and other water starved areas of Gujarat now have enough water though irrigation water is yet to reach the fields and I believe corruption has staged a comeback in its implementation. I often saw Medha Patkar in the Supreme Court corridors with her plucky group around her, clutching their bags. Because of them the project was forced to prove itself and became a better project. She made us pay the price and thereby legitimized the project. We Indians can be proud how the issues surrounding the Sardar Sarovar Project were finally resolved, peacefully, legally and democratically. It is one of the enduring successes of modern India.

Once it began, the main canal work never lost its momentum. Every month I held a one to one meeting with each of the senior officers particularly those in the field. In this meeting we discussed the work done in the previous month, being done this month and what was planned next month. All the major issues on which they needed a decision were discussed and an immediate decision given. They were asked to put up a note which was signed by me in their presence. My boast used to be no one who entered my room went out without a decision. One matter involved shifting an entire hamlet which was on the main canal route. We created a new habitation for them nearby on government land with all facilities. When the villagers saw this, their opposition vanished and they shifted cheerfully. But I never interfered with any decision of the officers. My only insistence was they take a decision. If they wanted to involve me, I was willing and signed on their proposal after an objective discussion in which the concerned officer at the head office was present. Approvals were not blindly given but they were not delayed. Following a discussion the note was signed after modifications where necessary. They were never told 'We will let you know in due course'. I knew this would kill any initiative they had. When an officer comes to the room of the CEO he comes with enthusiasm and full preparation and commitment. Very rarely will he come with intent to mislead; he can mislead me but once. Only a foolhardy officer will take that risk. Let them take that risk and be exposed. But if after a full discussion they are told to await a decision while

the paper goes through various people whose understanding of the subject is a fraction of the officer's, then great damage is being done to his amour propre. If a decision is immediately given and the CEO signs, the officer goes out of the room like a rocket, charged with self-confidence. He will see to it that the decision is implemented in such a way as to benefit the organization. If the issue involved a complex technical or commercial issue, then a presentation was made by the officer in the presence of other technical officers. Following a discussion, the decision was taken there and then. The noting to this effect would be put up in a couple of days. I insisted on decision first, and then the noting should begin. Once a month I visited all the sites which involved long road journeys and walking and standing in the sun for hours. It made me aware of the field conditions and cured any presumption that knowledge about the project could be gained by sitting in the office. This also improved the morale of the field officers, their staff and also the contractors.

"The matter is under consideration and we will inform you when a decision is taken. Please wait." These words which bureaucracy loves were never heard in my room. We discussed the issue on merits and always believed that the officer on the spot knew best if he was proposing something. If I believed he was incapable, then he would be shifted out but never should he be second guessed in an area of his expertise. In fact the decisions emerged during discussion and were adopted. The proposal became a decision in a single meeting. The paper work was a mechanical reproduction of this decision translated onto paper the same day and had no independent sanctity. In government the real complexity that demands the highest intelligence is seen to be in the process of taking decisions on field proposals and the paperwork. This way the higher bureaucracy arrogates too itself the highest wisdom and treats people in the field as implementers of these decisions. This happens in technical bureaucracies too which are quite often worse than the administrative variety. This is what makes the government top heavy and weak limbed. This is why they fail. Real achievement is always in the field and never in the conference rooms no matter how impressive the ministers and the civil servants look as the get down from their cars and walk into those chambers of power. The true task of leadership is to energize those in the field. In reality the effort of bureaucracy appears to be to weaken the field by making them feel inconsequential. So our country functions at a fraction of its capacity and potential.

There were two issues which involved large financial liabilities. One was in the construction of the dam. The contractor claimed that the contract signed in 1984 envisaged the completion of the dam construction in 7 years. Most

big civil engineering contracts with a long period of completion have an escalation clause which allows for an increase in the prices of major materials so as to reflect the prevailing market price. This provision does not exist if it is a lump sum contract. Then the contractor adds on all the expected price increases over the period of the contract and then quotes. In the dam contract there was an escalation clause provided which took into account the increase in prices of cement and steel up to seven years. Beyond seven years there was no escalation so as to punish the contractor for delay. But if the delay was for reasons beyond the control of the contractor then the issue of compensating him for the escalating costs of construction material had to be addressed logically and on merits.

The contractor was asking for higher rates as the delay in the dam construction was because of the legal obstructions and not because of his incapacity. Seven years was over in 1992. For the work done after that he should be paid a higher rate. The escalation up to 1992 had been given. He said he had been raising this issue with the management since long. If this reasonable request was not looked at he would find it impossible to continue. The implications of this issue were serious. The project after languishing for long was now speeding up. If we delayed taking a decision on this request, then there was every possibility that the contractor's financial ability to mobilize the resources to complete the dam work when the stay was finally lifted would be weakened. This would be a serious blow to the project. On the other hand if we accepted the need to raise the rates then a big amount would have to be paid for the period from 1992 to 1997. There is little doubt that the bureaucratic fear of taking such a decision was what delayed it till now. But I felt a decision had to be taken regardless of the risks and personal responsibility. But not taking the decision would definitely harm the project. So the question was whether the demand was justified and if so to what extent.

There was justification. It was not because of his inability that the dam could not be completed in seven years. He had invested in all the necessary infrastructure and equipment, a fact which was accepted by all. An escalation had to be given. But it had to be done in a way that was transparent and generated confidence within and outside the SSNNL as it was the government funds that were being spent and the amount was huge. We identified a group of officers with proven integrity and the ability to grasp contract details. They held a number of presentations amongst themselves. In these, other officers particularly those who were known to be critical of past SSNNL decisions and officers of independent mind, were also involved. The discussions were transparently conducted. They made the presentations to me a number of times. The issue was discussed thread bare. The formulae



we finally adopted would give him a concrete rate of around ₹ 1,000 m<sup>3</sup> against the ₹ 600 m<sup>3</sup> he was getting now. But the reported rates being awarded in new contracts of similar kind were much higher. In SSNNL all financial powers were with the MD. This was strictly insisted on by the Board. If we accepted the rate worked out by our exercise, it would mean a big cash payment for past work and an increase in future too. In the past, major decisions such as this had been put up to the government for added safety. But the sense I got was that sending it to the government may lead to delay. The indications from there were that it should be decided at my level.

We took the decision within the SSNNL at my level, a decision which should have been taken much earlier, in 1992 in fact. Immediately after taking this decision in 1997, the additional amount sanctioned was paid to the contractor, perhaps within a fortnight. I think it was around ₹ 20 crore. This decision ensured the dam work progressed smoothly when the Supreme Court gave the go ahead signal in 2000. It was logical and did not call for any intense involvement on my part. So why was it was not decided earlier?

Another similar decision which confronted me was that the contract period for the construction of the Mahi aqueduct was just getting over. The contractor asked for a new escalation formula after this date. This too was examined. It was found that logically once the original time period was over, a new escalation clause had to be given. In this decision there was no payment for past work but if we took a timely decision, it would be for the future work. The new formula was worked out and the additional future payment would be large. I think it would have worked out to around ₹ 35 crore additional payment. A new escalated payment beyond the original completion date was given.

Both these decisions involved big sums of money to be paid to contractors. They were not expressly provided in the contract and had to be decided after an objective de novo examination of facts looking to the interests of the project. Yet these were accepted within and outside the SSNNL. The contractor did not have to go into arbitration. No one questioned our bona fides. Then a veteran observer confided to me that these decisions were being accepted because I had taken them. Anybody else would have invited doubts and even allegations. Transparency and ethics which guided me were now providing a powerful shield. We were seeking directions autonomously and felt no need for additional signatures on the noting page.

With the work on the project moving ahead speedily, the credibility of the SSNNL was increasing. Our Bond issue of ₹ 150 crore was oversubscribed and we were able to collect ₹ 250 crore in June 1996. The payment to

contractors was being regularly made from February 1996 onwards. Whenever there was surplus available, the additional instalment was paid to cover past dues. By June 1996, the overdue had come down to 5 months. After the bond issue, we paid the remaining overdue in July 1996 to our contractors. Every month on the 30th, the payment due for the previous month was paid like clockwork. New works were taken up.

Around this time it was suggested to us that the project had to have a good PR response effort. The exertions of the NBA had painted the project as an out of control construction monster destroying lives and the environment. It was felt that we were not quick to respond to these attacks. Some sort of image management was necessary, we were told. A professional PR agency in Delhi, with the correct recommendation from the Minister, duly came to us and spelt out their strategy. They would first study the project fully. They could then show the SSP as the people friendly and humanitarian project it actually was. It would be a strategy of rapid response. Every time a negative comment about the project appeared in the media, within a day or two there would be a counter to it. There could be an 'expert opinion' setting out the correct facts, or an answer from 'informed sources' within the SSNNL. A column would appear in some newspaper pointing out some of the concerns which SSNNL had to meet but none could doubt the absolute importance of the speedy completion of the project for national development, etc, etc. We would not have to say or do anything. The most intriguing part of this was the offer to have an interview which would be generated with the name of a real journalist. I would come to know of this interview with me only while reading about it the next morning! It was spin at its slickest. But yet I had misgivings about it. Such overkill would detract from our credibility in the public. Luckily, the fees were so high that we regretfully conveyed our inability. But as the money would have to be shared between all the objective observers who would speak on our behalf, the fees were actually quite modest. The Minister had made it clear that the decision to engage them or not would be of the management and he never pressed either way. Recently, the taped phone conversations of a Delhi PR agency working for a top Indian industry group had become the subject of much comment. I saw some similarity with what we had been offered. Obviously, many industrialists are using such services. Today politicians are being attacked relentlessly every day in the media. Yet one does not see any inside scoop or whistle blower revelations about any of our billion dollar businessmen who live lives which would make a maharaja of earlier days envious. By implication we are being asked to believe that their professional lives are without blemish. Obviously the PR team is performing.

I never found the need to retain any professional agency to project our achievements in any of my assignments. First, your own employees and business partners disseminate the most accurate reports about how the organization is doing. All the improvements in the SSNNL and in my other organizations were made known to the world by our employees and those who came in touch with us. They talk to their family members, relations, neighbours, and friends. Second, word of mouth is more readily believed than sponsored reports, big full page ads in the newspapers and huge functions with VIP jees on the stage and freebies to opinion moulders, alias journalists.

In a project of this magnitude there will always be some quick-witted persons who would try to attach themselves to it so as to detach some money from it. One day two, forestry ‘experts’ came to meet me. They had been recommended to me by one of the ‘well-wishers’ of the project, as they described themselves those days. They were well-dressed, well-groomed young men and perhaps they smelt of cologne. But they did not look as if they had ever been out in the sun, definitely not the forestry types, more the indoor variety of the urban jungle. But I heard them out. Those were the days when plantation companies were sprouting in the market with share issues, using phrases like ‘money growing on trees’, ‘a harvest of returns’, etc. A power point presentation was made by them. Today it is passé but those days a power point presentation had a mind enlarging effect. What was on it had to be true, technology could not lie, could it? It showed that the SSP had thousands of acres along the sides of our main canals which could be used for scientific tree cultivation. They would take up the entire work of planting and growing the trees for six to eight years. The project would have complete ownership of the fully grown trees. They, the forestry experts, would need to be paid up front for the planting and up keep of the trees. They said they had done such projects near Gandhinagar and the landowners were now looking to a fabulous cash flow a few years down the line when the trees would be cut. At my insistence, they took me to one of these “plantations”. The owner was out of town they said but they showed me some trees here and there. The only worthwhile sighting was that of an owl which sat absolutely still on one of the high branches. It was the first time, I had seen an owl in the wild. It was pointed out to me by Sanat Chauhan, a senior officer from the Indian Forest Service who had accompanied us and who for a change was a bona fide forestry expert, the outdoor type. Perhaps the wise bird was trying to tell me something! Back at the office I made the ‘experts’ a counter offer. I said their deal was acceptable to me but they would have the rights to the grown up trees later on. For permission to plant on our land,

they should pay us fees up front to the extent they had projected. They did not know how to react. They had come asking me for money and here they were being asked to pay up. They quickly left promising to consider our offer. Of course, they were no forestry experts. Six months later I saw them manning a stall for industrial machinery in an exhibition! Everyone has got to make a living!

There was another group of persons who would promise us huge sums of money for the project from Gujaratis settled in USA whose hearts and wallets, they said, were overflowing with desire to support the project. These agents only wanted a letter from us appointing them to arrange such funds. We asked them to bring the funds to an Indian bank and then we would talk business. At this stage they would leave. I never found out what they hoped to gain from this exercise. I do not think any money even in the form of a high interest loan ever came for the project directly from this source.

This may be the right place to record a *mea culpa*. Around this time I took a decision that I bitterly regretted though through some divine providence no harm came to us. It was like this. Part of the bond collection funds was used to pay over dues to contractors but a substantial part had to be parked till required. It should have been kept in the government treasury or nationalized banks even though the interest was low or with one of the safe government finance bodies. Instead on the ground that we could get better interest elsewhere the amount, ₹ 150 crore, was given as ICD to some of the prestigious private finance companies. There was no hint of any wrongdoing and at the end of three months the money came back safe and sound with the promised interest. But later, knowing the kind of balancing act these finance companies do to maintain their cash flows, and the fig leaf of a triple A rating, a shiver used to pass through me when I thought what could have happened. No allegations were made. But it should not have been done.

The river crossings at Sabarmati and Vatrak were contracted out and the technical complexities addressed. Sabarmati was crossed as a siphon. It could be clarified that whenever the level of the river was lower than that of the canal, the canal spanned over the river like a bridge, an aquaduct. When the river level was the same as the canal, the canal waters were channelled through a chute which passed under the riverbed and emerged on the other side. Foundational stability on the Vatrak was achieved though it posed complex technical challenges. The main canal beyond Gandhinagar to Kadi was taken up. These were big tenders being decided but without any controversy or suggestion of favouritism.

But as the project picked up momentum more people were scrambling on to the bandwagon. We were getting support from many quarters. This happened for two reasons. First, the progress of the project was visible all along the length of the canal which passed through important areas of the State. The very people who had expressed their despair seeing the inactivity in the field now began to see it progressing. The publicity was by word of mouth. There was a mounting excitement at seeing the materialization of a dream that had captivated them for so long. Secondly the quality of our working, guided by integrity and courage was being known outside. We were seen to be honest yet bold in taking decisions. The success of the bond issue was a litmus test of the project acceptability among the investing public. The contractors whose complaints about non-payment off dues were an important element of the public disenchantment with the project, now were gung-ho about it. They spread the good word.

In other words, all the ingredients for official displeasure with me had been thrown into the pot.

In August 1996, I was asked to meet the Head of our GAD in the government. Two months back my request for a fortnight's leave was not agreed to. It was suggested that leave could be considered later in case I needed it because my presence was felt necessary to keep up the momentum the project had gained. When I met him, the ACS, GAD spoke in a friendly manner, to which I was not accustomed. He suggested that as earlier my leave could not be granted, now would I go on leave? This appeared strange to me and I said that when I needed it I would ask for it. Still polite but a little more firmly now, he suggested to me that the government desired I should go on leave. The cat was now peeping out of the bag. He said the Minister was not happy with me and the Chief Secretary had suggested this. This was conveyed in a nice friendly low key fashion as if it was the most natural request. I did not know what to say. If he were to tell me I was suspended or dismissed, the expression on his face would be the same, I later thought. He was that kind of a bureaucrat.

Anger came to my rescue. I said the satisfaction of the Minister was not a matter of concern to me; the entire government and the State should be grateful to me for having revived this project called 'The Lifeline of Gujarat'. No other officer could have done what I was able to do. They had all failed. I would apply for leave as and when I wanted to but not now. The government was free to take any decision. This officer was at a loss for words as I left. He obviously did not see anything unusual in his request.

Should I have shown some humility and discipline instead of sounding off about my achievements? The obvious retort is that modesty is for those who have much to be modest about. Modesty can be exhibited if a proper respect is shown for your achievements. If this is not done and your achievements are genuine, then it is better to take a risk and trumpet what you have done so that the other person does not trample over you. It also increases your morale and motivation. Only a person absolutely sure of his achievements and willing to face punishment should do this as it is obviously a high risk strategy. But if a sportsman can revel in front of an adoring crowd, and an industrialist can name companies, colleges and temples after himself and if a politician can attain the status of a demigod, then surely the person who revived the Sardar Sarovar Project is owed some respect.

During the next fortnight, I expected to receive orders of transfer any time. It did not happen. The government fell; the concerned Minister lost his chair. This gave me another year as in my job. The reader may recall the infamous Khajuraho episode when a number of legislators withdrew their support to the government and were then taken to a tourist resort in Khajuraho to prevent them from again changing their mind. This was the second act, removing Suresh Mehta as Chief Minister, the first having toppled Keshubhai Patel.

I never found out the real reason for the Minister's unhappiness. He was an intelligent man and we seemed to have got along well together. Perhaps it happened because I was acting independently and the project was seen to be reviving. The SSNNL management and I at its head were being credited with this. But I was also keeping a tight leash on two officers, known to be the Minister's nominees, who needed close watching. One, an Information Officer of the State Government, was transferred out of the SSNNL at my request; the other, an IAS officer, was advised to confine himself to the work of the SSNNL proper and keep away from politicians. The information officer came to meet me while handing over charge telling my PA that he wanted my blessings for his new assignment. Suspecting nothing, I asked him to come in and I had a pleasant chat with him telling him he would do very well in the field, and that he had my blessings. I had seen no necessity to keep my PA present. He then took my leave politely. After that he went to the police station and filed a criminal complaint against me under some law saying that I had called him a derogatory caste name. The IAS officer, finding his movements restricted, soon left for greener pastures outside the SSNNL and cut an aggressive swath through the civil service subsequently.

I did not think much about this case filed against me. My officers advised me not to take it lightly. They were right. It followed me for almost two years. One day it mysteriously disappeared and nothing more was heard of it. But it was a nasty reminder of how the law can be misused. The process itself becomes the punishment. The officer who made this complaint could not have done it without encouragement from someone big.

There was one happy outcome to this unpleasantness. Shri IP Gautam replaced the IAS officer who had left. He had just been shifted out of Baroda as Collector where he had put the land sharks, euphemistically called developers, on the run. Energetic and daring, he would be of considerable help to me. He walked into my office one afternoon smiling broadly and said he was joining.

The image of the project was that of an entity rising phoenix like out of its past failures. The magnificent main canal now fully built, but still without water could be seen passing through Gandhinagar. To the thousands of opinion moulders who live and visit the capital this was confirmation of the revival of the project.

Around March 1997, we decided to call for tenders to take up the work of the Saurashtra branch canal. While the main canal would continue to travel northwards through Mehsana and Banaskantha, and right into Rajasthan, a major diversion would be made westwards towards Saurashtra at Kadi, 260 kms from the dam site and about 40 kms north of Gandhinagar. The main canal work was fast nearing completion up to Kadi and we wanted the Saurashtra branch work to start without delay so that the promise to the people living there was seen to be being acted upon. In fact the water shortage in Saurashtra was a major justification for the project. The tenders were received and just as the decision to award them could be taken we were informed by the government that all tenders above ₹ 50 lakh in value had to be approved by the Chief Minister. The decision would have stopped all work in the project as the number of works costing less than ₹ 50 lakh were very few. The twenty works of the Saurashtra branch canal for which tenders had been received had a total value of more than ₹ 400 crore. All the files with our clear recommendation and my signature were sent to the government. I was called a number of times by the PS to the Chief Minister and it was pointed out that each case was straightforward with my clear recommendation. Only the signature of the Chief Minister was required. We were hopeful that in a week or two the files would come back duly signed.

For three months the files remained undecided. Criticism of the government for delaying the Saurashtra work was growing among public.

Then one day all the files were returned to the SSNNL and we were asked to take the decision as per our powers. There was not an ink mark or a query on any file. The officer dealing with the files whose duty it was to put up for orders had not even discussed any details with me though I went to him a number of times. He treated the files as if they were radio active.

As all the tenders had been thoroughly processed and clear cut decisions had been proposed, I saw no reason for further delay. Within 3 days of the files being received back, all the twenty or so tenders worth over ₹ 400 crore were formally decided by me and the work orders issued.

Two days later, a petition was filed in the High Court alleging serious irregularities in the way these tenders had been processed. The High Court orders directed us not to proceed ahead with work. We were asked to file a detailed reply. More ominously all the files dealing with these tenders were to be handed over to the High Court along with the notings. Normally the Court does not ask for the notings.

This was a cause for worry. If any question mark had been raised by the Court on the way the decision was made, it would be a crippling blow to my personal momentum. What was the necessity of clearing all these tenders worth more than ₹ 400 crore in three days? Particularly, when they had been pending at the level of the honourable Chief Minister of the State for more than 90 days? The answer that this was how I worked would draw some withering comment from their Lordships. The spotlight, or more accurately the search light, perhaps the cross hairs too, were centred on me. For the next few days I was in a state of some anxiety. Perhaps it was my fevered imagination that saw a look of smug satisfaction on the faces of some important persons within the SSNNL.

The matter was heard on priority. All the files were minutely perused and the basis of our decision examined. After two weeks the Court dismissed the petition remarking that it was filed as a proxy for other persons in the background and it lacked any merit. And most importantly the order stated that the decisions of the SSNNL were seen to have been taken on sound business lines.

We were vindicated. Our orders were followed through and work taken up for this all important move westwards from the main canal. The main canal was to go northwards for another 150 kms up to the Rajasthan border. Before that another branch canal to Kutch would be taken up. But both this northward extension to Rajasthan and the branch to Kutch was in the future and not in our immediate plans. It would come a few years later.



The High Court's remark that the petition filed was a proxy on behalf of people in the background was significant. It was a message that some unseen but powerful opposition was gathering against me.

With the main thrust of the canal as described, all along the main canal before Kadi branches were being constructed to take the waters to the farmers fields through minors, sub-minors and field channels. The project was spreading its arteries to reach the farmer as planned. Its stated goal, the command area was to cover 18 lakh hectares sometime in the future.

The Saurashtra canal for which we had just obtained Court clearance was about 100 kms long moving west and emptying into the Dholi Dhaja dam in Surendranagar district. But it was not a steady downward gradient like a normal canal where the water would flow naturally by gravity. It had a downward slope up to Lakhtar, about halfway to Dholi Dhaja, after which the gradient was upwards. It was planned to pump up the water from Lakhtar onwards through a series of giant pumping stations along the canal, the biggest of which would be the first one at Lakhtar. The work of putting up these pumping stations in series was estimated to be about ₹ 450 crore. These were huge pumps each of 20-30 cum/sec (one cum/sec is 1,000 litre per second) and about twenty in number. As far as we knew these pumps were not then made in India. We advertised for setting up these pumping stations. The key stipulation was that the party for qualifying technically had to have supplied such pumps in at least two locations which should be in working condition and available for inspection. We had thought about this and increased the number from one location to two in order to qualify. This was done well before the tenders were to be received. It was a decision we were entitled to make in the interests of the project.

When specifying technical requirements it must be seen that they are not designed to favour any party but should result in sufficient number of them qualifying. This will ensure competition so that we get the best techno-economic offer. But the spec must also not be watered down to lower the project requirements merely to allow new parties to bid. Our market understanding was that there were around three or four parties in the world who may be in a position to supply these pumps meeting our specifications so that there would be healthy competition. That was enough and there was no need to further increase the competition to prop up a national champion.

Left to ourselves we in the SSNNL could have successfully negotiated and finalized the tender. If we found that the specifications spelt out resulted in inadequate competition, the tender could have been re-invited. But the government at the very highest political level intervened. They wanted us to

bring down the requirement of two locations to one. When such a specific change is asked for by the government at a political level it can be presumed it was at the request of someone who was outside the government and most likely the party who would become eligible by this dilution. I replied that it was not desirable. There was a meeting at the highest level in the government. I was asked to change the specifications to one location instead of two. I declined to do so. The government could have issued written instructions which I would have been required to follow. They had not done this and did not do it. I said two successful installations was required to assure the capability of the party. If this stipulation had led to the elimination of competition then we could change it. This was not the case as in our assessment there were likely to be sufficient competition in this case. The pumps were the heart of the water conveyance system to Saurashtra. We should not dilute our standards. In this meeting, I was repeatedly told to change the specs. I refused and finally said the change would harm the project and therefore could not be done. There were other senior officers present during the meeting. I do not recall them having uttered a single word. While the meeting progressed I realized that I could not get away with this. Repeatedly, the image of my transfer order being typed out flashed into my mind.

After the meeting I called some of the SSNNL officers connected to my room and gave them a long foolish and emotional talk on “the necessity of taking a stand for what is right no matter what the cost”. They looked at me stonily. They knew that something decisive had happened and it was not in my favour.

But I had spoken truth to power. I did it knowing the price that would definitely have to be paid.

The government waited for a week before issuing the order. They saw me as someone who had performed valuable services but acted foolishly. I had no intention of modifying my stand if that was what they were waiting for. Around 20th September 1997 I was transferred as MD, Gujarat Industrial Investment Corporation (GIIC). I had been MD of the SSNNL for just under 21 months.

I left with no regrets. The project was in a good shape, a far cry from what it was when I joined. Then all works had been at a standstill. When I left, all of them including many big works subsequently taken up, were moving with feverish activity round the clock. We were flush with funds, a fact which certified the credibility of the project. Only the dam work was still stalled though the value of the other works was many times that of the

remaining dam work. But the Supreme Court had accepted the linkage of 5 m rehabilitation of the PAPs in return for a 5 m height increase. This key would open in time the securely fastened legal locks on the dam. The morale of the officers was sky high. They were, as one observer said, now on auto pilot without any intervention from HO except structured periodical discussions. We had created objective conditions which brought out the best in each one of them. Corruption and its agents had vanished like creatures of the night when light comes flooding in. The public and also the major leaders including those in the opposition saw the SSNNL as a clean, transparent organization. This was a drastic image make-over. Decisions, which otherwise would have been questioned, were accepted by the alert public. This was a testimony to the trust in us. Complex technical, design and construction issues were being solved by our engineers, my signature and approval being purely for reassurance and record. When I was leaving one chief engineer told me, saying he was speaking for others too, that never once did I phone up any of them regarding payment or any other issue concerning a contractor. It was left to their good judgement and their judgement in an ethical environment was the best. I expected my officers also to seek directions autonomously. The contractors appreciated the monthly payments which were made invariably on the 30th. Nothing was done as a favour but because it was the right thing to do. There was no hesitation to do that which was right no matter how big the financial implication. No contractor ever met me anywhere except at the site or the office. Objective observers saw the project overcome its most serious crises and move ahead with determination. None of them were my friends but all of them thought well of me for having revived this most important project. It was a high note on which to leave. We were successful in reviving India's biggest and most controversial project and setting it on a successful track. I performed a historically significant service to the State of Gujarat, and to the country. Though the GSFC turnaround gave me more positive exposure, the Sardar Sarovar revival was my greatest effort. But no one clapped, no one publicly thanked me. The politicians were queuing up to take their bows for having revived this awe inspiring project.

## *Chapter 14*

# Managing Director of Gujarat Industrial Investment Corporation Ltd (September 1997 to April 1998)

The reader may want to know why I took such a hard stand on the pump issue. Firstly, it was not the business of the political executive to decide on the technical specifications of an engineering contract. It was clear to me that a commercial entity was trying to buy a favour from some persons in the government. Another officer in my place may have accepted these directions hiding behind the plausible reasoning that these were government instructions. A government decision should have been conveyed on paper. But there was something more substantial than that. As described in the book earlier, some years back I had decided to act using my own judgement. Whenever a major issue, where I had the formal decision-making power, had to be decided I would do it on my own and not allow the views of others to influence me. After my experiences in Labour and Cottage, it was not possible to believe that those in the government always had the government interest in mind. As Labour Commissioner I saw the government was prepared to remove me so as not to pay the minimum wages to working women. In Cottage Industries they did the same to punish me for stopping the scandalous misuse of government schemes for the weaker sections of society. The state of affairs both in Labour and Cottage had prevailed for years before I came without any corrective step having been taken. These two were not exceptional. A similar state of affairs, to a greater or lesser extent, would be prevailing in all departments. So the reader will forgive me if I saw no virtue in seeking directions from any one to do what I had the power to do. Government by definition represented the public interest and worked for it. But the same presumption was not necessarily true for those working in the government. The interests of these persons could be and frequently were at variance with the public interest, that is the interests of the government. While I had no power over what others in the government did, in my area of authority, I was bound to follow my best enlightened judgement. One had to think

intelligently on these matters. We were independent entities. There was no need to voluntarily tie ourselves in chains. Referring to the government or following government instructions even when the matter was within one's power gave us protection. Many officers may have needed this but I did not need any protection. It was a duty cast on one to act independently, particularly because integrity is well-protected in the IAS. My scepticism covered both politicians and the civil service. The civil servants were also capable of succumbing to pressure and also of exerting wrongful pressure for personal gain or convenience. Most of the time, this was done for convenience and not for personal gain. But the dividing line gets blurred after some time. Personal convenience systematically pursued leads to personal gain though there may be no specific *quid pro quo*. I did not wish to be a part of this collusive and compromised world no matter how rewarding. Where I had the power I would take my own decision looking to the public interest unless the government issued directives in writing. Perhaps not even then. After all I too was a part of the government. I was prepared to take the consequences. As Sir Thomas More had said, virtue was not profitable, so that could never be the reason one tried to be virtuous. Virtue not being profitable was also not the reason to abandon it.

I learnt later that the required change was made from two installations to one after my departure and the party qualifying as a result also bagged the contract. This confirmed to me that my standing firm was the correct decision. Let me clarify that either decision could have been validly taken by the SSNNL management. But to transfer the CEO of the project to force such a decision was politically and administratively immoral.

My experience made me more determined to pursue a harder line in the future. After ten years I would retire. This last lap would be run at full speed. I would make no compromises at all come what may. In response to objective situations I did make compromises to serve the needs of the organization. In commercial body prices were changed regularly to reflect the market. Contracts were negotiated at the best terms possible. And so on for a large list of choices we had to make in the world we live in. But no compromise would I ever make to serve my personal needs of security, convenience, career growth or material wants. The ethical well-being of the organization would be paramount. It would be an evident contradiction to say that as my continuance in the organization was good for it, so it was in the interests of the organization to do something harmful to it so that I could continue in the post. Many officers, otherwise well-intentioned, have fallen into this plausible but self-serving justification. The organization would suffer if I leave! How did I define a compromise? Not doing that which was the best possible so as to

do something else, for the sake of personal convenience or gain. In this age of obfuscation, where professors can be found to white wash any wrongdoing through elaborate hair splitting for a suitable fee, this is a simple definition for the common man. The fact is that when you do something other than the best, the organization loses, and perhaps someone other than the organization is gaining. And needless to say this other option has to be dressed up as the best in official record, which involves lying. Too many civil servants have been lying without blushing. They may not know they are lying. But they did not do all they could have done to find the truth. Their convenience came first.

I had my intelligence and my moral sense to lead me. I needed no other guide in the pursuit of the public interest. That is what I would follow now. The official policy as publicly proclaimed would be my guide. I would assume everyone in the government meant it. I would take them at their word. What they said on the public stage I would follow. Work for the interests of the people, understand the people's aspirations! Corruption of any kind should not be tolerated! Modern management techniques should be used!—Aye aye Sir, noted for compliance! All these I would pursue. Any instructions given privately that deviated would be seen to be an aberration to be ignored. Nobody's guidance or blessings would be sought. I would work on the assumption that authorities who decide my posting and career would be pleased when they saw that the organization under me was doing well in the public eye and seen to be free from corruption. In this way alone would I try to please them. The truth would be pursued, not the truth of the *status quo*, but that of unrealized possibilities, what could be but was not yet, that future which could be glimpsed on some particularly hope filled morning. We would pursue that. It would be a long hard journey but the undiscovered truth was what I would search for. And in the process we would show the world what a human being was really capable of. And the world would be amazed. We would bring out that which had laid hidden for long.

The next assignment was as MD at the Gujarat Industrial Investment Corporation (GIIC). My stay there was only for eight months. Left to myself it could have been turned around and saved. But the constant presence of a non-official Chairman to advise me was too much of a good thing. When my posting out of the GIIC was announced I was not unhappy to get away. After a few years the GIIC had withered into near inactivity.

## *Chapter 15*

# Managing Director of Gujarat Alkalies and Chemicals Ltd (April 1998 to December 2001)

(The company which was into industrial sickness was turned around in an epic effort. All plants ran full, no retrenchment, no capital infusion. Corruption driven out.)

My next posting was as Managing Director, Gujarat Alkalies and Chemicals Limited (GACL). It was promoted by the GIIC and commenced production in 1976. Its main complex was in Ranoli near Vadodara; it had recently set-up another group of plants in Dahej in Bharuch district which was nearing completion when I joined.

The engineering, technology and the product mix of the Ranoli plant was well-designed keeping in mind the developing market demand. The main products were caustic soda, chlorine, hydrochloric acid, chloromethanes, potassium hydroxide, and carbonate, hydrogen peroxide. Sodium cyanide was made in a small plant nearby. The Dahej complex produced phosphoric acid; in addition, a caustic soda and chlorine plant and a power plant were in the final stages of completion. The Ranoli complex was an integrated one in that the plants in it fed our other plants with part of their output. The basic raw material was salt which came to us from the Kutch and Saurashtra salt pans with a small quantity from the adjoining district of Bharuch. But the key input was power, with energy accounting for up to 70% of the variable cost of production. The GACL had, along with the GSFC and the Gujarat Electricity Board (GEB) promoted and set-up the GIPCL, which produced power for the captive consumption of its promoters.

It was the biggest such company in the country and was seen as a prestigious leader. Because of its technical design excellence the GACL had profitability built into it. It had good profits in the eighties and up to 1995, with protected markets. But it had been slipping since 1995. It was in a alarming state when I joined on 16th April 1998. The post of MD,

GACL used to be eagerly sought after earlier by officers attracted to a corporate assignment in a profitable company. Yet in 1998 it was seen as a very sick patient. Understandably, the interest in laboriously nursing it back to health, assuming it could be done, was low among those who walked on carpets.

This was the reason I was posted. The Chief Minister called me to tell about the posting. As GIIC was the major promoter of GACL, I was aware of its perilous condition. I remarked that from what I knew about it, the company was in a bad shape. He said that was very true but he was hopeful I would turn it around as I had done the Sardar Sarovar Project. He said that after six months I could come back to Gandhinagar if I wished. In him I felt a strong pillar of support. He was a person radiating great empathy and a genuine admiration for an ethics that was successful. As Chief Minister he dealt with many persons of different colours but made clear his preference for the honest. His manner was simultaneously that of a king and a weather beaten man of the soil. I, particularly, remember his glowing and piercing eyes. He inspired great loyalty in those close to him. I was confident of his support because it was for my ethical conduct and not for any *quid pro quo*. Unlike other politicians he never felt upstaged by my successes; instead he took genuine pleasure in them. He had no hesitation in praising my efforts for the company's revival from the dais during a function we held in the GACL in May 2000. But his political management was soft and he was fated to lose his chair twice to those who knew human weaknesses better.

The Housing Board and the SSNNL were corporate bodies which were also in a weak shape when I took over. But they would never collapse like an autonomous commercial body such as the GACL. The government's commitment to the SSNNL was total. The Housing Board, despite its shoddy working, had a healthy cash flow and was stable. But the GACL had to swim or sink on its own. It was publicly listed and had shareholders who keenly followed its fortunes. Its funds were those of the shareholders and of the banks. Along with GSFC and GNFC it was a show piece of the success of Gujarat's pioneering effort not only in helping and supporting industries but in also setting it up and managing it well. The GACL along with GSFC and GNFC were built to standards which were world class and better than anything the private sector had been able to do. The prestige of the Gujarat Government was riding on its revival. It had 1,200 employees and supported a large number of ancillary units nearby.

But there was a crisis. My posting was like being asked to take charge of the Titanic after it had hit the iceberg. Let me spell it out.



1. In April 1998, the GACL, finding it unable to market its products and facing financial liquidity crises and 'technical problems', was unable to run its plants at a high capacity. Some were running at 40% capacity.
2. The turnover had come down to ₹ 307 crore in 1997-98 as against ₹ 373 crore in 1996-97.
3. The Dahej caustic soda and power plant had not yet been commissioned even though most of the major works were over. GACL was not in a position to do so because of financial, technical and marketing limitations.
4. Monthly sales had come down and the finished product stock was high because of it.
5. But cash collection from our dealers and customers for material sold was even lower. As a result GACL was running out of cash. In the last quarter of 1997-98 and first quarter of 1998-99, the company had a cash deficit of ₹ 6 crore each. The cash inflow was not covering interest and depreciation but was not enough to meet even revenue expenditure. It was like a patient bleeding to death. The company was taking three month Inter Corporate Deposits (ICDs) and repaying them with new ICDs. The employees feared their salary payments would become irregular soon.
6. A number of high cost projects had been taken up resulting in cost overruns for which the banks were not prepared to lend additionally. This money had to come from the empty coffers of the company.

The talk in the market and among the well-informed business oriented people of Gujarat was that the GACL was in danger and the management had no realistic plan to rescue it.

What was the background? How had this situation come about? Healthy organizations do not suddenly turn belly up. There were three reasons for the impending collapse. The first was a series of wrenching ground conditions which affected all Indian companies. The second was an industrial slowdown which affected the demand for GACL products. The third was a number of badly planned expansions into new plants at monstrously high costs by the GACL.

1. The safe protected world of profit making and so-called efficient Public Sector Undertakings (PSUs) was under threat by 1997. There was more internal competition following liberalization of licences and also cheaper imports. From 1997 India was facing a recession of

varying intensities which continued for many years. The world economy too was moving to a recession and was into a severe form after 1999. The caustic industry was in a glut by 1998 with the rapid expansion and addition of new capacities because of the high profits of the previous years. The prices came down but the raw material cost, particularly power, kept high. Selling became difficult except with high discounts. The capacity utilization of plants came down. Stocks of finished products were high adding to the cash flow difficulties.

The days of easy profitability were over. But GACL like many other companies had not changed to cope with this new reality. The new needed skills and responses to successfully handle these challenges had not been developed.

2. Between 1995 to 1998, the GACL commissioned four new plants.
  1. The phosphoric acid plant at a cost of ₹ 140 crore having a turnover of ₹ 40 crore at full capacity at 1998-99 prices.
  2. The hydrogen peroxide plant at a cost of ₹ 135 crore with a turnover of ₹ 35 crore at full capacity.
  3. The caustic soda plant set-up at Dahej at a cost of ₹ 364 crore with a turnover of ₹ 130 crore at full capacity

The total cost of these three plants was ₹ 640 crore. The turnover at full production was ₹ 205 crore. The ratio of the turnover to investment was 32%.

4. The gas based power plant of 90 MW cost ₹ 390 crore and was near completion. The cost worked out to ₹ 4.3 crore per MW. The cost was higher than what it should have been. To add to our woes no gas was available. Gas for this plant came to us only after three and half years in October 2001. We had to run on high cost naphtha till then.

At the cost at which they were set-up these investments made no economic sense and loaded the company with crippling costs. The market correctly perceived this and denied equity to the ₹ 754 crore Dahej project. The Dahej project comprised of the ₹ 364 crore caustic plant and the ₹ 390 crore power plant. The other two plants, the phosphoric acid at Dahej and the hydrogen peroxide at Ranoli were set-up two years earlier. The debt equity ratio for this entire project was 7:1. In fact the equity was GACL funds; no equity was raised from the markets in spite of a team of officers headed by the MD, who later came as Chief Secretary when I was in GSFC, visiting some financial capitals of the world.

There were cost overruns in all these projects. To the layman 'cost overrun' sounds like a complex accounting term with no suggestion of ethical failures. Actually, it is a sanitized term, a euphemism for corruption and incompetence. There was a joke, only a joke mind you, among officers that the project cost for a plant went up by ₹ 10 crore after negotiations between the supplier and the Gujarat side. This was done by showing a higher production capacity for the plant. Normally the cost goes down after negotiations.

With the commissioning of these projects our annual interest burden went up from ₹ 30 crore in 1997-98 to ₹ 142 crore in 1998-99. The depreciation went up from ₹ 35 crore to ₹ 73 crore. The interest plus depreciation went up from ₹ 65 crore to ₹ 215 crore annually. The sales turnover was ₹ 307 crore for 1997-98. Even a reader unfamiliar with finance would know that the company ship had hit an iceberg.

I met the officers the day I joined. They looked worried but resigned to whatever was to happen. They had been getting bad news in a continuous stream for the last three years as they saw the cost escalations, time overruns for these new plants and the failure of the company to raise funds through the GDR route. They knew what had to be done but were looking for someone to lead them. I told them of my confidence in them. We would not allow the company to go down no matter what. Decisions would be taken after objective understanding but would be never delayed. Each one of them should suggest what steps should be taken to increase production, sales collection and to cut costs. Mistakes could be accepted but never lethargy, slackness or playing safe. Each person must chart his course and move. I assured them I would meet them frequently and no one would leave a meeting with me without a decision.

But the fact was I myself was not clear what had to be done. There was nothing new in what I had said to them. It was the usual pep talk. I could not repeat the same message to them every day and function as an administrative head, trying to preserve my aura of distance, and authority. This could have been done earlier when the company was profitable but not now. If they were to meet me every day there were things they could tell me but I also should have expectations of them, expectations which were not mere exhortations. I had to educate myself on how to manage a commercial organization. I did not know this.

So I put on my thinking cap and imagined what an astute and fair observer would look for in a successful GACL. This mythical judge would expect us to be profitable on a sustainable long term basis. He would expect

integrity in the company's working. If this was done then my efforts would be seen as a success. It was profit I had to search for and generate. So not only there should be profit but also it should be sustainable and the company working should be seen to be clean.

I asked myself how profits were generated in the company. I did not know but was determined to find out. To say that profits were income less costs was an accountant's definition which was not enough. Profits or loss were the result of day-to-day activities in the plant and office and the field. Profit was a distillate of efficiency and honesty in all the actions in running the company. Work backwards from profit and trace it to the human actions of the day-to-day working of the company. Then you had a finger on the vital pulse beat of the organization.

The monthly profit and loss figures were my first glimpse into the mechanics of profit generation. There was the cost of interest with financial outflow and depreciation without cash outflow. Repayment of principal was not a cost but resulted in cash outflow. Other than the fixed costs of interest and depreciation, wages were the main fixed cost. Wages had to be treated as fixed costs as labour could not be hired and fired unlike in the western world. What generated profit was the contribution per unit of production—this is the sale price less variable cost of that product. The total contribution less fixed costs was the company profit. The total contribution was the contribution per unit product multiplied by the total production. Very broadly at that stage of my understanding the task was to cut variable cost, increase production and increase the sale price or realization. Though, it was an accountant's understanding, it was still something. But it was a post facto record of events which had already taken place. It was definitely not a eureka moment.

What I wanted was to have a system of day-to-day management whereby I could understand how profits were generated in real time. Then we took the step which was to define my management style everywhere else I worked. I asked for daily costing.

The accounts department first said it would be difficult, a polite form of refusal. I then pressed them. Probably the refusal was only to see how determined I was. Finally, I got a rough and condensed version of the daily product variable costing for that day. We produced a dozen products every day from the different plants. The marketing was prepared to provide the daily sales and realization for each product even though it had never been asked before. From this we calculated the daily contribution assuming sales was equal to production. As the fixed costs were known fairly accurately and

did not vary from day-to-day, we had the daily fixed costs. Contribution less fixed costs was the day's profit. Later on, we refined the daily figures taking the actual sales and costing the stock.

The next step was to make these daily statements available to the plant heads. The variable cost were a lumping together of all the inputs that went into the product manufacture—raw materials, power, catalysts, fine chemicals, water, steam and a host of others. The consumption of each of these per tonne of the finished product was studied. But this required us to have precise measurements of all these inputs. I remember Demming's insistence on measurement as the essential discipline for manufacturing excellence. So we had to measure all the inputs. The consumption of steam, water, power, raw material, catalyst and others were measured not only for the entire plant but for each section of the manufacturing process. What were the standard norms? In stoichiometric terms the consumption as it should be of raw materials was calculated as it was through chemical reactions that products were made. As steam was used continuously in the plant processes for heating and movement, the consumption of steam had to be monitored. The unit cost of steam produced in the boilers and heat exchangers was looked at daily. Any reduction in any of these costs went straight to the bottom line. Increase in production added to the bottom line. Reduction in wastage went to the bottom line. Improvements in quality went to the bottom line. Inefficiencies and wastages reduced the bottom line.

This was the substance of my discussions with the plant heads. I spoke their language. The truth they grasped was that they had in their hand the lever for generating profits. It was in the plants and through their efforts that profits could be generated. Each of their actions could add to the profits. Slackness or inaction could see profits leaking away. I said the accounts were only a scoreboard displaying the runs being scored in the plants. It was they the players who scored the runs and not the scorekeeper. They were energized, they were empowered, and they saw a meaning in what they did. They were generating value for the company. This, more than any rousing talk, any punishment or any reward, was the true motivator. There was no other reward or punishment. They were important not because I said so but because they saw that there was a direct link between their day-to-day, hour to hour and minute to minute actions and the meter showing profits. They saw the needle move in response to their every action.

A small digression here will provide a clarification which is important in my view. The traditional approach is that if wrongdoings are prevented, then things will be satisfactory. In a commercial organization and probably any

organization, merely preventing wrongdoing does not make the organization successful. Let me explain. In popular perception it is because of corruption that organizations are failing. This is a misunderstanding of what happens. It is also convenient to those who are honest but incompetent, of whom there is a large number in our bureaucracy. Their incompetence is hidden by a mastery over the language of bureaucracy. The performance of an organization whose head is corrupt and one where an incompetent but non-corrupt officer heads it, is not very different. There will be corrupt dealings down the line in both organizations. The major losses in such an organization are not due to corruption which in my subjective and imprecise view may account for only about 10%. The rest of the 90% is from a lack of will and demoralization in day-to-day working. There will be wastages, breakdowns, stocks accumulating, and failures in most areas. All these are because of the incompetence and inability of the head of the organization to lead it. There are a number of organizations where, even though the head is absolutely incorruptible, and a skilled bureaucrat, many inefficiencies including corruption are seen. Corruption cannot be removed without the organization itself striving for continuous improvements in all areas of its work. In none of my organizations did I have to take steps to prevent wrongdoing. I did not have to because the systems introduced and the ethical goals adopted made it impossible for corruption to survive. Even those officers who had corrupt dealings earlier decided to reform in such a new environment and in fact experience a greater enjoyment in honest but bold actions than in what they had done earlier. But introducing new systems which are a faithful projection of ethical goals which the employees can recognize is not easy to do. It is a painstaking job. Most civil servants do not have the temperament for it. They would prefer to formulate policy, converting political directions into practical decisions and the daily nitty-gritty of monitoring, review and control. Indeed, this is how the civil servant is judged. The creatures that thrive in the darkness, of which corruption is the biggest and most dangerous, cannot be eliminated by hunting them now and then. Only by flooding the area with light will they vanish. Good ethical management is what provides this light.

Marketing was the weak area. Marketing was headed by a senior officer of the finance department. My predecessor had appointed him probably thinking that under his auditory gaze, wrongdoings would be spotted and prevented. The only result of this typically bureaucratic step was that we had lost a good finance man and gained an unsuitable marketing manager. His concern rightly was that prices should not fluctuate and that our products should not be sold below what were deemed as acceptable prices.

As the markets fluctuate frequently and prices change, our inability to quickly match market prices ensured that our products did not move in the market.

As he was an excellent finance man it was necessary to bring him back to finance at the earliest. I was looking for a suitable person, preferably someone with no experience in marketing. NM Sachar was a plain speakin' straight shootin' kind of gent, a person with the rare combination of integrity and guts. He was in charge of quality control department. This was perfect. He was made head of marketing the second month after I joined.

This is the place to write of a delightful personal association which began in the GACL and has continued till now. During my meetings, I became aware of a particular officer who somehow drew attention. He did not speak much and looked like a philosopher who had wandered into the wrong room. He appeared to have other more weighty things on his mind—the problem of free will or existentialism, perhaps? The expression on his face was one of amused tolerance at our exertions. Raj Gopal Katju was his name. Six foot three or perhaps four he was, and built on the lines of the Giza Pyramids. As I wanted to know more about this man of mystery, I called him to my room after a few days and point blank asked him about the work that occupied his time in the company. He rattled off an impressive list of tasks he was performing but after some time, when mutual trust was established, he told me with a disarming grin that he did not have enough on his in tray to keep his sharp mind occupied full time. I asked him to attend my marketing meet every day and allotted him the task of product development, which meant finding new applications for our products. He excelled in this. He was a gold medallist from the IIT (Kharagpur) and belonged to an illustrious family, his grandfather having been one of India's Home Minister during the fifties. He authored many books and his characters were instantly recognizable as those you met every day on India's roads, bazaars and cinema theatres, and he treated them with the respect and affection of an old friend. He lost his son to a traffic accident and wrote movingly about it in a piece entitled—'The one who got away', perhaps after the movie of the same name. The movie was about a German prisoner who escaped from British custody during the war; his wry humour stayed with him even when he was writing of a personal tragedy.

We had a marketing meeting every day at 3 PM. This event was the major catalyst in our working. We told the plants that they should produce to full capacity even though our product godown was full and tank storage near the brim. We were on the defensive, so we attacked like a famous French General

during the first world war. The marketing would take your material and sell it to our buyers, we told the plants, so go full pelt! We invited our dealers every day to this meeting. They could come without appointment. Marketing proposals were brought to the meeting by Sachar. These were in a simple structured format listing out name of product, quantity proposed for sale, price, etc. The contribution from this sale which was the sale price less variable cost was indicated. Earlier, marketing or for that matter nobody knew what was the variable cost. Knowing the variable cost, marketing decisions could be easily taken. These proposals were invariably approved and signed in the meeting itself with some necessary changes. The prices for dealers were fixed every month. The dealers would join the meeting. They would suggest some particular sale with prices and quantity. Some would paint a gloomy picture of the market saying so and so was dumping or that a big import consignment had docked in the Mumbai port. Our material would promptly be offered to some other dealer who could take it at our price. With a view to increasing competition, we appointed a number of new dealers on the condition that they should not take away the existing customers of other dealers. This broke the choke hold of the big dealers. The new dealers did well. All decisions were finalized in the meeting itself. I would sign all approvals to indicate full protection to our officers in case of any future enquiry.

In addition to appointing new dealers and having flexible pricing, there was another provision we incorporated. The commission per tonne given to each dealer, regardless of the quantity lifted was identical. The bigger dealers had been asking for a higher commission per tonne which in my view would stifle competition. A big dealer could smother a small dealer by offering lower prices for some time if we gave him a larger commission per tonne. As a result, our decision there was healthy competition between dealers. If the small dealers were squeezed out and only the big dealers operated then they could either dictate terms to the management or have a harmful nexus between themselves and the management. I kept on stressing the need to have a healthy competition in both selling and buying.

On the exports, we were aggressive. As the plants had to run full capacity, whatever material could not be sold in the domestic market was offered at competitive prices abroad. Knowing the concept of variable cost and contribution the proposals explained themselves. As long as the selling price was more than our variable cost, it was beneficial to sell. All rigidity in marketing decisions was removed. We removed any commission for exports. Any such commission could be construed as a camouflaged kick back to the management. The person who exported our material should get his



commission from the buyer. Export orders would go to that party who quoted the highest in any consignment. A large number of exporters would be asked to quote their best rates each time. There were no favoured exporters who did our business. Every time there was a competition.

We kept our domestic prices flexible. Apart from the customary changes every month changes were also made more frequently if the situation suddenly turned volatile. If while driving in to the office we found a large number of trucks waiting and our stocks low, it was a signal that demand was going up and buyers were stocking up. The prices could be raised, except to those actual users who had been promised a specific quantity before a certain date. If the situation was reversed, then incentives were offered to the dealers to lift. In the well-known management phrase, this elephant was learning to dance. We were as fleet footed as any chemical trader of Vadgadi, Mumbai. Prices were kept fixed for the month to our direct buyers but for the dealers, it fluctuated. But in the absence of volatility, monthly prices prevailed. But I always kept in mind that our dealers needed to enjoy a reasonable margin. Good business was where all parties gained.

Within two months of my arrival all our plants were running at full load. The high stocks were depleted by keeping a good pressure on the market. I think the market was aware of our stock position so we always tried to keep it low.

There were huge collections outstanding. These were vigorously followed up and added to our cash flow.

Our slogan was—"production to equal full capacity, sales to equal full production, dispatches to equal full sales and collection to equal full dispatches." Even the peon in the office hummed these words as he walked along the corridors.

The Dahej project was seen as a millstone around our necks. When I joined, there were suggestions mainly from finance that we should seriously look at the option of trying to hive off the Dahej unit so that the rest of the organization survived. I squelched this defeatist talk whose only effect was to slow down the completion of the project, the 400 tonnes per day caustic soda plant, and the 90 MW power plant. I made it clear that Dahej would be completed and run at full capacity. It would add to our strength as the country's biggest and most cost effective caustic unit.

There were many projected technical problems in commissioning the plant when I joined. The problem was not technical but one of will. Morale was low and the overburdened head of the project felt he needed more

support and understanding. I stressed to him how important Dahej was and the good job he had done. I frequently visited the plant and walked around it for hours. This built up the morale of the entire team who may have been feeling abandoned. Decisions were quickly taken and the remaining works finished. So by September 1998, five months after I joined, the caustic plant was commissioned and by December the power plant began operations using naphtha as fuel. It would be another three years before a gas pipeline of the GPSC reached Dahej and replaced naphtha.

The start-up of the Dahej caustic soda plant put additional pressure on the organization under which we at times felt it was not possible to go on. But we could not give up. During a meeting in the Sachivalaya one day, a service colleague asked me, “Mr Luke you have been struggling for more than a year now. Do you see a light at the end of the tunnel?” I replied that we were struggling because we did not as yet see the light at the end of the tunnel. The day we see this light it means the struggle is no longer necessary. Till that day we will continue to struggle.

The additional pressure which Dahej created was because of the working capital. Our bank was refusing to increase our working capital limits in spite of increased production and turnover from Dahej. Like all bankers they were reluctant to lend to a company which was struggling against what looked like very unfavourable odds. Till the Dahej production was sold and the payments started coming in it was touch and go. We fell back on the usual practice of delaying our suppliers’ payments. The danger was that supplies could be cut. Before I joined the company had little difficulty in getting Inter-Corporate Deposits (ICDs). ICDs were earlier of ₹ 5 crore or more. In my time with the reports of the company’s difficulty becoming known to the market, the established financiers backed away as we started asking for a roll over. We then began accepting ICDs of ₹ 2 crore. This came down to ₹ 1 crore. At the worst period we accepted an ICD of ₹ 10 lakh. Companies with intriguing names like Ritz Consultants and ABC Financial were now financing us. At times I felt like a financial huckster telling these lenders that the company was facing ‘temporary liquidity problems’ and there was nothing to worry about. Only after January 2000 were we able to repay the ICDs and run on our own surpluses.

Around August 1998, I found that while the company was starved of funds and in danger of going under, we were regularly paying our interest and installments to the financial institutions. One day, I ordered all such payments stopped. I received a stern note from our finance head that grave consequences could follow from this unprecedented step, the full

responsibility for which would be mine. It almost read like a charge sheet. I said that anything less than the closure of the company was OK with me. From that day we stopped payment to the financial institutions. They were fully paid with interest when the company had regained strength. The step I took of conserving our resources made possible the repayment later on.

But then I had to fend off a stream of indignant representations and representatives from the banks. The IDBI, being our main institutional lender, took a sensible stand. Their approach is more long term and consensual. While firmly requesting us to pay, they were good enough to reschedule our loans without any interest reduction. The CDR mechanism had not yet been introduced so the bankers were offering no concession except re-schedulement which in practical terms meant little as we could not pay even the rescheduled loans. But the other banks thought that the strong approach would yield results. One foreign bank sent two of its lady executives to shake me down. They were quite scary, treating everything I said with contempt and sarcasm. No sympathy did these '*dames sans merci*' show me even when I explained to them my pitiable condition. Finally they moved the government. They were reportedly told that it would be impossible to get your money forcibly from Luke, so it would be better to wait like all the others!

My answer was invariably simple. I had no money. As it was the truth it stood on rock solid foundations.

Those days' 'hiving off' was a fashionable phrase among those with a limited understanding of how a company works. If a company was in difficulties, it must be because some part of it had turned unviable and this diseased part was dragging the otherwise healthy company down. It even assumed that a sick company could become lithe and fit, if it shed some of its assets, analogous to a overweight man shedding weight. They never considered whether the sick part was the management, which should be hived off. Argument by analogy can sound persuasive to dull school children. But it did not mean cutting off one leg as some understood it or a truck driver selling his engine to meet his cash requirements. This is what we were asked to do. Around mid-2000 there was a strong pressure from some officers in the government that the GACL had to think on these lines. The possibility that GACL had turned sick because of the corruption and incompetence of the management and its political patrons and today was coming back to health with the old management already hived off was not mentioned. These officers in the government wanted us to hive off, meaning sell, our functioning

power plant in Dahej! This was presently running on high cost naphtha but would switch to gas with the Gujarat State Petroleum Corporation Limited (GSPCL) pipeline supply becoming available in mid-2001. Even with naphtha the variable power cost was lower than the alternative of buying from the GEB. The gas based power plant would give us power at a low cost and would strengthen the company enormously in the long run as power constituted 70% of the variable cost of caustic soda. It was an inane suggestion but was pursued in the government aggressively. I answered that such a step was not possible. Even today it is difficult to find any *bona fide* rational explanation for this move.

A meeting was called at the level of the Chief Minister to review the company's working. My presentation explained that the plants were working to full capacity even in a recessionary market, marketing was efficiently disposing off the stocks and plant efficiency was at its highest and there was now a little cash profit which would improve as the market looked up. It was put to me quite aggressively that we should seriously think of hiving off the power plant. I replied that such a step could not even be contemplated. The argument became quite heated with the accusation that I had no practical steps for reviving the company. I said the revival of the company was already happening if they were not aware of it. There had not been any fund infusion into the company from the government or any other source so it was not as if we were a burden on anyone. It was I against all the rest and the way I was talking was definitely not the way to win friends and influence people. In my mind truth was its own defence but I was panicking because truth had to be defended so tenaciously. It should not have been necessary. As the company's fight back against tremendous odds was now known to all, I should have had a more appreciative audience. Finally, the Chief Minister who had been quietly listening to these heated exchanges closed the discussion saying that the question of the power plant would be discussed by him with me the next morning at his residence. It sounded like a snub.

I met him the next morning and began listing out the case for retaining the power plant with the company. With a smile he stopped me from proceeding further saying that the power plant was not to be sold. Taking this opportunity I briefed him on the steps being taken in the company and expressed my hope that the worst was behind us. He complimented us on what we were doing.

After this the move lost momentum. Perhaps, there was a buyer in the background. This guess was something like inferring the presence of an unknown planet from the deviations in the observed motions of known

planets. There was obviously a strong force exerting itself somewhere in the background, an unknown variable. It was a good power plant with an assured gas supply so it could be an asset worth acquiring. The whole State knew the GACL was coming back to health and yet this was being seriously suggested. My doubts about the intentions of some people working in the government were becoming stronger. The real interests of the government and the interests of some people working in the government were different. The 'hiving off' of the Mumbai plant of the Gujarat Fisheries was something I was determined should not be repeated here. Perhaps, it was a coincidence that there was an agent common in both these cases.

But there is one part of a sick organization that must be hived off. That is the management. It would be better if this was done at the first signs of management weakness rather than when the company is in a state of terminal exhaustion.

One of the two powerful Gujarat newspapers then decided to target the company and depict us as having financially collapsed. Three items appeared about the company in the course of a fortnight describing our pitiable financial position and sounding the message in the market that we were a poor business risk. It was a gratuitous and unprovoked attack. Their correspondent had not talked to any of us before publishing this item. They refused to publish our rejoinder. We made it clear to other news sources that what the newspaper was publishing was factually incorrect and could not be taken seriously. It could also have been an attempt at extortion. Or possibly, it was fronting for someone who thought the GACL should be sold. Or shall we say, hived off? Our employees were indignant at this unprovoked attack. They described it as throwing a skeleton into a holy fire, "*Havan ma hadka nakbvanu*" in Gujarati. The saving grace was that the newspaper did not allege any financial or any other impropriety by the management. This newspaper is usually not so reticent. Other papers published our clarification and there was no damage. In Gujarat much of the business information was exchanged by word of mouth so not much credence was given to such false newspaper reports. People were aware of our inspiring fight back.

That was the time when the prestige of corporate management in the private sector and capitalism was at its peak all over the world. Professional management had awesome reputations as the force that had created superb organizations which were coming with innovative products and huge profits and wealth to the shareholders. The sickness of the PSUs was seen as arising out of fundamental incapacity of government owned corporations to efficiently manage commercial resources in an era of free competition. They

had done well only when competition was restricted. Along with GACL, the giant Gujarat State Fertilizers and Chemicals (GSFC) next door was sickening. Knowledgeable insiders including employees were whispering about the weakening of Gujarat Narmada Valley Fertilizer Corporation (GNFC) too. The GIIC was a shadow of its former self. The GEB was doing poorly. A number of the smaller commercial corporations of the Government of Gujarat were in the process of closing down operations. The Gujarat Tractors could not come out of sickness in spite of the dedicated efforts of one IAS officer for seven years. It was subsequently sold off to a private sector company. It brought with it a huge dowry in the form of valuable land so that may have been the main attraction as the bride was on the sick bed! The Gujarat Electronics and Communication Limited set-up in the early eighties was downing its shutters. It had good technology and high calibre manpower. Yet it had surrendered its early mover advantage. I held charge of it for a month and was told of the breakthrough technologies it had developed in the early years. If these had been imaginatively nursed, Gujarat Electronics could have become one of India's major information technology companies. A couple of years later the Indian Petrochemicals Corporation Limited (IPCL), a perfectly healthy company was sold off, with its Chairman joining the company which subsequently bought it. Only the newly formed GSPC was showing an unusual strain of vigour. It was destined to move into the front ranks of the industry in the coming years. But it lacked transparency in many areas which made people doubt its claims. The question that was seriously being asked was whether the government should at all be in the business of business?

To me this line of thinking was equivalent to throwing the baby out with the bathwater. Yes the PSU management's deficiencies were what had led to the present sickness. But the alternative of having better PSU management and delinking it from political bosses was not being talked about. This arose from a failure to see that the government running a business and owning it were not necessarily the same. Most knowledgeable observers in Gujarat would have been aware of the informed anecdotes about the weak and very often, ethically challenged managements of the Gujarat PSUs during the past decade. This issue should have been addressed which was not being done. It was a tautology that government should not run businesses but government ownership was something else. Government cannot run business, it is true. But government can own engineering and medical colleges and hospitals which are run extremely well. The IITs and the AIIMS are models of excellence probably better than any private sector colleges. If the government can do this with educational institutions and let them run well, then definitely

it could do a similar good job with industrial units. The answer was to separate ownership from management. Government ownership need not prevent efficient management of such institutions. Similarly, I thought that with a proper leadership which acts autonomously, the Gujarat PSUs could outshine the private sector. Its plants and infrastructure were better and the calibre of its officers was superior to the private sector. These companies could be set right. I proved it could be done. The Gujarat PSUs were revived and made to run as well or even better than the corresponding private sector units and I see it as my life's achievement. But this was in the future. At that time, I was arguing purely from instinct and stubbornness and so was on the defensive. Mine was a feeble voice even to my own ears. I have an unconvincing manner even when my position is rock solid. Even while telling the truth I appear to be on the defensive. Those who talk from logic and theory unburdened by any direct field responsibilities are far more self-assured.

Autonomy was something to which lip service was paid by the State Government, in deference to the well-accepted need to have professional management. But in actual practice the MDs appointed in the past to the profitable corporations knew there was a *quid pro quo* here. Even for an honest officer such a posting immediately raised his standard of living. A good house with household help, car for personal use, expense account facility, frequent air travel to any part of India, foreign trips with high per diem allowance and stay in luxury hotels and expensive dining, and wining for those who preferred it, etc, were a part of the deal. One was courted by the wealthy and privileged. The restrictions experienced in the government were removed. One's decision was final on a day-to-day basis; the Board met only once in a month or two. And for those who were so inclined there were ample opportunities for personal enrichment, opportunities which were not entirely wasted. As the companies were profitable in a protected environment, running them did not require any great skills or leadership qualities. What was needed was to be personally suave and polished, possess good conceptual and presentation skills, and have core political support and not to antagonize anyone who could harm or help you personally. So, when an officer was offered such a post those who enabled this posting expected the officer to accede to any 'reasonable' request made to him. Looking to the officer's vulnerability, and the less upright he was the more the vulnerability, various other agents such as media, Union leaders and others with a capability for embarrassing the management would also demand their pound of flesh. The MD was expected to handle these. If he was able to do all this with certain panache, and satisfy those who determined his posting, he was pretty much

left alone. This is how the *quid pro quo* worked. The fact that all these satisfactions demanded were illegitimate and at the cost of the company and ultimately the public paying for it, was of no interest to anyone. But the company could bear these additional costs, costs which the management had to pay as rent to remain in office. It was a pleasant set-up for all concerned. But this arrangement could work only for so long as there were easy profits.

But as the barriers to competition were being lowered, the profitability of these companies was no longer assured. The old styles of management had also resulted in many 'cost overruns' which is often a euphemistic shorthand for corruption. Reviving a sick company was not so much fun as running a company with assured profits as earlier. Among the powerful well-connected bureaucrats the appetite for PSU appointments was waning. With the barriers to entry being dismantled in industry, the real action of granting favours to the new industry was taking place in the government departments dealing with industry and grant of land and various other permissions. Reviving a sick PSU was a bothersome job which even if successful would take years. By the end of the decade of the nineties, there were no serious takers for such jobs. When I took over the GACL and later the GSFC, no one envied me. The days of easy pickings were over and the nimble footed bureaucrat now professed indifference to such appointments

It was in such times that I came to the GACL. The government too felt that it was not a favour they were bestowing on me but a heavy task of serving the public interest. There was therefore no *quid pro quo* in my case.

It is better to come to an organization which nobody covets. This is how it has been with me during my entire career. The only exception was the post of Labour Commissioner which was given to me on my return from a three year Central deputation and the decision-making authorities had probably forgotten how steadfast and firm, or depending on the point of view, rigid and stubborn, I could be. But otherwise I got the departments which were not rated prestigious or was given organizations which were once great but now hopelessly struggling. I preferred it this way. There are two reasons why these are to be preferred. The first is, as already stated, that there can be no expectation of a *quid pro quo*. No powerful person makes demands of you. You are admired for having gallantly accepted the assignment which promises nothing but toil and trouble. This situation of benign neglect from those who appointed you lasts till such time that the organization has recovered. The second more important reason is that if the organization is in a bad shape, then it is possible to mould it more easily to the proper shape. As the existing



ways of working had failed, there would be little resistance to thorough going changes which may need to be introduced. Nobody will defend the ways of working which have not obviously worked. Many of the stalwarts who may have nurtured vested interests are in a chastened mood and eager to turn a new leaf. All those connected with the company will realize that the old ways of working had brought the company to a near wreck.

All governments now talk of the autonomy of PSUs. Today the PSUs, particularly of the Central Government, are definitely freer to take their decisions. But there cannot be total autonomy even in theory. When the government owns majority shares they have the right to lay down the broad strategic direction the company should take. They could tell the company to fulfil these government's strategic objectives or other efforts to serve the public interest. This is perfectly proper and government ought to bring such concerns to the notice of the company management. There may be many such priorities. The fair and adequate supply of the company's products to its customers, strict adherence to the effluent and pollution norms, investment in a backward area, jobs to the locals preferentially, providing facilities to nearby villages and other efforts at fulfilling corporate social responsibility, preventing corruption and bringing transparency, the profitable running of the company so that the government's investment earns adequate returns, and many others, are all legitimate concerns of the government as the major shareholder. Government insistence on these cannot be called interference in the company management. Of course, these expectations should be conveyed through the government representative on the Board. This could be called autonomy in actions and accountability in results. The managements need not mechanically follow government directions but these need to be properly addressed. But the real conflict is not there. These are not the areas where the pressures are applied and *quid pro quo* demanded of the company management. Those in the government, and I shall not legitimize them by calling them the government, show comparatively less interest in these legitimate areas. Their interest is elsewhere. One is the area of personnel administration regarding the transfers and postings of particular employees. The other is in the commercial dealings of the company. It could also be an insistence that a company play a role not dictated by its objectives. Here too the interventions may not be frequent. But if the basis of the MD's appointment is a *quid pro quo*, then he is expected to accept, in principle at least, the right of those in the government to insist on some of these. A PSU which functioned autonomously even while safeguarding the government's legitimate concerns was like a red rag to the bull. It is not tolerated once it has returned to profits.

I now come back to my earlier issue of the perceived inability of government-owned companies to perform well in the competitive commercial space. There has been a change during the last one decade. Today it is accepted that the parentage of a company, whether private or government, does not determine its successful working. The sheen has worn off the image of many of the giant corporations in the US, Europe and even in India. We have seen how many American CEOs behaved like bandits and enriched themselves at the cost of the commonwealth. In fact the very mention of a commonwealth makes these CEOs apoplectic with rage. The private sector CEO is no longer admired anywhere in the world. Neither does he have any extraordinary skills nor does he possess a finely developed sense of values. What he has is intelligence, a skill with symbolic logic, a soft spoken aggression, willingness to courtesy before Power, a desire to accumulate wealth, and a manner which shows indifference to material things. In our country there is now a slow realization among those perceptive enough that both the earlier PSU model and the pure private sector variant have to give way to a more ethical entity. They are both a burden on the country.

The GACL was the first major company among the Gujarat PSUs to lead the fight back against post liberalization sickness. But among influential sections within the government at that time there was ambivalence on a PSU reviving ethically. It was difficult to admit that the sickness in the past was caused by weaknesses in the managerial calibre of the PSU leadership and the close nexus they had with the political leadership, a nexus which had been profitable and enjoyable for so long. There was a thinly veiled impatience among this group with the kind of painstaking, step by step, reformative and ethical approach which we were trying out in the GACL. This style effectively prevented the PSUs from doling out patronage to the many who had been in the habit of making such claims, claims which were illegitimate and which had bled white the organizations. It was more convenient to hold the view that the reasons for the weaknesses of the Gujarat PSUs were fundamentally structural, arising out of government parentage and not because of weak and compromised managements. The revival of the GACL was showing this prevailing opinion to be wrong. But for long people thought I was naive to believe that personal courage, integrity and commitment could turn around a big company like all GACL when sophisticated cleverness had failed. The GACL revival was a bitter medicine to swallow to the stars of the yesteryears. I always knew there were many in the government who would have felt vindicated if the GACL had not revived, it was a model which stood as a reproach to them. A transparent ethical revival was a pyrrhic victory for those whose sustenance from these PSUs was now cut off. This the heart of the

conflict any reform faces. The public interest gains but it is thinly spread over the entire populace who have little direct interest in such reformative measures. The vested interests though far fewer will feel the pain intensely. They will oppose such models by depicting those creating them as impractical, rude and difficult to get along with. It is they who have the ears of those who matter. Another reason why ethical management was opposed was that many within the government had developed vested interests in the privatization of PSUs.

The example of Russia will show how a new class of robber barons can corner the great wealth of State PSUs which were turned sick by crooked managers and then sold off. I was determined not to let that happen in Gujarat. The GACL would have been the logical candidate for such a 'bold and dynamic' move. The revival of the GACL and GSFC later may have disappointed some captains of the industry and their facilitators. One such tycoon was heard commenting later that my coming had derailed his carefully laid plans to take over the GSFC as it ran out of cash.

One day, two gentlemen in dark suits, one of them a foreigner, met me. They said they represented providers of capital who were looking for financially weak and stressed out assets. They could acquire these and turn them around with cash infusion and good management. The GACL could benefit by this approach. So what did I think of it? I said the GACL today had the best management in the world and was already turning around. But I named some of the weak and struggling corporations of Gujarat which could definitely benefit by their expertise and money. I named the Gujarat Handloom Corporation, the Gujarat Leather, the Gujarat State Finance, the Gujarat Small Industries Corporation Limited, the Gujarat Fisheries and other such weak companies. After that the conversation floundered and they soon left promising to 'come back' to me. Needless to say, they did not.

The point is they are not looking for any really weak company. Companies which have a good plant and infrastructure, good technology and technical personnel but which may be facing temporary difficulties because of ethically weak managements are what they are hunting for. It was the crown jewels they wanted, preferably labelled as scrap. But a sale becomes inevitable when it is seen as the only alternative to the sickness which is gripping the company. Good ethical management is the real cure which can take such companies out of the sick ward. But for reasons discussed, this option is not always preferred or available. So many great companies belonging to the State sector have thus been sold off. Those lucky few were bought as going concerns. Others were mismanaged till a case could be made that it was too

far gone to interest any buyers so were sold in parts. The machinery went for whatever price it would fetch. But the land, the most commercially valuable part of it went to build shopping malls and luxury apartments. The families who worked and lived as proud and dignified proletariat joined the lumpen elements in the city. Lives were shattered and families impoverished and a whole working class culture disappeared. Those who had lived in dignified worker's colonies in the town centre now became residents of slums with their hopes of a brighter future dimmed forever. Three decades back Mumbai, Kolkata, Ahmedabad, Kanpur and others were predominantly cities of the working class. There is definitely some collusion here as the obvious cure of good ethical management for sick PSUs is rarely tried out. Economists will talk of creative destruction to explain such closures. Schumpeter meant creative destruction of old technologies and ways of working, not of the lives of the working class. For the apologists of greed today, creative destruction is OK as long as someone else, preferably the poor, are destroyed. If GACL and GSFC had become bed ridden, they would have given the same reasoning to explain what had happened. Our common wealth has been diminished by those who were charged to grow it.

The reader will forgive this long digression if he realizes that it gives the background and completes the picture. Events which I tell of will be unintelligible without this. The opposition I faced was never personal. I do not flatter myself thus. It grew out of the very nature of the way those in the government behaved. But I was challenging the long established ways of working so it was understandable. While one must not be paranoid, one ought not to wear rose coloured spectacles while recalling events of the past. There are exciting opportunities but also seductive traps in the civil servants life. As a head of department and as a CEO one controls, but does not own, resources others covet. India is rated as one of the more corrupt countries in the world. Could India have been so if the vast majority of its higher civil service were courageously prepared to face danger so as to do that which was right even while standing alone? Or that the vast majority of our leaders were fully devoted to the public welfare so there were no dangers to face? Would you, dear reader, believe me if I said I noticed nothing wrong during thirty years, and that all those I dealt with were honourable men, particularly when I handled some of the biggest and richest organizations in the State? To say that you did not find it necessary to confront any one powerful could mean you avoided taking a stand. Every day somewhere or the other the public interest is being compromised. Can we pretend we never saw it happening? That we had cordial relations with every one, every one important that is, and proudly broadcast this fact to all. An officer who recently retired told me he

had “never taken a panga with anyone.” It was probably meant as a rebuke to me as I probably “took a panga” with every one you could think of. One can be sure that a successful person who claims to have faced no powerful opposition has made some serious ethical compromises on the way. Some may accuse me of being judgemental by such talk. Failure to use your judgement when facts are crying out to be recognized is probably a worse failing. To say that in today’s India, public interest can be pursued without coming into conflict with powerful forces, with today’s temporal princes, many of who have positioned themselves within the government as champions of the people, is good for one’s career advancement but amounts not only to abandoning the public interest but also to outright lying. In a neighbourhood with the continuous smell of rotting garbage and worse, the residents have to pretend they do not notice it. But should the civic chief who has the power to clean it up adopt the same pose?

Meanwhile back at the plant, there was some serious labour unrest to add to the excitement. For the first Diwali after I joined, we had no money to pay the kind of bonus they were expecting. We were literally spending yesterday’s collection to pay for today’s purchases. The workers had been paid ₹ 16,000 as bonus the previous year. As Diwali approached, they requested for bonus. In a reasonable tone they, appreciating the company’s difficult position, said they would not ask for an increase over last year, the same figure would do. I countered with an offer of ₹ 2,500, which I said may be paid with difficulty. This set them off on to 5 days of protest. My office was on the ground floor separated from the courtyard by a large pane of green one way glass. The company security instead of preventing the workers from agitating inside the plant assured me the glass was unbreakable. This was soon put to the test. One morning, when a demonstrator tried to rip off my air conditioner, he found some sort of a pipe in his hand which he threw at the glass. It held firm. After getting his name from the security, I suspended him on the spot. My senior officers at this stage came to my room and pleaded with me in an anxious manner not to be so stubborn and take back the suspension. Meanwhile, the din was continuing outside. The suspension would stay, I said. The next day the boy’s father came with him saying he had made a mistake and was sorry and it would never happen again. The boy gave an apology in writing. Based on this, the suspension order was revoked. My authority was restored. By now the officers were urging me to stand firm to the demands of the workers saying they were with me. They were probably feeling a bit sheepish about what had happened the previous day. Diwali was just two days away. So one section of the workers were saying that what the MD was offering was not unreasonable and let us be more flexible. The next

day they brought Shri Madhu Shrivastava to plead their case. He had a sinister reputation around Vadodara and was known for 'settling disputes', whatever that meant.

He met me in my office along with two of his heavies. Two officers remained with me. Shrivastava put his hands on the table revealing big rings on each finger which looked like knuckle dusters to me. He was very reasonable that day though once or twice things threatened to explode between him and me. He was wearing some sort of a cap which he took off in a huff at one stage informing me that the cap would come back only after his will had prevailed or some such nonsense. His expression at times was that of a pious man whose patience was being tested to the breaking point. I told him the entire position of the company, its precarious condition and how we were committed to see that the workers long term interest was safeguarded. I talked to him as I would to a quick-witted business analyst and he showed by his gestures that, yes, he grasped everything I was saying. I do not think he put much importance to what I was saying even if he understood it. He was looking at my expressions to see if I was levelling with him. I kept on ordering tea and snacks for him. This went on for three hours interspersed with him going out to explain to the workers. His two sidekicks did not say a single word except to smile and nod whenever I looked at them. I began to look at them whenever I stressed a point and, sure enough, they nodded. At six thirty in the evening Shrivastava took leave of me with great politeness and went out. He reportedly told the workers that their MD was a good man and they should accept what I was giving. Then he left.

It was around 7.30 and quite dark.

Four days Diwali holidays were beginning the next day. I thought it was the right time to make my move. The workers were standing at the gate, leaderless. One of them came to my room and suggested I meet them. I decided to go to the gate and talk to them. The security officer advised me against it. But I felt one had to strike when the iron was hot. I talked to the workers at the gate. I asked them to trust me as the company was in a precarious state. Together we could rescue it. Nobody interrupted me which was a good sign. Then one of them said I should not have to stand in the open; we could go inside where they would listen to me. In my room about 50 workers had squeezed in along with my officers and a couple of police officers; the others were in the corridor. They listened to me for ten minutes and then one of them said my decision was acceptable to them because they trusted me. Our administrative officer announced that the amount would be paid the next day morning. Then they left. We decided to increase the

amount to ₹ 3,500. In addition ₹ 1,500 would be paid as interest-free loan. They would have a good Diwali. In addition to this small gift, they were comforted by a hope that the future would be honestly fought for.

When I got out of my room to get into the car the workers were all round me. It was past nine. They wanted to shake my hand. I wished them all a happy Diwali. Even when the car began to move towards the gate they ran alongside waving to me. Sitting in the car I thought over the extraordinary events of the day and saw it as an ethical victory where everybody had won. The events were cathartic and I felt the exhilaration of a sudden draining away of tension.

Madhu Shrivastava had behaved decently. He had asked me to increase the offer from ₹ 2,500 to ₹ 3,000 so that he could convince the workers but I had not agreed then though later on that evening we raised it to ₹ 3,500. Perhaps, I appealed to his good side, he had a good side and he sympathized with my difficulties. I was now convinced miracles could happen. We had won, we had all won, I had not won over them, I had won them over. Looking back today I see this evening as my finest hour.

The other burden placed on us by the commissioning of Dahej was the daily additional production of 440 tonnes of caustic soda and 350 tonnes of chlorine. The 1998-2000 period was one of deep recession in the chemical industry in particular. To suddenly have to market 440 tonnes of caustic soda and 350 tonnes of chlorine every day taxed the Marketing Department to the utmost. Yet within two months the plant was running at full capacity. We were fortunate that the caustic plant had the capability to convert 200 tonnes a day into solid prills which could be stored for long and did not require liquid storage tanks. We found good export markets for it. The problem was chlorine. Any inability to market chlorine would limit our caustic production as chlorine could not be stored beyond four days production because of storage limitations and its poisonous nature. Because of our daily marketing meetings, quick decision-making and the appointment of a number of new dealers, Sachar was able to perform the Herculean task of finding buyers and marketing the full production.

We had a good Electronic Data Processing (EDP) hardware capability but it was not yet well-developed. I was now convinced that we had to make all the officers and the entire work force aware of how profit was generated in the company. The information which I and our senior officers were getting to see every day had to be made available to everyone. Each action of the plant had to be recorded as and when the event happened. With this information duly processed and now available on the large number of computer screens

inside the plant and offices, everybody from worker to MD could see what was happening in the company at any given time. Each of their actions, through the costing process, was linked to the profit being earned daily. They could see this. It was a complex job demanding considerable skill and commitment. The EDP cell headed by Mrs Mishra was equal to the task. Practically, every day one of us would make a suggestion to her and in a day or two the modified MIS would be out for display. This system which we built up was tailor made step by step to the evolving needs of the organization. The total cost was only the price of a few computers and connections. In return we got an ERP which would have cost a tidy sum from the established suppliers and it would not have been so flexible.

Soon all the computer screens in the company began displaying the daily score card. The daily production, the cost of each product, the cost component wise, the sales inventory, raw material inventory, price of raw material, sales realization of different products for different markets, cost of maintenance, catalyst used and all those day-to-day steps which go into determining the company's performance was listed out for all to see.

They knew the levers which could move profitability. We talk of empowerment as some mental state of high confidence. It is not that alone. It is the awareness that each person in the organization acting in his own area of responsibility could add not just his labour but could see how that quantum of his work added to the company profitability. Each employee could now see how his actions moved the company. He could then act in a way to maximize the profit. He could proudly say it moves, it moves but I made it move!

An example will show how deep this empowerment had penetrated. The loading section had the task of loading our products for sale to different markets. The net realization of the same product going to different locations might be different. The loaders, aware of the costing calculations, knew that chlorine tonners sold to Maharashtra fetched a better realization than that which went to Rajasthan. On that day, they on their own loaded the Maharashtra tonners first, saying it fetched a better price, and Rajasthan the next day. These were loaders, not officers. We had empowered them to act by giving them information and also the freedom to act on this information. No officer would fire them for presuming to take such a decision which was earlier the preserve of higher authorities. This would be the case in most companies. Some vested interests would thereby be affected.

This sort of decentralized decision-making was happening all along the different parts of our company. Employees knew the link between the profit



metre and the steps which they took every day. Doing things differently they saw the profit figure move. This encouraged them to try various new techniques which they thought would logically work. Approval if required was a formality which was quickly given.

Employees learnt that risk taking to innovate and create value was the only way to long term profitability of the company. As a result many new techniques, repairs, equipments, processes and products were developed. These were at a fraction of the earlier cost of buying it outright but with the same or even better engineering specifications.

We stressed the need to cut costs by encouraging Indian suppliers instead of imports and local suppliers in place of high cost Indian suppliers. As a result we created new employment among a number of engineering workshops and engineering suppliers. As they had to be properly guided to produce these high specification items this was a cooperative effort between our officers and the workshop owner. At the end we got equipment of better specifications at a much lower cost. During one of my plant rounds one day, I saw a 10 m tube of intricate design lying on the ground. It was some sort of a heat exchanger. It had just been fabricated and brought in to the plant as it looked new. The plant head told me that this equipment used to be earlier imported at a cost of around ₹ 1.5 crore. A local workshop was guided to make this and they had just supplied it. The specs were better than the imported material. And what was the cost? We paid ₹ 14 lakh for it. This kind of cost saving was done in a large number of cases. This achieved three benefits. It improved the morale of the officers, it saved us money and it created employment in India and likely near Vadodara. And another benefit was it removed the margin for corruption.

Creativity and self-confidence were unleashed in the company. This happened not only on the technical side but also in finance, marketing, purchase, research, etc.

An employee was judged not on his mistakes but on the positive contribution he made to the company. The fear of mistakes gave way to a hunger for achievements. Once the Chief of Uhde India, a German company which supplied and installed the Hydrogen Peroxide and other plants, visited GACL and took a round of our plants. He then met me and shook hands warmly and congratulated me on the company turnaround. As this was the period of our greatest difficulties, I asked him how he had come to this conclusion. He said that this turnaround was evident to him from the body language of our plant workers and officers. They all moved with a sense of purpose and morale, very different from what he witnesses during his

previous visit. This told him the turnaround had happened though the figures confirming it would come later.

Unlike in the GSFC later, there were no major technical problems in the plants once the Dahej plants were commissioned. Our superb technical personnel had commissioned the new plants speedily in spite of complexities in the equipment and kept all our plants running smoothly. But the huge cost of these new plants and the severe recession those days made every day a test of our determination to keep the company running. The commissioning of the Dahej complex was not supported by an increase in the working capital by our Bank. At times the banks seem to follow the principle that if you really need the funds then we cannot take the risk of giving it to you, which is the catch-22 of the banking world! So they did not increase our working capital limits even though Dahej, which increased effective turnover counting the inter unit transfers, by almost 40%, had been commissioned. A 440-tonne per day caustic soda plant plus a 90 MW power plant had to be run without additional working capital. The bank never refused, they promised but delayed till our cash flow had improved after 2 years. Every step was a struggle; every day made us wonder how we could carry on. Today's collection was paid out tomorrow to our suppliers and to the Excise and Sales Tax. We described ourselves as a daily wage labourer who bought the day's rations to feed his family by his wages of that day. The whole world told us we were beaten. We did not know that, being too busy fighting for our survival.

Once the Dahej caustic soda and power plant were commissioned, there were no major technical issues as happened in the GSFC. All raw materials were also available. There were no negotiations with the banks as happened in the GSFC. A reschedulement was given which made no difference to the company's cash flow as we were not able to pay these. It was a relentless struggle day after day, month after month and year after year. There were no breakthroughs of the kind we had in SSNNL or GSFC. It was putting all we had into the effort at all times. I used to tell our employees that we were fighting for them and their families. When we gained ground it was in inches. It was a see saw battle. Two steps forward and one step back. But we held on and did not break. It tested my mental, moral and physical stamina almost to the breaking point. Looking back I would say the GSFC revival was easier than GACL. In GSFC we won major victories in the very first year. Here there were none. We just survived and won the field by refusing to let go. In the process one of the leading chemical companies in India lived to fight another day. Perhaps I could handle GSFC better because of the skills gained here. It was only in October 2001 that the relief column was sighted and we

knew the worst was over. The gas connection to our power plant in Dahej was completed and we shifted to the cheaper gas from naphtha. This was just two months before I left. The market prices too suddenly went up after I left. The struggle was over.

There were a number of small day-to-day successes and incremental improvements. If it promised to work it was tried out. Employees' initiatives were not put into the straitjacket of planning, policy and procedures. It was a broad road we travelled on which accommodated a wide range of efforts and ideas.

There is much talk of transparency in the country today. It means the readiness of the company to make available to the outside world facts about its functioning. The right to information is a part of this. But more important than this is the internal transparency within the organization. We made the company internally transparent which most management are reluctant to do. This will be further elaborated on in the later chapters as it is important.

The officers knew that I had zero tolerance for corruption. What had happened in the past would not be enquired into. This approach I followed everywhere. If the corruption prior to me was properly persecuted then almost all my officers may be implicated and the working of the company would be paralysed. It should become zero from the day I joined. Nobody in the State would ask me for a favour so no pressure would come on them from me to do anything that was not good for the company. It was understood that if anything like this happened on my watch I would definitely come to know of it and the officer would not have a future in the organization. All the employees knew this implicitly and they accepted it without question. In any case in the light of transparency and the incandescent purpose prevailing in the company, there were no dark shadows where corrupt deeds could hide. It disappeared like a bad memory. But the seeds remained and they would sprout when the conditions turned more favourable after I left.

Today the entire stress is on detecting and punishing the corrupt. We have the CAG, the CBI and so many laws to make sure corruption is prosecuted. The accent is on catching corruption or any activity that looks like it. But there are many activities which may look like corruption to the sticklers for rules but in which there is no corruption. The trouble with this approach is that if you are a hammer, everything looks like nail. One should not throw the baby out with the bath water. Real creative innovative decision-making should not be inhibited by putting all decisions into a Procrustean bed

of rule bound compliance. Real life is far too complex for anything but rules dictated by a moral sense, a capability which every human being is born with. If we discard these and look down a check list of bureaucratic requirements, either decision-making will suffer or we will have a culture of cover-ups. There is a far better way, the way I followed.

How does removing corruption improve the working of the company? Actually it is the other way round. Improving the working of the company removes corruption. This is not to say that those companies with a good profit are free from corruption. But a thorough ethical revitalization of the company, as happened in the GACL and elsewhere, chases corruption away. I did not launch a campaign against corruption. The day I arrived it hurriedly packed its bags and caught the first bus out of town. But I was under constant watch by the officers, union leaders, dealers and others to see if I slipped. This never happened as I curbed the normal instincts to get along with important people and thereby compromising the company's interests. In this process many persons were dissatisfied with me and wrote me off as one not worth seriously cultivating for the long run. I was clearly not a '*Lambi race ka ghoda*' for them.

The company gained in every way. How can corruption happen when in every action we were trying to maximize the benefit to the company in on a transparent stage with all watching and participating?

Let me give one instance of how we minimized the possibilities of corrupt practices even outside the company. We purchased a substantial amount of naphtha daily for our fuel needs. We came to know that on the road from Hajira, where it was filled in road tankers, to our plants, there was the possibility of some adulteration of the material with a cheaper liquid. It was not possible for us to raid these points as the degree of complicity of regulatory authorities was not known. We instituted three checks which lessened the possibility of it happening. First, the content of each tanker was tested in the laboratory and the results displayed within hours on our ERP. It had to be within the norms specified and any adulteration would be detected. Payment was linked to this. Second we fitted a plastic tag to the tanker cap after filling. The tag supplier claimed it was tamper proof. But some of my officers joked that in India there was no such thing; I challenged them to try and let me know. We then obtained the exact time when the tanker left the filling point and checked the time of its arrival in our gate. If there was an unexplained gap then, bingo, we were likely looking at a clandestine stop on the way. This had to be explained to our security. This activity of adulteration of fuel is a fairly prevalent. It can easily be prevented by

common sense methods. Were we trying to remove corruption? No. Our effort was to ensure pure fuel for our power plant and thereby improve efficiency and profits. Similar checks were instituted for the proper weighing of incoming and outgoing material both of which were done with a view to prevent any loss to the company. Corruption is incompatible with a drive for excellence.

Some things we began to make in house which we were earlier purchasing. Hydrogen Peroxide, one of our products was packed in carboys which were purchased from outside. The quality of the carboys was a question mark as there were leakages now and then. Perhaps they were not of 100% pure plastic but included some recycled material. One of our dealers suggested one day that we could set-up a carboy making plant within our complex, buy pure plastic pellets from a reputed supplier and produce better carboys. This would satisfy the customer and save money for us too. We decided to go ahead and convinced a small outside party to set-up this plant within our premises at his cost. We would buy his entire production after ensuring quality control. The arrangement worked well and gave us perfect carboys with a considerable cost savings. Similarly, with technical help from the Central Marine Salt Research Institute at Bhavnagar, we began to make a resin used in one of our plants. This resin was imported at a high cost from Germany.

I left GACL in December 2001 after serving for three years and 8 months. I had been here long enough and the company had been revived. The government had appointed a non-executive Chairman who had been a head constable in the police department. He was a fairly decent person considering his background but it was an unusual appointment. My break with him came in improbable circumstances. My proposal for a modest increase in the employee's wages was not agreed to by our Board who then compounded the folly by authorizing the Chairman to negotiate with the Unions. I protested against this and later tried to convince him to decline this task as he was a non-executive Chairman. He did not agree and decided to go ahead. This muddled the waters and made me doubt the intentions of the Board members among who were representatives of the State government and the financial institutions.

The Chairman, who had built up a textile business in Surat after leaving the police (some say, he was dismissed for bootlegging), got involved in some financial impropriety with a bank. After leaving GACL he had to spend more than a year in jail for this till he paid up. He is now a Member of Parliament from Surat and a supporter of the present Chief Minister. I glimpse him now

and then on the TV screens rising indignantly during some Parliament debate. Other than wanting to negotiate with the Unions, he committed no impropriety in GACL and scrupulously avoided taking any material benefit from the GACL even when he was entitled to it. He visited the office infrequently and never interfered with the company working. He used to come to the office in his new Mercedes. This was in 1998 when owning such a car was still uncommon. But I always felt uncomfortable sitting next to him. Some aura of the past still clung to him and one felt there were things about his present too which were a mystery. There was something of a Jay Gatsby in him trying to buy his way into respectable society even as the rumours of his source of wealth continued to cast doubts over his efforts. But he is a self-made man which must be recognized. I regret not having made some effort to know him better.

Sometime in October 2001, the State had a new Chief Minister. I called on him and, among other things, mentioned that perhaps it was an appropriate time for a change as I had been here for quite some time. I did this partly to test the waters. He did not react nor ask me if there was any problem. I put this down to his lack of experience. Earlier too, I had written to the government that it would be more convenient to me to come back to Gandhinagar and the answer always was that I was doing a good job so I should continue. After more than a month I thought he had decided against any shift. One day in December without any further discussion with me I received a copy of the government order in which my name was among a list of officers transferred. There was a cold-bloodedness here which was troubling. You are not indispensable in fact you are dispensable, was the message.

The company, which had a profit of ₹ 1 crore in 1997-98, showed a loss of ₹ 33 crore in 2000-2001. But these figures show not deterioration but the survival and turnaround of the company. The following facts will substantiate this

1. Between 1997-98 and 2000-2001, the sales increased from ₹ 285 crore to ₹ 607 crore in years of severe recession. The capacity utilization of plants increased from around 60% to over 100%.
2. From 1997-98 to 1998-99, in one year the interest increased from ₹ 30 crore per annum to ₹ 142 crore per annum, the depreciation from ₹ 35 crore per annum to ₹ 73 crore per annum; the total going up from ₹ 65 crore to ₹ 215 crore per annum. This happened as the Dahej plants were commissioned.

3. The gross profit before interest and depreciation increased from ₹ 66 crore in 1997-98 to ₹ 183 crore for the year 2000-2001 with a cash profit of ₹ 40 crore.
4. The ratio of gross profit to sales increased from 23% in 1997-98 to 31% in 2000-01

These trends were improved upon in the first eight months of 2001-2002.

Provided the plants are running at high capacity utilization, the ratio of gross profit to sales is a composite index of how efficiently the management is utilizing its productive assets. The ratio of 31% was higher than any of our private sector competitors even in these years of recession, low demand and low prices. The ratio of 23% in 197-98 was achieved against low capacity utilization and before the full recession hit. To run all the plants at full capacity, to sell your product at the highest prices while keeping the production costs low is the true test of a company management. This is how we got 31% gross profit margin. By this yardstick the GACL performance was exceptional.

In the year 2002-2003, after I left, with production and all other efficiency parameters remaining around the same but prices improving, the company came back and achieved a profit before tax of ₹ 53 crore after which the profit has steadily increased. For 2009-10 the profit was ₹ 146 crore before tax on a sale of ₹ 1,350 crore, the ratio of gross profit to sales being 22%.

An officer of the IDBI quoted in the *Business India* of June 2003 had this to say of the GACL,

“In a dynamic environment the company has taken pains to improve its lot in terms of technology cost efficiency, and production and operational efficiencies. The credit goes to the previous MD AK Luke. His good work has been carried forward by his successor PK Taneja.”

I took charge of the GACL ship when it was listing dangerously after having hit an iceberg on its journey. We not only repaired the ship on the high seas but continued the journey in a stormy sea and brought the ship back to the safe harbour without the loss of a single soul and without any outside help. It is a story of corporate grit and courage without equal. Today after more than a decade the GACL employees still express their gratitude to me for the revival of the company. In April when I had completed three years as MD, the officers presented me with a pure silver plaque with gold at the border with the following words engraved on it:

Shri A.K. Luke, IAS  
An Epitome  
Of  
Excellence, Ethics, Courage,  
Transparency and Dynamism  
Sir  
We adore you with  
A sense of gratitude  
For achieving Turnaround  
Of our company and  
Inculcating in us  
The finest human values  
In management of  
Gujarat Alkalies and Chemicals Ltd  
16.04.2001                      GACL Parivar

Yeats had written

“Think where man’s glory most begins and ends,  
And say my glory was I had such friends.”

Looking at the plaque today, I sense similar emotions.



## *Chapter 16*

# Kandla Earthquake and an Honour from My Alma Mater (February-March 2001)

On January 26th of 2001 while driving to the plant for the flag hoisting ceremony, I felt nothing amiss on the way. On reaching the plant, the officers assembled there told me that there had been an earthquake. After the brief ceremony I drove to Ahmedabad where my family stayed. My wife told me over phone that she with our two children had rushed out of the house as had everybody else in our building and colony. Glass articles in the house had broken and furniture toppled. A concrete water tank above had collapsed filling our house on the top floor with water. While entering Ahmedabad the sight of buildings collapsed indicated that what had happened was a major disaster. The epicentre was Kutch, 500 kms away. Looking at the Ahmedabad damage it was clear Kutch would be much worse with hardly a building left standing. After shifting my family to Baroda, the next day I requested the government to allow me to work in Kutch for disaster relief. On the third day after the earthquake I was driving to Kutch with two of my officers. The government had asked me to look after the relief work in Gandhidham where the Kandla Port was located.

On the way, I saw whole villages levelled. Bodies were being burned. Small buildings by the roadside lay smashed as if by a giant hand. On entering Gandhidham the sight of collapsed big buildings including newly constructed hotels revealed the force of the disaster. It was worse in other places. The local revenue authorities met me and we set-up office in a tenement which had not collapsed. A phone was attached but the mobile phone was what kept us going. It was this tenement office which I would work from during the next fortnight.

Our tasks were to rescue those who may be still trapped in collapsed buildings, treat those injured, to provide food, fuel and shelter for those who lost their homes and to remove the rubble out of the city; in that order. Rebuilding would follow much later.

Meanwhile material was beginning to move in to the town from other parts of Gujarat and even the country. Food grains, packed food, and

provisions were arriving but these had to be distributed. All open spaces were being used for setting up tents and makeshift shelters for those displaced. A large number of volunteer organizations including the good ladies of SEWA had moved in. Teams of doctors were arriving. Some of them set-up field hospitals with astonishing speed. The first authority they contacted was our tenement office. We directed them to where they could go. Much of this material was directly taken to the tented shelters that had already sprung up in open spaces. In those first few days it was tents and blankets which were badly needed. We constantly reminded the government to send us more of these.

We then used a big pucca godown to store all the remaining food stuff, clothing, utensils and other necessities which were pouring in. A full kit of ration and other essentials was handed over to anyone who asked. The location of the functioning medical centres was made known to all local officers and volunteers.

Then the rescue volunteers arrived. They were specialist teams from abroad who having heard of disaster had packed their kit, gathered and caught the first plane they could find. They demanded nothing of us except to let them know where among the collapsed buildings were persons unaccounted and presumably buried. There was one collapsed building still partly vertical where three people were unaccounted for. When I went near this building to peer through the rubble, I was sharply pulled back by the PWD engineer who said it could collapse any moment. Perhaps, he was building an alibi for not having made any effort to rescue people. Then an Italian team reached the site. They were a group of six, slim, serious young men and were keen to start searching for any survivors. They had three dogs which looked like terriers, very temperamental, shivering with excited anticipation. They were specially trained to sniff out the presence of humans amidst rubble. The team members handled them with great affection and care. One by one, these dogs were let loose around the building and their behaviour observed. All the dogs had a go like this. The men then poked and peered into the dark spaces but did not go in. And then the youngest, slimmest looking one of them did something which took my breath away. He crawled into the rubble through a gap and was gone for 5 minutes. He emerged finally from the same gap, feet first, looking very disheartened. He had done something hazardous and skilful, putting his life in danger, for people he did not know. But the emotion he felt was one of failure that he could not locate any one alive. It was the bravest and noblest deed I had witnessed in my life. After an hour and a half the effort was called off and we decided to demolish the building at the earliest. I talked to the Italians

afterwards. They said they were from a working class background, and spent money they raised locally to travel anywhere in the world where there was a disaster. What brought them here, I asked? They smiled, surprised I had to ask. He ain't heavy, he's my brother.

We were more successful in the removal of rubble. The government Minister in-charge of Gandhidham was Parmanand Khattar from Jamnagar. We hit it off well and were both eager to take quick decisions. We gathered all the businessmen of Gandhidham and asked them to arrange bull dozers, cranes and hauling trucks.

After a considerable amount of transparent haggling in the presence of our officers, a rate per dumper truck was fixed. The rubble was to be conveyed over a distance to a dump site near a jetty. There was an octroi post on the way where each truck trip had to be recorded. The proposal prepared by the local executive engineer was put up to me for signature. After satisfying myself with some costing calculations it appeared the rate suggested, while sufficiently attractive, was not excessive. But the total amount would be huge and all this expenditure would be looked at by somebody later on. After my stint with the SSNNL I had stopped counting the zeros. So I signed with a flourish. This impressed the other officers who were used to delaying tactics from their superiors when such huge amounts were involved. Within four days of my arrival in Gandhidham the cranes, bulldozers and trucks were rolling in hundreds every day. I believe Gandhidham was the first to start clearing operations on a large scale. Once when the official machinery was being criticized for slow work, the Chief Minister reportedly pointed to Gandhidham where it had started very fast. This was told to me by his PS.

Vinod Khanna, the film star, arrived one day with a large number of trucks of foodgrain from Gurdaspur where he was the Member of Parliament. With him was his charming wife who hailed from Gujarat. His coming caused a huge stir around our office. I told him of the arrangements for the distribution of grains he had brought but he had come for a longer stay. His plan was to set-up a camp to treat post disaster trauma over a long period. He needed an open site of land. The Mamlatdar, the Revenue authority, told me that the main open ground was the Ramlila maidan in the city. If I wanted it could be made available. In a time of disaster there is an unusual amount of trust in the intentions of people. Without a second thought and without any formal authority, I allotted the land to Vinod Khanna orally for setting up a post-trauma camp. Additionally, a substantial part of the funds required for the setting up of this camp, around ₹ 1 crore was donated or arranged by the GACL. About 150 families, whose houses had collapsed,

stayed in the camp for around six months. It was well-run, with cooking, recreational, cultural and sanitary facilities. It was neat and there were smiling faces to be seen. Vinod Khanna stayed at this camp for long periods at a time, sharing the same facilities with all the other inmates. The reports I got from local people spoke positively of the running of the camp. People of all denominations including Muslims stayed at here in perfect harmony. Vinod Khanna's work helped many shattered lives to heal. It was the finest role of his career; he was a hero in every sense of the term. The camp was wound up at the end of six months and the open land restored to the government. But when he turned up, I gave him just two days before he packed up and left. Coming from the tinsel and make believe world of Bollywood, I often wondered where he got this feeling for the pain of others.

One day while sitting in the tenement office, my office staff told me that Narendra Modi wished to meet me and he was waiting outside. I had heard of him as an important BJP leader and asked that he immediately be called in. He was dressed very simply and entered my room without any hangers on. After I welcomed him, he asked me how the relief efforts were progressing. I gave him an account of the number killed, the bodies yet to be extricated, the distribution of relief, the camps set-up, the medical efforts, and the removal of rubble. He kept nodding appreciatively as if he knew about it all. And then he left as quietly as he had come. Only then did I realize that he had spoken very little. He preferred to get his information directly from the field. His visit to my office appeared to be only to confirm what he had learnt outside. These traits did not change even when he became a person wielding great power. In personal interactions and even in indoor meetings he remained a man of few words; one got a feeling almost of diffidence. On the stage with a mike in front, it was different. And he continued to get his information from unofficial sources. This was usually more accurate.

There was another incident which I still recall. At the godown which we used to distribute relief to any one in need, I saw a lady carefully picking up clothes and other household necessities. My officers told me she was a Kashmiri lady whose house had collapsed and all belongings in it lost, though perhaps her family was safe. They were now living in a tent. But this was not the first time they had faced a tragedy. A few years ago they had left Kashmir as refugees. So for the second time in their lives they were witnessing the collapse of everything they had built their hopes on. But on her face there was no sense of defeat, only a determination to not to give in, and here she was, once again stooping to conquer in a landscape of death and desolation—a profile in courage. But for those who share an unfair portion of life's burdens,

courage is a necessity, not a choice. There were so many of them not only in Kutch but throughout the vast length and breadth of our country. I had a lump in my throat and I had to look away.

I left Gandhidham two weeks later and returned to my work in GACL. The immediate relief work had been organized though in chaotic conditions. The long work of rehabilitation and rebuilding would now begin. It was done successfully over a period of 2-3 years. Today, the scars have healed and Kutch looks modern and prosperous. It was a great natural disaster but the overriding theme was of human will and fortitude rising up from the rubble.

The next month IIT (Mumbai), my *alma mater*, informed me that I was to be presented the Distinguished Alumnus Award. They invited me to be present at the Mumbai IIT on 10th March 2001 to receive it. Among others who were awarded that day were Manohar Parrikar and Jairam Ramesh. It was announced that the Award was recognition for the work I had done in the SSNNL and the GACL. The process of selection was secret and they had not sought any information from me. In the hour before the ceremony, I walked through the corridors and the lecture rooms where I had studied more than thirty years ago. The auditorium was full as we walked in. In my acceptance speech, I said that it was here that I learnt that there was a truth struggling to express itself in every effort we undertook. This truth was identical to what it was we were trying to achieve. It was this meaning of truth that was relevant. To say that some mechanism or an organization was true to itself meant it was performing what it was designed for, what was expected of it by those who set it up. A scientific and rational search would reveal this truth of how to make the organization or mechanism work in a manner that was true to itself, its original function or the expectation we had from it. In this sense, truth was both a technique and an end. Truth was not to be sought only in scientific and technical questions. In public service too we were seeking the truth. And this truth was the only sure guide to serving the public institutions as it was in scientific and technical endeavours. What others spoke was witty with self-deprecating humour, humility and acknowledgement of debt to others. What I said made the audience thoughtful and quiet but also a little uneasy as the intensity of what I said was unexpected. But they remembered it. Long after this occasion on meeting me they would remark on what I had said. I recall an appreciative gasp from the audience when it was stated that I had studied in Sherwood College. The Amitabh Bachchan effect!

On the journey back, I imagined the great honours which would surely be planned for me by Gujarat, the State that had gained so much from my

endeavours. If IIT for which I had done nothing could do all this, then surely Gujarat would go all out to express its gratitude, having received so much from my exertions. An ominous voice whispered to me that, considering what I was doing, I would be lucky to escape without serious harm.

The world is aware of the difficult life the salt workers of western Gujarat lead. I suggested to the good ladies of SEWA who were working for the welfare of these women workers that GACL could purchase their salt at prices much better than they were getting. We taught them the technique of how to improve the quality of the salt which they harvested by following some simple steps. We decided to overlook some quality shortfalls as they would not render the salt unfit but would only increase our salt processing cost at the plant slightly initially. In course of time, they would further improve their quality. This was not charity but reaching out a partnering hand to those who needed it. The GACL lost nothing by it as we got acceptable salt at competitive prices, but the women gained their freedom from exploitative practices and also benefited materially. Elaben Bhatt has written about it appreciatively, mentioning me in her book *We Are Poor but So Many*. Talking of the women salt farmers of Kutch and Saurashtra, this is what she says:

“I was keen that the creation of the Gram Haat should make the poor women stronger. It was important for the women to become owner managers of their collective enterprises not just producers. They had to come out of their dependency to connect to markets and know everything there is to know about the trade—its production distribution and place in the economy—the art science and economy of their trade. The women needed to come out of poverty with increased buying power. Above all they needed to produce for themselves and for their own local economy—not just for urban and international markets. The women needed to realize their own strengths—to do it all without receiving charity, without subsidies and without dependency.

Gram Haat was looking into ways it could give support to the salt farmers when the solution came as a result of a serendipitous meeting with Mr AK Luke, the Managing Director of Gujarat Alkaline Corporation Ltd (sic) (GACL). He gave us a good analyses of the salt market and enumerated the advantages of producing industrial salt, which is in great demand. Industrial salt is used for extracting magnesium, calcium chloride, sodium sulphate, iodide, and other minerals and metals. The process is highly specialized and such chemical plants are entirely owned by big companies. But industrial salt must meet specifications and needs better brine management. Mr Luke was

enthusiastic about helping the small farmers and he sent two of his experts to meet with our salt groups. This was a rare chance for the agarias (salt farmers) and the meeting was crowded with both men and women farmers eager to learn about process of industrial salt production and its monitoring.”

She then describes how the process was taken forward and made a success—

“At the end of the first season Gram Haat delivered 4,181 tonnes of salt to GACL. The traders were not pleased. Day after day they followed our delivery trucks in the hopes that our supply would be rejected for one reason or another. Fortunately all our salt was accepted and the farmers were paid close to the market price.

The success of this effort brought good benefit to the farmers and generated confidence in others. Having found a source of high grade industrial salt, the GACL was now willing to extend real technical assistance. To the association and they signed an agreement to that effect.”

SEWA is a remarkable organization and have earned the international acclaim they are showered with. But there are reports that they are being harassed by the government in petty ways. Perhaps it is because they, like me, are ‘shining independently’?

## *Chapter 17*

# Revenue Appeals, Riots and Tribal Development (December 2001 to April 2003)

My next posting was as Revenue Secretary (Appeals) where I remained till June 2002. Appeals against the orders of the Collector in land revenue cases from the districts came to me. But this office was different. Sitting here was like travelling in a time-machine back by about 25 years. Everything about it had a whiff of how the government offices felt in the seventies. The office furnishings, the walls, the paint, doors and windows and even the AC were of an earlier more Spartan age. The Gandhinagar and Ahmedabad offices of the government had been modernized but this was “The office that time forgot”. The ever present smell of urine made the set convincing. I do not know, why but the smell of urine is never commented on in our offices. People have probably been convinced that it is an essential to government working. Noticing a similar sensation in the SSNNL in the floor of my office, I had ordered the demolition of the toilets and got a posh toilet of the five star standard constructed. There were protests in the newspapers against this government extravagance. I explained that this was to spare the sensibilities of a large number of foreigners who visited our office, implying that for us Indians this smell was OK! But actually no foreigners visited the SSNNL office while I was there because by then the World Bank had ‘stepped back’. Nobody pointed this out.

The attraction of this office was that it was two minutes drive from my house. The main hall where staff sat was stacked with files right up to the ceiling. I asked about computerization as the government had been making big noises about Revenue Department computerization. The office Superintendent, a moral and religious person, told me the computerization had been completed. When I asked to be shown the setup, he took me to the store room where 12 unpacked computers lay on the ground. I asked whether they were connected to anything or were for display. He said the government was working on it. As the computers had been purchased and the expenditure booked, computerization had been ‘completed’ in the



government terminology. But later I felt sorry to have subjected this good person to a sarcasm which he could not notice.

We issued notices to the parties and I heard cases. The few judgements I gave were on the lines of a fairly strict adherence to the law and revenue rules and judicial decisions. My predecessor was holding this post as an additional charge and not many cases had been heard earlier. So the start of this activity brought this office back to life but it lasted only a month.

On 27th February the Godhra incident took place and after that it was difficult to hold hearings because of the continuing violence. When I drove to the office the next morning, I saw the Topaz restaurant being burnt by a group of men. A few others were attacking a cloth shop nearby. Reaching the office I and another officer were the only ones present and the watchman had to open the gate. When I phoned up a senior police officer about what I had witnessed he advised me to go home as the situation was bad. That night I saw the eerie glow of fires and smoke in the city from my terrace. Now and then there were the terrifying shouts of the mob. The cries of the victims, I did not hear.

Two days later I drove to Gandhinagar and met the Chief Secretary. There were burnt out vehicles on the road, some still smoking. I suggested that as I was idle, government may like to utilize me in any of the relief camps which were being set-up for the victims of violence. He looked mildly amused at my naiveté and I got the impression that running relief camps was not a high priority for the government right then. On the way back, I saw that the shrine dedicated to the memory of a great poet had been destroyed. It had stood there for long and there used to always be half a dozen devotees seated in front in silence. Within a week of this act of vandalism, the municipality paved over this area wiping out any traces of the original shrine. This second act of desecration was probably worse than the first which had been carried out by murderous mobs. The Municipal Corporation chief was a pleasant and jovial IAS officer.

The violence continued during March. Some officers in the police had taken individually brave stands and as a result some killings were probably prevented. I spoke to the officer heading our IAS association saying that we should formally meet and express our opposition to the violence now gripping the State. He said, if I wrote to this effect he would discuss it with others about calling a meeting of the Association. He probably thought that would be the end of it as I would not take the risk of writing such a letter. I wrote a letter denouncing the violence and the need for our officers to make a statement reiterating our determination to take strong steps to bring back

peace, protect the innocent and punish the guilty. I also added a line that we should follow only those orders which were lawful. It was an act of courage. I faxed this letter with my signature and after two days enquired of the association head as to what was planned. He said the letter was shown to a number of our senior most officers. He said that far from meeting to discuss it they were even scared to talk about my letter. My letter could not have remained a secret to the excellent intelligence agencies operating in the State. I continued denouncing the violence to whoever would listen. I still hold that if the top administrative level had held firm and did what they were required to do by the constitution, then such a collapse could have been avoided. A politician's instruction or lack of it cannot ride roughshod over our constitutional duties. Too many officers forgot this as they lost their nerve. The politicians themselves may later blame you for not doing what should have been done regardless of the public mood and their own murderous rhetoric of the moment. But strengths and capabilities of persons occupying important positions in the government which had atrophied for lack of use over a long time cannot suddenly be brought into play when they are needed. The force of their moral response had been deadened by its consistent suppression in the face of ethical demands in the past. When the testing moment arrived they failed. They were not evil, only weak. They have selective lapses of memory when asked to recall the events.

Men of great power have around them those who carry out their commands without hesitation. Shakespeare's King John rebukes his loyal courtier Hubert de Burgh for having murdered the King's nephew at his command—

“It is the curse of kings to be attended by slaves that take their humors for a warrant to break within the bloody house of life, and on the winking of authority to understand a law....” He then says Hubert should have protested against the command given to him. He, the king, may then have recoiled from ordering this vile deed.

The Gujarat blood bath of 2002 could have been blunted if the top authorities in the government had taken matters into their own hands and re-established law and order without listening to those who were emotionally unbalanced at that time. If they were prevented from doing so by intimidation, they could have threatened to resign. If the Chief Secretary, Home Secretary, DGP and others had done this, then the rightful authority of the state would have been quickly re-established. I can hear the incredulous reaction to this. “Resign, did you say? We

cannot run away from our duties, only a person like you would do that.” But were they performing their duty?

No Chief Minister of a State, no matter how angry, would be happy to see murderous disorder on the streets particularly when he had just taken over. Perhaps it was felt that the steel frame would step in and stop the rioters dead in their tracks. Maybe they were hoping to play the game of ‘hold me back’. Many party functionaries descended to the level of those who had set the train on fire. But that was no reason for the State apparatus to have stood paralysed. It was a terrible tragedy. But Hubert de Burgh had secretly disobeyed the king and not murdered the young boy. The king was greatly relieved when he came to know this.

It would be curative for the Indian public life if there were open disagreements between civil servants and the politicians more often. Today in spite of an exceptional record of growth and development in the State during the last decade, the ‘damned spot’ refuses to ‘out’. A healing balm of official justice, remorse, sympathy and help would have made it fade away from the minds and memories of men. A statesman would have ensured that.

In July 2002, I was posted as the Principal Secretary in the Tribal Development Department. I remained there till May 2003. The task of the department was to formulate, implement and monitor schemes for the development of the tribal people and the tribal regions.

The tribal schemes were reasonably well-run though unimaginatively. There was corruption though not on the scale I saw in the Cottage sector. It was skimming off the top but definitely not creating fictitious entities in the field. The major schemes were the setting up and running of tribal schools with hostels and the tribal component of other department schemes such as fisheries. Tribal housing was another important activity. My effort in the period I was there was to bring in schemes which would add to the income earned by the tribals. There were some schemes such as the Wadi development scheme, and I intended to add more.

We took up mushroom cultivation as the suitable scheme. A supplier of mushroom seeds (spores) was located who also was willing to demonstrate and transfer the technology of growing mushrooms to the tribals. With his help training classes were conducted in the tribal villages of south Valsad. Bundles of hay were prepared within which the spores were mixed. These were then hung in thatched huts. High humidity was created by sprinkling the hut with water. The mushrooms would then sprout out after a period of a fortnight and continue for two months. The tribals found this scheme beneficial and they were able to sell the mushrooms at nearby markets at

prices of up to ₹ 60 per kg. A large number of villages in south Gujarat took up mushroom cultivation. The training was not in a class room or any central institution but in the village itself using one of the huts made there. It was land to land not lab to land. Soon each tribal family was earning 6 to 8,000 rupees a month without leaving their village. In the process their protein intake increased as they also tasted the fruit.

The other activity we initiated was growing plants from which aromatic oils could be extracted. As an election observer in Kanpur in the year 2000, I had visited nearby Kannauj, a historic city which was the centre of great dynasties during the 11th and 12th centuries. After a visit to some of the surviving structures and learning about the history of the great kings and battles fought there, the tragic romances of princes and princesses, we looked at the other attraction there. The fragrance industry had existed there since centuries using skilled techniques developed there. Aromatic oils were extracted from crops specially grown for this purpose. Mentha, patchouli, citronella, palmarosa were some of the plants we identified as having ready marketability. After satisfying ourselves that they would grow well in Gujarat we arranged the supply of quality planting material and distributed them to tribal farmers. The Fragrance and Flavours Development Corporation (FFDC), a Government of India organization helped us in introducing these crops here. We convinced many Adivasi farmers to take up this cultivation. The plants grew well in the Adivasi's fields. Arrangements for the extraction of the oil and its marketing were also tied up. I do not know how this activity fared after I left but it should have done well. It allowed the Adivasi to move away from the cultivation of coarse grains which gave him low returns.

We wanted the Adivasis to make value added products for the larger market. The Adivasi wanted the same things the others wanted which were a good income for his family and a good education for his children. For this he needed the means to produce and market his value added product. He did not need any cultural patronization from people who claimed to be experts in the 'Adivasi Way of Life'. What had developed out of poverty and educational backwardness would disappear once the material condition of their lives improved. What survived that would be the true culture to which they would hold on. But that would be a choice which individuals would make. Our task was to improve the material conditions of their lives not to preserve the 'Adivasi Way of Life'.

The Wadi programme, introduced many years ago, was aimed at convincing each farmer to grow a few fruit trees on his land. To ensure that the large number of plants reached maturity we appointed an agency to grow

it to 6 years age being paid every year after confirming the survival of the plant.

We engaged an agency to put up vermiculture units in each Adivasi household to convert the cowdung to good compost.

One of the weakness of Adivasi schools was the lack of regular monitoring of the school functioning. We set-up computers with State-wide connectivity in each hostel school. They were required to send weekly report of the presence of teachers, the number of pupils, the classes being taken, courses covered to our office. As the quality of teaching needed to be improved, we purchased some computerized lessons in Gujarati prepared by skilled teachers which explained class room subjects to the students in a diagrammatic way.

To move away from welfare to one of trying to impart skills and income earning capacity to the Adivasis was my effort. I visited a large number of villages walking through the farmers fields telling them they could improve their lives using modern methods and connecting their labour to markets. One day, I remember walking for 4 hours over 15 kms through farmers fields in the hot April sun. There was a sense of creative excitement which drove me. The strategy of enabling the Adivasis to produce and market value added products while improving the quality of their school education was the right one I had no doubt in my mind.

But these strategies were completely dependent and shaped by how they were implemented on the field. This is the reason these well-meaning efforts fail. The policies were good but the implementation ran into problems. This is how the top heavy bureaucracy shrugs off failures. They then promise to come up with a better policy. None of the top bureaucrats offer to go to the field and implement the schemes better.

Around December 2002, elections were held and the new Chief Minister won an overwhelming victory. The day following the victory it was arranged that those who wished to could personally convey good wishes to the Chief Minister at his residence. When I reached there he was standing in the lawn and receiving greetings from officers. He welcomed me effusively calling me “*Ao Dost*” and in reply to my congratulations said his victory was because of the good work done by persons like me. An officer who was with me said it was a very surprising reaction and quite different from how he responded to others.

Towards the end of April I was asked to meet the Chief Minister. He told me that the government had decided to post me as the MD of the

Gujarat Mineral Development Corporation. I thanked him for the faith he was reposing in me and assured him I would put in my best. I took his leave but even while I was in the room I instinctively felt this was the wrong posting for me. It was a profit making organization but as these profits were easy profits, certain vested interests were strongly established there. In a profit making body it is difficult to remove or reform the wrongdoers because they have support of important persons who were benefiting. In addition they could point to the profits as a justification of the soundness of their approach. Running an organization without the challenge of saving and reforming it did not excite me. I worked in a way different from the others but it was tolerated only in a crisis. I received the posting order to the GMDC the next day with some misgivings.

The Chief Minister skilled at reading facial expressions had probably sensed my disappointment at the posting. Two days later I was asked by his PS whether I would like to take up GSFC instead. I replied that yes it would be perfect. The next day he asked me again if I was sure. We both knew the terrible condition this company was in and, as a traditional bureaucrat, he could not imagine why I would agree to go there. I said there was no doubt in my mind. Within a week of the first order a new posting was issued to me. I was appointed MD of GSFC. It was possibly the only time this Chief Minister had changed a posting order.

## *Chapter 18*

# Managing Director of Gujarat State Fertilizers and Chemicals Ltd (May 2003 to November 2006)

(From May 2003 to November 2006, I piloted the GSFC revival, possibly the finest corporate turnaround in independent India, perhaps even the world.)

This was the big one. It had been the most successful and prestigious State undertaking not only of Gujarat but among all the States. It had set-up superb integrated plants for producing fertilizers and later for industrial products. It stood on the outskirts of Vadodara covering 700 acres of land. It was planned and set-up by people who were bold and had a long view. It was the biggest industrial venture of the new State of Gujarat and has remained so. The best technology was searched for and brought to the new site. The plants were operational in record time. As in GACL, the profitability was built in to the company by the time it started functioning. Till the early nineties it had done well financially but then it had begun travelling the GACL path. A profitable company can carry with it a certain amount of wrongdoing by its top management without damaging the bottom line. There were 'cost overruns'. But it was a much bigger company so it took a long time for it to weaken. The protected Indian market shielded it from facing the consequences of its management misdeeds. But reality catches up with us. It was like an aristocrat living in his palatial manor but up to his ears in debt and being robbed blind by his domestic staff. GSFC too felt the ground shake beneath its feet when the situation of a competitive market confronted it. When I joined in May 2003, it had fallen on hard days. The beautiful campus and its modern facilities were a reminder of what this once great company had been and of its magnificent dreams. Today's reality mocked these grand pretensions. The bill for its profligacy had been presented and the company was broke.

The events which caused the collapse can be briefly narrated.

1. The old ammonia plant was replaced by a new plant. The construction began in 1993 and was completed in 2000 and formally commissioned only in 2002. The estimated cost of ₹ 750 crore went up to ₹ 1,123 crore. The Government of India accepted a cost of only ₹ 798 crore for the grant of subsidy in the subsequent years. ₹ 375 crore expenditure by the company was disallowed.
2. The expansion in the DAP plant in Sikka was done at a cost of ₹ 180 crore which was much higher than it should have been. This happened with other plants too.
3. Naphtha and LHS, the price of which had gone up, had to be used in the absence of sufficient gas for feedstock, power and steam.
4. The fertilizer subsidy had been tightened to an extent that it was hurting the company and the industry.

The financial results will make the picture clear. After earning a pre-tax profit of about ₹ 150 crore for each of the years ending 1996, 1997 and 1998, the profits came down to ₹ 20 crore in the year ending 2000. For the year 2001 the profit was shown as ₹ 6 crore but this was after adjusting ₹ 224 crore against General Reserves. The loss was actually ₹ 218 crore. For the year 2002 there was a loss of ₹ 48 crore. In the year 2003 the loss was ₹ 392 crore. This loss comprised an actual loss of ₹ 230 crore for that year plus ₹ 162 crore which the Government of India decided to recover from the company on the ground that the company had claimed and been paid excess subsidy in earlier years. This particular event was like a slap in the face as claiming excess subsidy caused serious damage to our reputation. Thus for the three years ending 2003, the company had suffered loss of ₹ 670 crore on a turnover of ₹ 6,000 crore. In three years ending 2002-2003, there was a cash outflow from the company of ₹ 1,144 crore. As a result it was drained of cash. The share price which had reached around ₹ 575 in the 1993-94 boom years was ₹ 17 on the date of my joining.

This was what made me eager to take up the challenge. I did not plan to go down with the ship but hoped to set it right. There were two likely reasons why the government offered me the assignment. After the revival of the Sardar Sarovar Project, and the turnaround of the GACL my stock was riding high in Gujarat. When the situation is desperate the government always looks for the person who is most likely to bring about a recovery. The government saw me as that person. The old habits of conviviality, convenience, career growth and collusion with nods and winks are put aside for the time being. Instead there is a genuine determination to save the organization on which so much of the State's prestige is riding. This is what



happened in the SSNNL and the GACL. The GSFC was as prestigious to Gujarat as the Sardar Sarovar Project. So they posted me. Once the job had been done they could again take a call about how to deal with me. Then smiles were likely to be replaced by frowns as had happened in the past. I had no illusions about it.

But the challenge of turning around one of India's great companies stirred my blood. There was a key to revive sick organizations and I knew it. The cure was never certain but it was more likely with this method than the mainstream business approach.

So for the time being I and those who controlled my posting were in the same boat. But it was a marriage of convenience. The parting would come once the GSFC had been revived.

After taking over on 6th May 2003, I called the senior officers to a meeting in the afternoon. It was essential not to get into the analyses paralyses mode. Our actions would not be sickled over with the pale cast of thought. I declined to go into the detailed reasons for our present predicament. Why study reasons for failure? One can never succeed, if you are determined not to repeat the mistakes of the past. We then end up making new mistakes. The task before us was how to get out of this huge hole which we had dug for ourselves. Simple, ensure full capacity utilization of all the assets of the organization especially the human assets.

So that afternoon, I told the officers that the GSFC was not going under. How to save the company we would figure out but we should consider that the GSFC was on the road to revival beginning now. All plants had to work at full capacity, marketing had to take quick decisions and costs had to be cut. Technical problems were there but these were not to be discussed but to be corrected by taking practical steps. There would be no outside interference, I would urge only what was in the interests of the company and would support their proposals. Corruption was out as of this day. We would learn as we go along, learn by doing and real insights would come not in the discussion rooms but while wearing a hard hat standing in operational areas. All solutions were tentative and to be corrected by a real time feedback from the processes down the line. A decision taken yesterday could be changed today in the light of the feedback. Agility and quick thinking were the key. In all situations let us think of the interests of the organization. I said GSFC was a giant held down by imaginary chains. With one leap these would cease to exist.

The officers needed to hear a stirring message. For long the analyses paralyses boys had drilled into them that somehow the GSFC difficulties were the result of factors beyond their control. They needed to know that the

control had always been in our hands and today we were going to exercise it. I would lay down no road map except very broad one of putting all our resources to work. They had had enough of mind numbing strategy sessions. It was time to hit the ground running.

The union leaders had welcomed me that day and asked for a meeting. Two days later about twelve of them met me along with our senior officers. Before this meeting I had been briefed about a proposal to retrench about 1,000 workers who were deemed surplus. Though the unions were hoping it would not come through, there was no serious opposition to it as it was thought necessary. They welcomed me to GSFC and assured their full support. They hoped that we would be able to repeat what had been achieved in the GACL. They also requested me to go slow on the retrenchment proposal and promised to make all efforts to cut costs otherwise. It was not the fault of the workers that the company was in difficulties. They were polite and restrained as they knew this was not the time to be making strong demands. They were waiting to hear what I would say. By the evening every GSFC employee would come to know of it. I told them that under no circumstances would the GSFC be allowed to go under. GSFC was a great company and we would together realize its as yet unclaimed future. We would take quick transparent decisions and move ahead boldly. Their interests would be protected. Then on the spur of the moment I said something which surprised them. I said, I had heard of the proposal for retrenchment. Retrenchment was not the answer. We would not retrench one thousand workers, or 100 workers, in fact not one worker would be retrenched. I said, the GSFC was a name plate set-up outside the company gate. The heart of the company, its reason for existence, was the employees and the other stakeholders and their families who lived and survived because of GSFC and on whose shoulders the GSFC was borne. Not a single human being would be sacrificed to save the abstraction of the GSFC name. The GSFC would prosper but we would take along with us all those who put its trust in it. The union leaders needed to hear an emotional message, not the non-committal drone of a risk averse bureaucrat. They had come to the room grim faced. They went out smiling. In life's struggles, it is never defeat that demoralizes us but inaction. The battle is half won when the counter attack begins.

I had raised expectations, now I only needed to deliver. This was the hard part. Having visited the plants I was overwhelmed by their size and complexity. There were around twenty of them. (There were other plants in Surat, Jamnagar and another one in Vadodara I had not seen.) Even though plant executives gave me on site briefing at each plant, I remembered nothing of it in the evening when sitting in the guest house. While the other plants

were in a working condition the new Ammonia plant was in serious difficulties, never achieving more than 80% capacity utilization and having stoppages every fortnight which were costing a great deal. But other plants too were not running at full capacity, stocks of finished products were high, cash flow was precarious. The payment to our suppliers was delayed. The phosphoric acid suppliers, which was the basic raw material for our main product DAP, had stopped supplies because of around ₹ 100 crore overdue even with 6 months credit facility.

So once again, I imagined what was it that an impartial observer would define as success for the GSFC. The answer was that first it should navigate the difficult days ahead and survive this most critical period of the company's history. The ammonia plant had to be set right. The company had to become profitable. Corruption had to be eliminated. There had to be a transparent empowering system of management, new projects to be taken up, a sense of fairness and justice established; all this so that each employee felt this was a company he identified with. And the world should admire us. This was a pretty long list but as the years went by I was becoming more ambitious.

Till now, I had used emotion to urge them to act. Emotion is necessary as men initially respond more to emotion than to facts. One of the weaknesses with present day management discipline was its absence of emotions which the common man understands. Words such as vision, mission, passion, dreams, etc, which are so popular among management thinkers had become clichés with all emotion wrung out of it by overuse. After hearing these words spoken by persons with a shark like appetite for money, they are incapable of generating any real emotion in a sensitive person. These clichés represented inability to think and had to be dumped. Images had to be projected which would appeal to their gut feeling. These images had to be fresh minted to reflect the immediate reality. They would arise out of the day-to-day events that they were experiencing. This would ensure a ready recognition and echo an immediate emotional response from employees. Anything false or hypocritical would immediately be noted.

But as time goes on the emotion arising from exhortations of struggle and victory, etc, has a diminishing effect. Emotions not built around facts are manipulative and can never lead to real improvement. But creative effort itself generates pure emotion that constantly pushes us forward. Ethical management must try to generate such emotion constantly. It will provide all the motivation required and lead the company into auto pilot mode.

Facts may or may not have value content. But facts which are value free are meaningless. Truth could be defined as facts with value. It is this, the

truth that should be pursued. But knowing a possible truth is not enough. It must be achieved by human effort. The truths must be practical and achievable at least in our imagination. But in the beginning they are potentialities which exist in the plane of possibilities. Or they may be actualities which exist but are not known. It is not philosophic or religious or even the moral truth that I am referring to. The truth we are referring to are potentialities which can be turned into realities. The concept of truth has been treated in India as moral essences or immutable principles which are at a different plane from reality. 'Satyamev Jayate' urges that truth should triumph, not that it will. We cannot sit back and say truth will prevail because of its superior power. Truth has no engines to take it forward on its own. It is helpless standing alone. It is only when men and women align their engines to it and see it as a lantern in a dark and foggy night which they are prepared to follow and realize, it is only then that truth achieves its majestic and all conquering power. It has to be first imagined by human beings as something that can be made to happen fully in tune with the laws of science and also of morality. Then begins the effort to materialize it in our midst so that it can realize human needs fairly. Truth will never triumph on its own. It is a charioteer and a guide which every person can create for himself. The words 'Satyamev Jayate' also does not mean that whatever exists is therefore the truth. Looking at the world today one sees that it is untruth that is triumphantly sweeping across our world. In brief truth is a potentiality which can become reality by human effort. That is why such a transforming force, a call to action is. It should be taken out from the domain of philosophers and used for guiding human effort. As Marx said it is not enough for philosophers to interpret the world, the point is to change it.

Let me explain because this creative power of truth seeking has been an article of faith for me since long. Let us first take that truth which exists but is not known. What is the cost of production of a particular product? What is the component wise raw material cost, the power cost, and cost of catalyst to create one unit of production? These facts exist, but they are not known and need to be found out. By a process of investigation this truth is uncovered. It existed but was not known and it has been uncovered by a diligent investigation. We now have the component-wise break-up of all the inputs, material and energy that goes into making a unit of production. But this knowledge by itself creates no value. Value is created if these numbers are examined and then new ways are discovered to reduce these costs. These new ways are discovered based on chemistry, thermodynamics, mechanics and science on the one hand and on the other hand, by an ethical drive to improve the working of the company. This new technology so developed was

a potential truth, which did not exist materially but existed in the realm of logic and scientific possibility. This potential truth has been converted into a material truth by the development of this technology. What was potential has been actualized. This new technology now exists. It is this actualized truth that creates value. This value is both material, meaning cost saving and benefit to the company, and also ethical as it was prompted by a desire to improve the working of the company and prevent diversion of funds.

This same process can work in marketing, imports, material purchase, and personnel administration and in all other activities that make up the daily working of a commercial unit. Start with collecting facts as they exist, devise a better way to improve these numbers by a transformative process in the way we work, implement it and watch the result. This process of iteration goes on everyday. Begin with an observation of facts, imagine a better way to handle the process so that the numbers and facts improve and then implement making corrections and observations as we go along. This process of continuous improvement need never end.

How do ethics enter into it? First, there is a commitment to get true facts continuously. The pursuit of true facts itself is an ethical act. Second, the drive is to do that which improves the results so that the company benefits. Lack of ethics is when we fudge facts or rig the decision so as to favour, not the organization one works for, but for some vested interest which the management or a group of officers may try to favour. As decisions are taken and implemented continuously, inaction is avoided. When our every act is designed to benefit the company, then it is ethical management. There is a third way this process is ethical. The process of finding out new and better ways of doing things is itself an ethical act being creative. Any act that is creative is also ethical. It releases the dormant capabilities of the individual. This is the most ethical thing, we can do.

So not only does the organization benefit by this approach but the individuals working there grow to their full stature. This is the pursuit of truth by which in the real practical world we act ethically.

With this approach there cannot be any wrongdoing in the company. First, we act in a truth-seeking way in continuously getting the latest real time data. This data is shared with everyone resulting in transparency. The employees are encouraged to put their creative powers to work so as to find a better way or process so as to cut costs or increase benefits. This leads to self actualization among the employees. In this creative process where a better way is being sought by them it is inconceivable that any superior authority can intervene to favour any vested interests. Better ways are found benefiting the

organization. No decision is actually taken by any superior authority. The correct decision emerges which is then adopted by everyone as it is seen to be objectively the best for the organization. The CEO's responsibility is to ensure that this process keeps going. If he behaves in a bureaucratic power seeking way then the process is contaminated and will die. But this process properly nursed can turn defeat into victory and failure into success. As feedback data is examined in real time even if a mistake occurs, it will quickly be corrected.

To get back after this digression let us see how these principles were actually played out. I first began by asking each plant to create daily costing sheet as was done in the GACL. This was the first step, getting the facts regularly. There was a lot of difficulty in this as the Finance Department said flatly it could not be done. They also implied that it was some kind of voodoo accounting and not true accounting. But this did not deter me. I then turned to the plant heads directly. I should have gone to them earlier as they had the daily figures. It was they who were feeding the accounts and costing department daily.

It has been my experience that there was opposition almost everywhere to the daily accounting system introduced by me. It mainly came for the accounts and finance. This was understandable as the process enabled everyone to see how profits were generated and costs calculated. The secrecy and the mystique were gone.

I had continuous meetings with plant heads one after the other. I explained exactly how the daily costing was to be worked out. There was a system of measuring all inputs into the plant daily. But no MD had till date asked for it. Within a fortnight of my joining, daily costing of each plant was coming to me. The previous day's selling price was used to calculate the production value. From this by deducting the fixed costs the day's profitability was obtained. The consumption norm of each input was compared with the actual consumption.

The practice of having daily marketing meeting as in GACL was continued. All marketing decisions were taken in the meeting itself. Pricing was continuously corrected to ensure we remained competitive in the market. Fertilizer prices were fixed by the government but we had a large number of industrial products. How to fix a correct price? Dealers were always asking for lower prices pointing to some big shipload which had just docked in some port. Such information we ignored and consequently were not stampeded into lowering prices. We then subscribed to price information bulletins which reached us weekly. These gave us the latest international prices of our

commodities. There were some Indian agencies that would send us unofficial information of quantity and prices on consignments that had actually landed in Indian ports. With this information the prices could be finely set at competitive levels. If we set the prices too high our material would not move and stocks of finished products would go up while the imported material would sell in the markets. If the price was too low the dealers would make high profits denying these too the company. These sorts of things were happening earlier. By fine tuning the prices our products were always competitive in the market and we could maintain high production and low stocks.

In the marketing meeting I said that what happened last year or was likely to happen next month did not interest me. My slogan was 'Kal, Aaj aur Kal', like the Hindi movie. How much did we sell yesterday, how much was likely to go today and what was planned for tomorrow. This concentrated minds and stopped analyses dead in its tracks. Words like 'on the whole', 'in general', 'by and large', 'essentially' were ruthlessly proscribed as these were a prelude to a macro explanation which I did not want to hear and were time wasters.

The marketing head, Rao, a capable professional, looked after both fertilizer and industrial marketing. But I felt the need for a more seasoned person to look after industrial marketing under him. Counter intuitively, as in the GACL, I was looking for someone who had an independent mind and was intelligent. The head of our Vigilance Department, Trivedi, had never been exposed to marketing and therefore fitted the bill. He was made head of industrial marketing. Many felt I had made a mistake. But he turned out to be effective and successful in his job.

We were the only producers of melamine in India with a production capacity of 35 tonnes per day. Yet the plants were running at low capacity of around 40% as we could not market the full production. Our prices were kept too high allowing the imported material to capture the market. There was also a practice of grading the melamine as A and B, the latter supposedly being of substandard quality. It was priced lower. There was more demand for this and consequently the production of this grade too was rising. We decided not to allow production of this grade. It should be processed into A grade. It looked like a racket but was nipped in the bud. The plant head, an upright person and a skilled engineer, had been pressurized earlier to cook up production figures. With my support he set matters right very soon.

All rigidities in pricing were removed. With the daily costing sheet available to the plant and marketing, it was seen that it was the contribution

that mattered. The mechanism for pricing looking at the landed imported price has been described. We were prepared to sell at this price because invariably it would be higher than the variable cost. If we felt the prevailing market price was lower than this international equivalent price we withheld supplies for a few days after which it came back to parity price. We were being ethical but it was a scientific ethics resulting from a rigorous day-to-day study of real time feedback. We were running with the ball and thinking. Within three months all our plants were running at full capacity.

Meanwhile, the engineers in the plants were tinkering with the processes to cut costs. Various modifications to save power, steam and water consumption were being put to work. At the same time, the actual production of power and steam was increased continuously under the painstaking guidance of Shri Pradhan who headed the utilities and power production and also worked out the daily costing of these inputs. As a result the unit cost of power and steam came down. These inputs were measured in each plant. We knew the total steam produced each day which was then fed to each plant. If the steam consumption per tonne of product was  $X$  and the production was  $Y$ , then  $X$  multiplied by  $Y$  summed over all the plants was the total steam consumed. But we found there was a difference between the steam produced and that consumed. It could be due to instrument error or wastage or a combination of both. All the steam measuring instruments were re-calibrated and efforts made to prevent wastage of steam. We did a similar exercise for power and water. Having read some Demming I frequently stressed that measurement was the essential step to plant excellence. The plant engineers responded magnificently. Major savings were obtained in consumption of steam, power and water. Raw material consumption was brought down by fine tuning the production operations. People in the plants began to see that each action of theirs improved the day's profits. Raw material saving had a double benefit. The plant effluent load came down saving money there too and protecting the environment. The feeling of meaninglessness and apathy vanished. The officers became self-motivated.

I remember the week I joined there was a phone call from a lady who was upset about the strong smell of ammonia which she daily experienced as her house was just outside our plant. But for me this represented a cost as this ammonia was being wasted. I posed this issue to our plant engineers as to whether this could be minimized. Within six months I stopped noticing the smell of ammonia. I suspected this could be because I was no longer able to sense the ammonia even though it was still there. One day, a Major General from the Army unit in Vadodara visited me. He praised the GSFC saying he noticed no ammonia smell in our plant; whenever he was in the vicinity of



other fertilizer plants the smell of ammonia was experienced long before he reached the plant. I complimented our engineers on preventing ammonia leakage. But the lady never phoned me confirming the smell had gone! Perhaps she was keeping her fingers crossed!

There were many such small day-to-day victories. In our meeting I used to lead the clapping whenever an improvement was described. It may sound corny but was genuine.

But we were not out of the woods. Not by a long chalk. There were four critical areas where quick corrective steps had to be taken. Failure to address any of these would derail affect our recovery efforts. The first was to set right some serious mechanical limitations with the new ammonia plant. At the same time, there was an opportunity to reduce costs by using gas instead of naphtha for fuel and feedstock. Then we had to get a debt relief package from the banks and financial institutions to lighten the burden of excessive debt. And then the supply of phosphoric acid had to restart. We had to tackle all four together as they were not connected.

The first problem requiring our immediate attention was the new Ammonia plant. There was considerable 'cost overrun' in its completion. The construction had taken longer than anticipated and the interest during construction had added to the already bloated cost. Against the estimated cost of ₹ 700 crore it had ended up costing ₹ 1,150 crore. There were allegations of wrongdoing in the award of this contract and also in the technical design of the plant which was the first of its kind in the world. The allegations were buttressed by gossip which ascribed three prominent murders to disputes or accusations arising out of appropriation and sharing of the loot. These were an indication of how deep the moral rot had penetrated though I cannot vouch for their accuracy. But the technical soundness of the plant was of vital interest to me. The plant, though construction was complete some time in 2000-2001, was not formally commissioned till end 2002. This was probably to show a lower loss as the interest and depreciation would be taken as a cost as soon as it is commissioned. Since then it worked in fits and starts. It never gave production more than 1,000 tonnes per day against a capacity of 1,350 tonnes per day. It stopped frequently every month or two throwing our entire production out of gear as ammonia was the basic input for most other plants. The cost per tonne of ammonia was high because of low production, and stoppages. And using naphtha instead of gas made the unit cost of ammonia very high. A look at the daily costing left me in no doubt that the present working of the Ammonia plant was like a bleeding ulcer for the company. Without setting it right there was no hope for us.

The head of the Ammonia plant was a seasoned and capable engineer. But as he had been handling the plant since commissioning, he was on the back foot having always to explain why it was constantly stumbling. The company also had the services of a retired senior engineer who had been associated with the setting up of the plant. Though both of them were technically highly competent, they were handicapped by not having initiated any drastic intervention in the plant to set it right. It was not their fault but that of the managements they worked under. Consequently they developed defence mechanisms. Both displayed an elaborate skill in presenting the condition of the plant as something mysterious which was beyond human understanding or intervention. A phrase constantly used by them was that the plant displayed a 'cascading effect' of failures. This term created images in my mind of malign forces which had captured the internal anatomy of the huge plant and were merrily dancing inside, like a Phantom of the Opera, determined to thwart human intentions. To my reasonable expectation of wanting to know when the plant would function fully, these two officers said further study would be required. As the plant construction had begun in 1993, and completed in 2000, this appeared to be a standard manoeuvre for more time in the absence of any real ideas. Time was what we did not have. One senior engineer in the plant, fed up of the repeated failures, was heard remarking that the plant could not be repaired. It would have to be demolished and a new plant built. It was not a serious remark but arose out of frustration at repeated breakdowns which were occurring.

Another factor which added to our anxiety was that this plant was of a new energy efficient design and reportedly the first of its kind in the world. The manufacturer were the famed Linde group of Germany. My own hunch was a plant supplied by a top class German company just could not be technically deficient, no matter what financial improprieties had occurred in the placement of the order. It was the management malaise of inaction that had magnified what were the usual starting hiccups into a major operational flaw.

We made it clear that the term 'cascading effect' was henceforth proscribed in our company. Engineering description would be required. But no action was being suggested. So we did what is usually done in such situations. We urgently asked Linde to send their expert to advise us.

He soon arrived and quietly stayed in our guest house for almost a month. Visiting the plant daily he took many readings and refused to give any diagnosis. Before he left he met me. His answer was not reassuring. He said he had taken a large number of readings and measurements, which I knew

already for that was the only thing he was doing. He would take it back to Germany and then come back with what could be done. He appeared to be singing the same tune as our engineers. His manner was pedantic and he talked to me as a professor would to a dull student. Two insights emerged from this. First was that a technical bureaucrat could be as formidable as an administrative one and second that a German could be as bureaucratic as an Indian! The ammonia plant was suffering from acute analyses paralyses and not from an untreatable condition. I was feeling frustrated. I instinctively felt that any malfunctioning plant cannot be set right by taking endless readings and measurements, readings which should have told us where and what was the malfunctioning part. It could only be set right by putting on a hard hat and stopping the plant and crawling through its inner passages and locating the fault and setting it right. Though I knew nothing of the plant engineering, it was clear our present approach would never solve the problem.

But soon we got indications from Linde that the Ammonia plant was likely to have a leakage in its isothermal shift reactor. This reactor was a huge cylindrical vessel about 5 m diameter and 10 m height. It was filled with catalyst. Carbon monoxide and steam were passed through in order to combine with each other and produce carbon dioxide and hydrogen. As the reaction generated heat there were tubes running through it filled with water to cool it. The water was converted into steam by the heat. Studying the composition of the inlet and outflow gases it was likely that a portion of the carbon monoxide instead of passing through the full height of the catalyst, was bypassing if because of leakages. The ammonia production was reduced because of the lower production of hydrogen.

This was the diagnosis, now we had to act. It would require a human physical entry to try and locate the leakage by visual inspection after removing some of the catalyst. The danger was the whole reactor was filled with inert nitrogen gas. As it was oxygen free atmosphere anyone entering would have to do it fitted with oxygen masks. Such an entry was not without risk and had to be done by skilled operators, not our mechanics. We located an agency in Mangalore who had experience of such work. They arrived and after detailed discussion with our officers and inspection of the plant prepared themselves for entry. Their manner was professional and any anxiety we had about the riskiness of the manoeuvre was dispelled after watching the calm deliberate way in which they prepared for entry. Major leakages were noticed inside and these were plugged. I was present atop the reactor while they went inside and tried to understand what they were doing. At such moments the presence of the CEO, provided it is not interfering but showing emotional fraternity, greatly raises the morale of those working.

It appeared that this diagnosis and course of action had been suggested earlier by Linde. I do not know why the corrective action was not taken long back. With this step the daily ammonia production went up from 800 tonnes to 1,200 tonnes. This happened around April 2004. It was a big improvement. But the leakage was not totally plugged. The gas continued leaking out through various gaps in the tube bundle inside the reactor, parts of which we had not reached. Even though we got higher production, the leakage meant the cost was still higher than what it should be. In June 2005, the entire old tube bundle inside the reactor was physically lifted out by a giant high crane and a new tube bundle was inserted.

Many other steps were taken so as to improve production. The cold box and the air pre-heater module were repaired with intricate effort. The ammonia plant production went up to 1,370 tonnes per day. After the ISR stag forms plugging, reformer catalyst replacement, and molecular sieve replacement, the daily production went up to 1,400 tonnes per day. The daily argon production which was earlier 8,000 m<sup>3</sup> went up to 9,000 m<sup>3</sup>. The anti-surge valve which was remaining open, was set right with the help of Linde and Siemens with considerable saving in power. The problem of speed limitation in syngas compressor was set right with the help of Siemens. The production went up to 1,425 tonnes per day. Inert gas from utility plant was used for purging thereby making available more nitrogen for Ammonia production.

Continuous improvements were made in the ammonia plant in its other sections. A plant which was giving a production of 800 tonnes per day when I joined, frequently breaking down too and which had a capacity of 1,300 tonnes per day had now reached a daily production of 1,475 tonnes with very few stoppages. It was a complex plant and we continued to face challenges as when the cooling tower of the plant just collapsed one day. But our officers responded immediately and operated the plant with half the cooling tower till it was repaired in a record time.

The Linde designed plant was the first of its kind in the world. It was said to be energy efficient but had to be proven. We made it run to its peak performance and demonstrated it to the world. Our cost of production became very low. The MD of Linde came from Germany and complemented the GSFC on setting the plant right. He said that not only had GSFC benefited but Linde too had been vindicated in the plant design by our efforts. He thanked the GSFC for this as they were facing market scepticism on the design.

Early in 2004 it was clear that two of our major plants would need new chiefs. The condition of the ammonia plant has been described. Another

major unit, the caprolactam plant was showing signs of weak supervision. Shri Joshi was heading our polymer plant which was outside the main complex. Shri Butala was in charge of safety. Both these officers were men of few words but one sensed their determination and commitment to the task given to them. Shri Joshi was made head of the Ammonia plant and Shri Butala was given the charge of the caprolactam plant. Both these appointments paid rich dividends and it was these two plants that provided the decisive acceleration to the company. All our other plant heads proved their mettle during the GSFC revival.

The second area where a quick decision was necessary was the sourcing of additional gas for the daily operations of the company. We were getting around 8 lakh m<sup>3</sup> per day of gas from ONGC. They informed us categorically that no more gas could be expected from them. The requirement was for 18 lakh m<sup>3</sup> per day to run the Ammonia plant fully and for the power plant which also generated steam. Some steam was generated from our sulphuric acid plant and some other heat transfer processes within other plants. So there was a gap of around 10 lakh m<sup>3</sup> per day of gas. If this was obtained the not only would all our plants run fully but the cost would also go down. This step would contribute decisively to the company's turnaround as per my calculations. There were three sources of additional gas. One was the Gujarat State Petroleum Corporation, a State Government body, the Gujarat Gas, a private sector unit owned by the British Gas, and the Gas Authority of India Limited (GAIL) of the Government of India. The GSFC had signed a gas supply agreement with GSPC to supply 2.5 lakh m<sup>3</sup> per day which would become available by beginning of January 2004. Though they had the gas, their pipeline to bring it to the GSFC doorstep was still being laid. Even after tying up with the GSPC we still had a shortfall of around 7.5 lakh m<sup>3</sup> per day. Other sources had to be tapped. Within a week of my joining we invited the Gujarat Gas for negotiations. They made a presentation which showed that they could supply 2 lakh m<sup>3</sup> per day additionally through the GSPC pipeline when it was ready. They indicated a price which was slightly higher than the GSPC price but still much lower than the naphtha price equivalent. We requested them to bring it down to the GSPC price which they indicated was not possible. We then asked the GSPC whether they could supply an additional 2 lakh m<sup>3</sup> per day. They indicated it was not possible.

On 30th May 2003, three weeks after my joining, I signed an agreement with the MD of Gujarat Gas for the supply of 2 lakh m<sup>3</sup> per day through the GSPC pipeline. We put in a clause that the price was steady for 3 years but if they offered gas to any other party at a lower price it would be offered to us

also. It was a business like agreement and beneficial to the GSFC. It was within my power and I consulted no one in Gandhinagar.

Two days later there was a furious call from the head of our department in Gandhinagar. The department had felt that the price offered by the Gujarat Gas, a British company, was too high and should be brought down and till this was done no government organization should buy from them. I side stepped the discussion by saying I was not aware of this decision as no one had told me about it. In future I said this would be kept in mind. It was like closing the door knowing that the horse had been saddled and walked out. But I could have pointed out that prices of a commodity could not be brought down by artificially suppressing demand. Only when more gas became available at a lower price would there be a downward price correction. It was inconceivable to anyone in the State Government secretariat that the MD GSFC would dare to do something like this so soon after joining. Any decent GAD fearing bureaucrat would have sought directions from the government. Had I done so, they would have told me to wait till the issue had been decided. Perhaps they would have formed a committee and also put me in it! A green signal may have been given after the Gujarat Gas offer was no longer available. But the head of our department was an extremely capable and forward looking individual. She did not hold any grudge against me for this act and never mentioned it later. Later on the prices went up and there was a shortage of gas. Our decision had been the right one. It was autonomous direction seeking. Gujarat Gas was a foreign owned company so I was skating on what could have been thin ice.

We were still short of about 5 lakh m<sup>3</sup> per day of gas required for the full running of our plants. We turned to GAIL which was the main distributor of gas in the country. The Secretary in the Petroleum ministry was approached through the good offices of Shri Ashok Narayan, a senior State Government official. The Secretary showed understanding and sympathy when he learnt that the survival of the company (nobody was yet talking of its revival) was linked to the supply of gas. Consequently the CMD GAIL was in a helpful mood when I met him. He immediately said 5 lakh m<sup>3</sup> per day gas would be given as soon as the pipeline was laid which may take another 6 months. A fortnight later a team of their officers visited the GSFC for two days. The discussions with our officers went on till 3 AM in the morning. After the agreement was signed they said that never had they experienced such teamwork and willingness to take quick decisions anywhere.

But we were not there yet. The Fertilizer Association of India (FAI), which represented the fertilizer producers of the country, took the stand that

the price offered by the GAIL was too high and as the major consumer of gas this body, the FAI, should negotiate with the GAIL for a reduction in prices. Till such time no fertilizer producer should sign with GAIL. This was the Gujarat events repeating themselves all over again. They claimed to have the support of the Fertilizer Ministry, a claim which had yet to be tested. I suspected that this was a group which was in any case unlikely to get the gas soon so they lost nothing by throwing a spanner in the works. As we had already signed, the question was whether we would pull back. There was an urgent call one day from the CMD GAIL asking me to confirm our commitment to the agreement between us as he had heard that the Ministry would oppose the gas purchase. I said I would get back to him in an hour. I talked to the State Chief Secretary who was also the GSFC Chairman, and informed him of all the facts. I said we should go ahead as there was no possibility of the GAIL agreeing to any price reduction. In any case the price of the gas was factored into the fertilizer subsidy received from the government. Only our industrial products would have to factor in the slightly higher gas price which was in any case far lower than the price of naphtha being used at present. So it was not an issue over which we should risk delay in the supply of gas. He told me to go ahead and confirm. I called up the CMD GAIL and said we stood by the agreement. The three calls happened within one hour. After a few days there was a laconic call from the Joint Secretary, Ministry of Fertilizer, Government of India, asking me whether GSFC was taking the GAIL gas. He did not comment adversely when I replied that yes, we were. It was clear to me the Ministry had not backed the FAI move but was observing which way the events were moving. I suspect that after this episode those very people who opposed the GAIL price were pleading with it to allot them the gas.

The third issue to be tackled was to restructure our debt. The matter was urgent. The debt was unsustainably large and could not possibly be serviced. We also needed to conserve our cash resources for the time being. I wrote to the Chairman, IDBI that the company was not in a position to generate the kind of surpluses to enable the debt to be serviced. The Government of India had put in place a Corporate Debt Restructuring mechanism called the CDR. The IDBI coordinated the working of this process. It was also our biggest lender. As I had done in the GACL, here too the repayment of all our loans was stopped soon after I joined. So the issue of a CDR was urgent. The bankers were beating the war drums.

There was one loan which was like a loaded gun to our head. Three years back a loan of ₹ 30 crore had been taken from ICICI. The GSFC took this by giving as security the 20% share holding we had of the GNFC. It was

like pledging the family jewels for a consumption loan which looked unlikely ever to be paid back. From the records it was not clear what was the urgency for this step but it indicates the desperate situation the company found itself in. When loan repayments were stopped the ICICI lodged the shares with the GNFC for transfer. Luckily, the shares were in a paper form so we could block it for the time being. But the experience was like a bullet just whizzing past our head. It was unnerving.

MS Brescon, an agency giving advice in financial restructuring had been engaged by the GSFC, prior to my joining. It was headed by one Nirmal Gangwal. He explained that looking to the last three years' results, an objective case could be made that the company was in need of a substantial lightening of its financial burden to get out of its debt trap. He, therefore, proposed an aggressive CDR. On 15th September 2003, our CDR was approved by the consortium of Bankers led by the IDBI. This involved major waiver of 50% of the principal debt of unsecured lenders, mainly foreign banks. The interest burden was reduced by 30% from 12.5% to 8.5%. The repayment of the principal of about ₹ 1,000 crore was spread over 12 years. It was a good CDR but was given only because the financial condition of the company did look terrible. The ICICI loan was to be repaid in easy installments without interest.

Three persons made this CDR possible. A month after I joined, Gujarat had a new Chief Secretary and the GSFC a new Chairman. PK Laheri was a person with wide experience in many of the key departments of the government and knew most of the Gujarat leaders personally and, unlike other civil servants, could mould political opinion. He had courage and a desire to act, rare qualities in a bureaucrat. He leant his full weight and that of the State Government behind the GSFC revival and specifically the CDR. One day I accompanied him on a visit to six Chairmen of financial institutions in Mumbai, including the ICICI. His presence increased the comfort factor of the bankers. Unlike other bureaucrats he was temperamentally inclined to action so I had a powerful supporter in him in other matters also. He was emotionally committed to the revival of the GSFC. Jitendra Balakrishnan of the IDBI had a keen banker's instinct of quickly recognizing a potential revival case. He could look beyond the immediate numbers to the road opening up ahead and was willing to put his prestige and institutional money when he saw a worthwhile case. He sensed that GSFC could turn around. And his support clinched the issue. Nirmal Gangwal of Brescon possessed one of the sharpest financial minds I have come across. He seemed to have an uncanny vision that could look around corners. He knew very well the way bankers thought and their concerns. It was a skill he used effectively. But



nobody felt misled. He had innumerable meetings with bankers individually and in groups. It was a bold CDR he designed and he convinced the bankers to support it.

Back at the plant the CDR was greeted as a decisive turn in our fortunes. At the AGM held towards end September 2003, the share holders were presented with a loss of ₹ 392 crore for the year 2002-2003. But anyone witnessing the AGM that day may have been forgiven for thinking we had presented blockbuster results. The shareholders supported the management fervently. They were confident the company would do well. In the earlier years they had been violently critical of the management when they suspected venal behaviour. Three years ago one of those attending had sneaked past the security guards and has garlanded the Chairman with chappals while he was delivering his speech. So I realized that these expectations had to be fulfilled in the coming months or the bonhomie would be replaced by catcalls.

The GSFC revival was important to so many. We had a very large audience looking at us with bated breath and urging us forward. A month after I joined, Shri Ranjit Singhji of the Baroda royal family told me that now he was hopeful of the company's revival. He added that he had started buying its shares. Many others told me this. I never responded to them but they were hearing from the employees that at last the giant was stirring.

But the objective situation was one of a company facing back breaking burdens which would most likely sink it. On September 29th *The Times of India* carried the following news item.

### Sick GSFC Shies Away from BIFR

AHMEDABAD: Gujarat State Fertilizers and Chemicals Ltd (GSFC), for long the show-case piece of Gujarat's industrial development, has become a potentially sick company and needs to report to the Board for Industrial and Financial Reconstruction (BIFR).

GSFC's net-worth has seen an erosion of 65% to ₹ 517 crore in 2002-2003 from ₹ 1,491 crore in 1998-99 due to accumulated losses. Under the Sick Industrial Companies (Special Provisions) Act, a company has to report to the BIFR if more than 50% of the peak net worth is eroded during the immediately preceding four financial years.

GSFC's managing director, AK Luke, refused to speak to TNN when contacted for his comments on this issue.

GSFC reported a huge loss of ₹ 391 crore in financial year 2003 after a loss of ₹ 48 crore in financial year 2002. In financial year 2001, GSFC reported a nominal profit of ₹ 6 crore after setting off an exceptional charge of ₹ 224 crore by transferring a similar amount from its general reserves. Thus, GSFC's reserves and surplus have eroded from ₹ 1,395 crore in financial year 2000 to ₹ 437 crore in financial year 2003.

What is intriguing is the huge payments that GSFC has had to pay as arrears to the Fertiliser Industries Coordination Committee (FICC) in the past few years. In financial year 2003, an extra-

ordinary charge of ₹ 162 crore had to be made, representing adjustments for the period from July 1, 1997 to March 31, 2002 on account of review of 7th and 8th pricing period and coverage of ammonia-4 plant under the Retention Price Scheme (RPS). In financial year 2001, company had paid a total of ₹ 210 crore to FICC for past dues outstanding.

All this goes to indicate that GSFC's profits were inflated in the past and the company is now paying the price for these accounting manipulations. What will be the outgo in current fiscal, financial year 2004, towards payment of past dues? This information is vital as it will have a strong bearing on the GSFC's stock price movement. But, GSFC's managing director was not even willing to listen to any questions posed by TNN.

Some market operators have driven up GSFC's stock price by 20% in the past one month to ₹ 30 by spreading rumours about disinvestment taking place according to a broker. Many retail investors have also blindly bought GSFC's stock without knowing the financial condition of the company.

Fundamentals do not justify a price of ₹ 30 for a company which is mired in the red with a net loss of ₹ 391 crore in financial year 2003, a net loss for the first quarter of current fiscal too, and a potential BIFR case.

(Narayan B Bhatt, TNN, September 9, 2003, 07.08 PM IST)

The correspondent was advising his readers to sell their shares at ₹ 30 as this price was too high! Famous last words! Three years later the share price had climbed to ₹ 251. The figures he mentioned were accurate. The conclusions he drew from them were logical. His pessimism about the company reflected the practical reality and he was not wrong. This was what any chartered accountant or professor of management would have said. Such persons do not factor in ethics! Yet the shareholders had expressed confidence that the company under me would now progress. They were expressing their confidence in my ethics which I had demonstrated in my earlier assignments. These shareholders whose profile was that of a common man in the street were far more intelligent about how a company revives than the experts. The common man understands ethics perfectly. Those who have a stake in the existing way of doing things attempt to ignore it as something not worthy of their attentions.

There was a fourth critical area. A situation had developed in the supply of phosphoric acid which could have derailed our entire recovery. Phosphoric Acid (PA) was the raw material for the manufacture of DAP (diammonium phosphate) which was our largest fertilizer by volume, almost 65% of our total production. The margins were wafer thin but this product gave us a large presence in the field. A small quantity was made in our Vadodara plant using rock phosphate as the raw material. This was sourced from nearby Rajasthan. This rock was first converted into phosphoric acid and then made into DAP. But supply of rock phosphate was limited so for our main plant at Sikka in Jamnagar district on the western coast we used imported phosphoric acid.

The acid was unloaded from tankers by a jetty from which a pipeline carried it to our plant 6 km away. Our two main suppliers were GCT of Tunisia and OCP of Morocco, both government-owned companies. These countries had huge rock phosphate deposits and the Indian fertilizer industry was their biggest buyer. Foskar, a South African company was another supplier, though it was smaller than the other two. The prices were negotiated annually with the FAI and the Ministry of Fertilizers. They gave a credit of 180 days, in other words providing a substantial part of the working capital required. Till then GSFC had not bought much from Foskar.

Even with the 180 days credit period, GSFC had over dues of around ₹ 100 crore to these two companies. The total payment dues would have been much more. Initially, GCT and OCP saw the GSFC as a strong company and being government owned they did not worry about our ability to pay. But when the over dues reached this high figure they had decided to cut off supplies unless we paid up. As our bank limits had been exhausted we could not come up with additional funds. It looked as if these over dues would never be repaid and the GSFC, starved of this essential raw material would turn terminally sick.

I requested both of them to give us additional credit so as to restart our Sikka plant which had closed for want of PA. Finally OCP agreed to supply more material on the condition that for each shipload to be supplied, GSFC would open a letter of credit worth double the payment as a step towards bringing down the over dues. We had been improving our cash collection by chasing our dealers and customers to pay their dues to us and also offering cash discounts for earlier payments. Stocks of finished goods had also been marketed and payment was coming in. After a long time cash was flowing in to the GSFC instead of going out. So the OCP supplies resumed around September 2003. We were as good as our word and made the extra payment as promised. As with each supply their overdue was coming down, they had an incentive to supply more. With free cash we also picked up some ship loads of PA available in the market, mainly of Foskar. The Sikka DAP plant had remained closed from April 2003 to October 2003 for want of PA. By December it was running at a high capacity and reached full capacity by March 2004. After April 2004, GCT which saw that OCP had brought t down its overdue to nil, agreed to supply us on the same terms. Their overdue too was quickly liquidated. Foskar too decided to supply us looking to the improved financial condition of the company. The Sikka plant never suffered from lack of PA after that. They proved equal to the challenge and gave record production with many cost savings and quality improvements.

In April 2005 I received a call from the Chairman of GCT asking whether GSFC would take an equity stake in their new PA production unit they planned to set-up. This was like getting an offer to join a very exclusive club. I said definitely but that formally Board approval would be sought. After our board approved in principle, I conveyed our acceptance to GCT. They had signed up with another Indian partner with equal stake being offered to them. I received a call from the head of this big private sector South Indian group for an urgent meeting. I assumed that it was to discuss coordination between us to take the project forward. At the meeting, he made a surprising request. He wanted us to decline the offer of the GCT equity stake. He said his group alone should partner the GCT. I politely indicated that his request could not be considered.

In due course the venture was set-up with both our equity stakes. The turnaround of GSFC was explained appreciatively to the Tunisian Industry Minister by the Chairman GCT when I called on him during my visit to Tunisia. A company which a year and half back had cut off supplies as we were deemed not credit worthy had invited us to partner them in their venture. OCP signed a long term supply agreement with us in December 2005. So did Foskar of South Africa. In the eyes of these unemotional businessmen GSFC had been more than rehabilitated.

The DAP pricing policy of the Government of India was seen as hurting the fertilizer industry. The government set-up a committee under Abhijit Sen, Minister for Planning, to examine and suggest a policy which took into account a more realistic costing by the industry. I was a member of this committee. But before describing the result of this committee deliberation a word about the subsidy given to the fertilizer industry.

There is a mistaken perception that this subsidy is to compensate the industry for its inefficiencies and help it to survive. In actual fact the government decides on the pricing of the various inputs. These are quite often less than the actual prices paid by the industry. The plant efficiencies assumed are also so stringent that the cost assumed by the government (X) to produce one tonne of the fertilizer is less than the actual cost incurred by the industry (Y). The government then fixes a price at which the fertilizer is to be sold to the farmer (Z) which is less than X. The subsidy the government gives to the industry is X minus Z. The subsidy is not to the industry but to the farmer. It could be plausibly argued that the subsidy is not to the farmer but to the consumer who gets foodgrains at a cheaper price.

The Sen Committee held a number of hearings where elaborate graphs and formulae and figures were submitted to determine the real cost of inputs.

I saw these calculations as providing enough fodder to the number crunchers and cost cutters in the finance and fertilizer ministry to put the proposed new costing through a long process of examination. At the end of it we would be presented with a cost which would not be very different from what we were suffering from. We would be tied down to it for a long time as it would be said it had been “worked out after a thorough study in which the industry including the private sector had been fully involved.” The calculations were getting more and more elaborate. In the third meeting, I questioned the very need to work out costs. As the criticism of the industry was that our costs were high compared to the cost of importing fertilizer, I suggested, why not set our costs against a bench mark of international fertilizer prices. Give the industry the import equivalent of international price. It was like cutting the Gordian knot. Abhijit Sen was silent for a moment so I knew the idea had clicked. As an intellectual he valued the truth. He signalled his acceptance and the other members too agreed with this. It would be simple, transparent and free from subjectivity. This approach would do away with the necessity of calculating input costs and replace it with the landed cost of fertilizer. Only the mechanics of deciding this had to be worked out. There were two components. The price of the fertilizer in some transparent market with reliable data was the first. The second was the transport cost to be added to give the landed cost on Indian shores. I believe the final recommendations were implemented keeping in mind this broad principle of import price parity and doing away with the till then prevalent practice of calculating input costs *ab initio*. The DAP price would now be a global price. This change greatly improved the profitability of the DAP fertilizer industry. Yet I do not recall any industry leader thanking me for initiating this breakthrough.

The reform and revival of the GSFC was on lines similar to that in GACL. Employees respond better not to goals set by the management but to autonomous decision-making. With the daily profitability being worked out every day employees began to see the link between their own efforts and the daily profitability. Through our computer network these figures were available to all employees. The daily costing of each plant gave the employees an X-ray view of how their actions generated profits. If the steam consumption could be reduced by preventing leakage of steam, or loss of heat by better insulation or by better mechanical efficiency of steam usage, then the employee saw immediately a reduction in steam consumption and cost and a consequent rise in profits. If for the same quantity of fuel more steam could be generated in the boiler, the unit steam cost would come down and the profits rise. If the finished goods stock and raw material stock could be brought down and recovery of payment due improved, then there would be positive cash

flow, working capital utilization would reduce, interest come down and profits increase. If the marketing got us a better price profitability increased. Employees then realized it was they who generated the profits, accounts was only measuring it and recording it. This was empowerment of the employees. I could have given them intense talks on motivation, called a Harvard management expert to urge them to be motivated and made them smile with his clever humour but it would not have worked as well. In an instant they were motivated because they saw a meaning in what they did every day in the plant. Meaning in the context used here is an awareness of the link between their actions and its results and they could shape the results in the direction they wanted by varying their actions. The employees began to talk among themselves about the day's production, costs, realization and profits. Their lives were no longer drab meaningless acts of daily exertions. They were producing value which the daily scoreboard was displaying to them. They knew they and their families would share in the company's wellbeing because the vested interests had been purged out of the system.

With this their creativity was unleashed. Creativity is the ability to think and act differently so as to discover better ways to achieve goals which are commonly pursued. Creative thinking could lead to better music, art and poetry; or it could lead to finding new scientific laws or building a better machine; it could be new ways to reduce steam and energy consumption; and a host of other things. The act of finding a better way to synthesize a chemical or to save steam in a chemical plant is qualitatively similar to the writing of a poem. It begins but does not end by an act of imagination.

With this direction a host of improvements happened every day. Every individual was potentially an agent for change. Gone was the feeling of helplessness, ennui and exploitation which characterizes an industrial work force.

As the daily working of the company was displayed to everyone on a large number of computer screens, there was a transparency in the company's working which built trust within the company. Employees saw at what prices raw material was being purchased and finished product sold. The daily collection was known to everyone. Our decision-making was conducted without secrecy and involved all connected team members. The decisions became trusted even by our Union leaders and outside observers. There was not one controversy about our working alleging venality during the time I was there. This was in an organization which had a rich crop of doubtful decisions throughout its history. In fact, I used to say that good decisions were not taken but emerged out of a process of logic, numbers and commitment to the

company. This decision that emerged was adopted by all. If anyone concerned could point out a better way our decision was changed and the new method adopted. On any day in the GSFC there must have been hundreds and even thousands of transactions that occurred. I must have been involved in not more than ten at the most. As in the GACL there were hundreds and thousands of improvements which were brought about by our employees. Only this can explain the miraculous transformation of the company.

In such a set-up, the company largely runs on auto pilot. I remember certain days when for hours on end, I would sit with nothing to do except looking at the computer screen or out of the window. If there are times when you, as the CEO have nothing to do, then for God's sake do nothing. Do not try to be busy all the time. At such times walking around and letting plant personnel explain what they are doing is a good morale booster both for the plant personnel and the CEO. I would say that in a well-running company it is the CEO who has the most free time. Something like the pilot of a plane on a long flight. The stewardesses work the hardest, particularly when the flight is full and drinks are on the menu!

In this manner the production of all our plants increased, the plant operations became more cost effective and stable. Down time reduced. Whenever there was a breakdown it was set right in record time. The employees were looking at the scoreboard. Each hour of lost production was reflected in loss of profits. The caprolactam plant, one of our profit earners, was initially producing 230 tonnes per day as per its capacity. The plant engineers took it up to 270 tonnes per day. Similar improvements happened everywhere. The cost per tonne came down. When the cost and consumption of steam, power, raw materials, catalysts, water and other inputs came down with creative incremental day-to-day improvements in all our plants, the variable cost being the sum total of these came down too. When the production went up the fixed cost per tonne came down.

Marketing gave us the best price and kept the finished stock low, both adding to our cash flow. We purchased material, both raw material and equipments at the lowest cost and best quality by creating competition and dealing with our suppliers fairly. We assured our dealers and suppliers that there was no extra cost in dealing with the GSFC. There were no hidden expenses. All the money that used to flow out remained within the company.

The computerization and MIS enabled every employee to study the daily score card. At a click of the mouse every employee could see the daily profit and loss and the daily balance sheet, cost of each product with detailed

break-up, cost of steam power and electricity, water, etc, material receipt, material dispatches, cost of purchase, realization of sales, stores and inventory, manpower details, time office functions, money receipt, money due, over dues, payments, finished goods status and other moving real time data. We even put a computer terminal in the union office with full access to these data. I constantly urged employees to look at this data in their spare time even of data pertaining to another department.

Some concrete examples will show how this increased awareness cut costs. A plant manger came to meet me one day three months after I joined. With some hesitation he said there was something I might like to see if I had the time. I told him I would be most interested in whatever he wished to tell me. He showed a file for the purchase of some vessel for his plant. The lowest technically qualified party had quoted a figure in line with earlier purchase. We were bound to give it to this party as it was the lowest. He called the supplier and asked him to reduce saying that as per his calculations the price was too high. The supplier's reply was revealing. He said that there were additional expenses in dealing with the GSFC and he had to cover these. Our plant head boldly told him that now he would not have to spend one rupee within the GSFC. There would be no expectations or harassment, payment would be prompt and he would get all help and cooperation. Based on this assurance the supplier, who was a reputed engineering equipment group, reduced his price from over ₹ 12 lakh to around ₹ 8 lakh. The specifications and quality would remain the same. My engineer showed me the papers substantiating his report. As the purchase was within his powers he had already approved it. I had made it clear to all that every officer should exercise his powers fully and not send anything to me for 'guidance' or 'advice'.

The other matter involved insurance. The company was paying an annual premium of ₹ 18 crore to cover risks. When the time came for the insurance policy to be renewed there were various voices of recommendations pleading with me. One MP and another spouse of a senior officer in Delhi were among them. My suspicions were aroused and we asked the insurance companies to give in writing that in dealing with the GSFC they would not appoint any agents but deal directly with the GSFC and make no payment whatsoever to any person for assisting in securing the contract. All the insurance companies gave this commitment in writing. There was a reduction of ₹ 2 crore in premium following this. We then appointed a consultant who promised us considerable saving in our annual premium. With him advising us we were able to bring down our annual premium from ₹ 16 crore to ₹ 8 crore the next year with the same insurance company. The consultant was



given a one-time payment of ₹ 10 lakh for his services. The insurance premium had come down from ₹ 18 crore to ₹ 8 crore per year. The quality of the coverage was superior. We are talking about a nationalized company. This was a huge saving.

Other savings were effected. The cooling water treatment for our Ammonia plant was given for ₹ 18 lakh against ₹ 52 lakh the previous years. The main catalyst for the giant ammonia plant was purchased at ₹ 337 lakh against the previous order of ₹ 480 lakh. Both these reductions came about as we created competition by asking other qualified parties to quote instead of relying on a single source.

The computerization work in the HO had been given to a small Ahmedabad based IT company before I came. The criticism I heard about them indicated that they were not up to the mark. There was a perception that the work of creating even a rudimentary ERP was beyond their capability and so we would have to give it to some big name software provider. I called the Ahmedabad party for a discussion. They were modest young men with none of the smooth polish and presentation skills of the high-priced players. The contract had been given to them for ₹ 30 lakh, a very moderate amount compared to what an established player would have charged. On being asked why they were unable to progress in their work they confided to me that they were experiencing non-cooperation, indeed hostility from our office. But they said they were confident of doing the job if they were given some support. I believed them and in the coming three months intensively monitored their work and ensured that matching steps as required by them were provided. They gave us a reliable and responsive ERP which served us well for a cost of ₹ 30 lakh which would have been twenty times with one of established names. Here was one group of young professionals who probably felt the system had treated them fairly.

I then asked our own IT employees why they were playing the role of a spectator and could they not improve and refine further the system now in place. After some initial reluctance they began to work on taking the existing system to the next level of competence. As I was signing everything they did, they were encouraged to put in place innovative improvements week after week. They continuously consulted the officers and staff and workers in the office and plant. By December 2004 we had an ERP which minutely tracked and reported every event and pulse of the company instantaneously. Sitting in my room, I could see the real time readings of temperature, pressure, rate of flow etc say in different sections of the Ammonia plant. All these readings were made available to all our employees. In the market place this system

may have set us back by ₹ 10 crore to begin with and continuing costs to keep going.

Our IT employees were now on a roll. They continuously designed new systems of displaying information and decision support services. Exports enquiries being floated the offers were tabulated electronically and presented for decision with the highest offer recommended which could be accepted by a single mouse click. Purchases were managed in a more systematic way. The tenders were displayed on the screen to our registered suppliers and were filled in online. It could be filled in only between the dates and times specified. The window would be closed before and after. Subsequently the offers would be tabulated electronically and displayed for approval. At all stages these results were made available to the tenderers. We used a document management system which did away with paper files. The file was recreated on our computers and would travel from officer to officer showing the exact time it reached and left the officer. I used to clear files at times sitting in the airport. Visitors to my room saw no papers on my desk or anywhere else in the room or with the PA. So our IT people showed what they could do. Some of the big name 'solution providers' lost business as a result. It is by providing business to such persons that a network of personal support is built up by many dynamic officers.

We saved money and our good name in other ways too. The company paid the medical bills of its employees and their family. We had a hospital in the campus which on paper provided all medical services. Where the hospital could not do so, the employee could seek medical treatment outside, the expenditure for which would be reimbursed by the company. Many employees were using this provision. When I joined I found it had become an ingenious channel for defalcation of company funds on a fairly large scale. I noticed that some of these reimbursement bills were for big amounts of up to ₹ 2 lakh each. These were ostensibly for operations carried out on their aged parents. This seemed strange to me because the aged do not normally need intensive or expensive medical care but only required to be personally looked after by family members. So the fact that so many of them were undergoing complicated medical operations aroused my suspicions. Our Vigilance Department interviewed the parents and asked them about the operations. Being simple and truthful people almost all of them denied that they had had any operations. We made all these employees pay back the entire amounts defalcated. As most of these wrongdoings happened before I joined they were given a partial amnesty of not being terminated. They were happy to get away without summary dismissal. But I conveyed to them that they had disgraced themselves not only as employees of GSFC but, worse, as

sons of their parents. I am glad to say there were no lady employees in this list.

But this highlighted the larger problem of the deficiencies in our hospital which had allowed our employees to seek medical treatment outside. It was a fine hospital which had been continuously weakened over the years, I suspect, precisely to allow these kinds of scams. They were following the fashionable notion of outsourcing organization and government functions to outsiders, not because the outside services were superior but because money could be made at the company cost by this arrangement. And why even improve the hospital, the argument went, because in any case employees did not come there? This beautiful logic encouraged the company hospital to abdicate its functions and wither away. But the hospital was housed in a well-designed and spacious building with airy and well-lighted rooms. We decided that it should function to its full potential. Many new types of equipment were ordered and those not being used were repaired and put to work. Some additional nurses and other supporting staff were employed. The doctors already there were excellent and well-experienced. I assured them of our full support. Medicines were stocked in adequate quantities and so were other medical consumables and supplies. Then we tied up with specialist doctors from the city who would regularly visit the hospital on certain days to provide specialized care. All the normal grounds for seeking medical treatment outside were removed.

And then we issued an administrative order that no employee would henceforth seek outside care unless the hospital certified that the care could not be provided here. I made it clear that I would look at all such certificates carefully. We had plugged all the loopholes which had allowed money to flow out but, more important, we had restored the self-respect of our hospital which had stood as a mute victim to the usurpation of its rightful role. The hospital once again began to actually treat people instead of issuing certificates of its inability to do so. Within the larger organization a smaller institution had come back to life. We were lighting lamps as we moved.

The Union opposed this order and declared a strike which employees did not join. The union leaders rightly concentrated their attack on me as the prime instigator of this 'anti-worker step'. One day they took out a huge motorcycle rally through the main streets of the city protesting against the management. Our stand was that it was a pro employee step which would ensure genuine treatment instead of the fictitious variety and save company money too. Many of the medical establishments in the city which had been providing 'medical treatment' to our employees also supported the agitation and newspapers gave prominent coverage to what was nothing but a brazen

attempt to intimidate me. The Union office bearers put up a shamiana outside the main gate where, according to them, all the office bearers were sitting on a fast. After two months of this fast, which appeared to be only during office hours, the agitation collapsed one day as all of them walked back. It had become too hot as the Gujarat summer had begun! We had created some additional heat by issuing notices terminating their services. These were immediately withdrawn and they had a warm meeting with me where I welcomed them back.

Compared to the turnover of the company the expenditure incurred in this medical scam was small. But allowing one scam to continue encourages other leakages. A firm action here must have sent messages to many other incipient scams not to risk exposure and punishment. An organization cannot allow weeds to grow in one corner of the garden. Employees will see some complicity of the management in allowing it. The message has to be of zero tolerance.

We had one case of serious indiscipline which ended well. One day, I received a communication from the Secretary to the Chief Minister enclosing a letter written to the Chief Minister by one of our senior officers working in the ammonia plant and asking us to take corrective action. The letter said that this plant was being run at a reckless rate to get high production because of management pressure; 'management' being a code word for me. Using some technical terms to substantiate his assertions, he stated that if this continued, then the plant would blow up and the city of Vadodara would be reduced to a smoking ruin. Copy of this letter was sent to the Member of Parliament, the Mayor and others. I called the ammonia plant head and asked him whether this officer, who worked under the plant head, had ever discussed with him his concerns about ammonia plant functioning? Never with him or with anyone else, he said. We had a detailed discussion with the top officers in the ammonia plant whether there was any substance to what this officer was saying. This was recorded and we had a written statement signed by them saying that what was asserted by him was factually incorrect. But I was advised by our officers that he was politically well-connected so had to be dealt very carefully. It was better to ignore his letter and allow the matter to be forgotten otherwise it would bring unpleasant political heat on me. So, I suspended him and issued a charge-sheet. He was kept under suspension for three months. Finally he gave an apology letter saying his actions had been mistaken. The day I received this letter his suspension was withdrawn, the charge-sheet forgotten, and we had a cup of tea together in my room. I told him that in future if he had any concerns he should discuss it with his plant head or even with me. There was no punishment and the entire matter was

closed. My actions disarmed him. He saw me as a human being who valued him. I gave him additional responsibilities after that. He turned out to be one of our finest officers, a real dynamo and an excellent engineer. He was a diamond which only needed some ethical polishing! If I had followed the advice of our seasoned officers, a poisonous abscess would remain and my authority weakened.

In situations of this kind most of the officers will advise you against taking a strong stand. Listen to them and your authority is gone. Leadership means going against the caution seeking advice of your officers now and then but then you had to be prepared to bear all adverse consequences. I recalled that day of labour agitation in the GACL.

Being a fertilizer producer, there were a large number of issues which had to be regularly followed up with the Government of India. These related to the submission of information called for and technical and financial guidelines to be adhered to. But the most important was to ensure the speedy disbursal of subsidies from the Government of India to the company. These subsidies were released after all information called for was given. The role of our Delhi office was crucial. Communication and interaction with this office were weak and not structured. I decided to have monthly meetings with the officer heading this office. These meetings were held in Vadodara. As a result, our subsidy payments became regular as all information asked for from the Government of India was supplied quickly. The head of the Delhi office, the energetic Vijay Kumar, proved an asset. The stigma of having claimed excess subsidy in the past was wiped out and the Government of India developed trust in our claims.

In 2004, we drafted and signed an Ethics Pact with all our business partners. We were probably one of the first companies in the country to do so. It was drafted in a masterly fashion by our Company Secretary, Nanavaty. (He also provided legal and secretarial advice in the setting up of the joint venture in Tunisia and some other crucial areas.) The wording of the pact was in simple easy to understand mutually supporting obligations. (One sees that the Integrity Pact now in the PSUs looks more like a legal agreement which could have been avoided. It appears to be the work of legal bureaucrats who wanted to cram in everything.) From the company's side the business partner was promised all help in fulfilling his contract. All information, quick decisions, cooperation, and company facilities were to be made available to him. No officer of the company or any one acting on our behalf would demand any gratification or material benefit from him. We added the vital clause of timely payment from the company to him. In case he was a dealer

then he had to make timely payment. On the other side he had to fulfil all actions promised in his contract to us, not try to influence our officers by inducement or threat. Neither would he try to bring outside forces to influence the company's decisions. His work would be of the required specifications and to our full objective satisfaction. I made it clear to our officers that timely payment meant payment on the due date. Any delayed payment would pop up on my screen. This simple requirement removed one of the avenues for wrongdoing. I was told that many companies, particularly in the private sector, do not pay in time as a matter of policy. This is not only because of cash flow constraints or losses. Many profitable companies too do this as a way of bringing down their interest cost. We put a clause that any grievance could be made confidentially direct to me. But the Ethics pact only codified a system that was already in place, one that was based on integrity. Dealing fairly with our business partners made them quote lower rates to us at the same time giving us goods and services of higher quality. From our dealers we got better prices and early payment. Ethics led to better business. But an ethics pact alone cannot create ethics. It has to be a codification of the management intentions. It has to be an objective reflection of what the management is trying to do. The paper image cannot create the reality.

There are no accounting heads for low morale, corruption, leakage, crony business deals, inefficiency and playing safe. All these get reflected in low prices for what we sell and high cost for what we buy, low production, high unit production costs, low cash flow and many plant breakdowns and finally company sickness. With ethical management these get converted into a continuing creative commitment to the organizational health. Incomes go up, costs go down; conflict is replaced with cooperation and low morale gives place to confidence. And that which was dark is flooded with light. Virtue reigns.

Many senior officers told me that after I joined they had stopped getting calls from influential outsiders requesting various favours. The various engineering heads, the head of purchase, the officer looking after administration were among these officers. All these requests, if acted on, would have been at a cost to the company. For example, the officer in charge of administration may have been asked to favour some particular candidate. If he did that the fact would be known to all soon and similar efforts would have been made for others. This would have brought down morale. Our production would have marginally come down and costs gone up. So is the case with each and every favour done to outsiders. At the time of my joining it had been made clear to all officers that they should ignore such outside requests and do what is right using their own judgement without asking me.

Surprisingly, our head of the hospital, who was our senior most doctor, once told me that he too had stopped receiving such calls. What calls could this healer of ailments be receiving, I thought? I remarked it must be from relatives of patients asking for their near and dear ones to be well-looked after. No, he said, it was from outsiders asking that particular medical bills of employees who had incurred 'treatment' outside be passed, to purchase some medicine or equipment from a particular source or that a new hospital be recognized for treatment and reimbursement!

Leakages can be from many pores. Let me explain. Suppose a well-designed and competently built water supply system for domestic water supply is set-up. The water source, pumps, storage and pipelines were enough to supply sufficient water to each household if properly maintained. Now suppose the organization which is to run this system is plagued with poor leadership, low morale and corruption. Costs will go up and the organization will be unable to properly maintain the system. The water rates charged from the householders will not be sufficient to meet costs of inefficiency and corruption. Maintenance will be neglected. Pumps will not work regularly and the leakages in the pipeline will allow wastage. Some others will tap into the pipeline and divert the water for their own use, unauthorized. Cumulatively, all these will reduce the water pressure in the pipeline network and reduce the water available to the households. When the housewife opens her kitchen tap, what she will hear is the hissing sound of air more and more and she will see less and less water coming out. These failures will be explained as arising because of technical failures and cash flow problems, euphemistic terms which cover up wrongdoings. The common man is fooled and he does not connect ethical failures with water not coming into his tap. There will be a carefully selected panel of advisory experts who will certify a complex set of physical factors which caused the water pressure to come down and the pumps to malfunction. They will suggest a project of total modernization with replacement of major components involving huge expenditure, and creating new scope for commissions and corruption. It would be the uncommon advisory expert who will certify an ethics deficit as the cause. He would be black balled.

What about my peers? They were uneasy about the ethical management that I practised. I wondered why it was so. After all, the SSNNL, GACL and GSFC were huge turnarounds. But there were good reasons for their caution. They saw that ethical leadership was a hazardous vocation which could seriously destabilize the safe and steady course they had been steering in their own lives. Traditionally in India, it is by the goodwill of persons of power and influence that one progresses in life. Taking a stance which would

bring one into a collision course with them was something foolish and pointless. It would cause distress to one's own family and lower one in society's esteem. Indian society does not look up to someone who fights for its interests. There would be no material benefit to compensate for this. Corruption was understandable as it brought some benefits but this was stupid. So they erected some intellectual cover for playing safe. They would say that in any situation there are a complex set of factors involved which will need careful study and analyses. No snap judgements are valid. Whenever, I said things which were very simple which a common man could understand easily, they shook their heads sadly, made some amused comment to each other and remembered some important engagement they had to attend. Perhaps, we could continue the discussion later? They had more important things to attend to, they implied. Talking of right and wrong, good and bad, truth and falsehood was unfair, they felt. It was a world of relative values and everybody had a right to their own view point, they felt, without ever stating their own. Even to state one's beliefs was an egoistic thing to do, and in their humility they would not do that. There was nothing like an absolute right or wrong. It was better to keep all options open and you never knew who may take offence at what you said. To them official etiquette and consideration for each other was more important. They would have us talk of process and efficiency and never of right and wrong. Best of all they preferred gossip, "to talk of court news; who loses and who wins; who's in, who's out." Being included in such confidences was the surest mark of acceptance in the power circle. They lived respectable lives and, within their enclosures, worked hard and with dedication. Many of them achieved successes too, successes which did not require them to face the hostility of any one powerful. There was sufficient space for this too. That was ethics for them. Anything more was an expression of ego and a failure to adjust; or hubris, to use a more impressive word. I just did not get it. But that was not how they were in the early years after joining the service. Their thinking became more conservative and rigid, supporting the stronger side, as the years went by. Or perhaps their minds had ossified. Their intellectual development stopped the day they joined the IAS.

In our country rulers have traditionally been autocratic and powerful. They could destroy you if crossed but, when dealt with cleverly, they were the ladder by which you went up in life or at least survived. The successful man or woman had to intelligently handle this entity so that one's family prospered and one gained a high standing in society. The Indian civil servant follows this approach. He insists that the civil servant is powerless against the political executive. Many politicians say similar things about the bureaucracy. This is



win-win for both the civil servant and the politician. But it is an arrangement that merely safeguards the interests of the strong.

He who finds nothing worth defending thereby opposes nothing. By this I mean doing it against those more powerful than you, who can help or harm you, in fact those who appointed you and can remove you. What is officially decided does not need defending so that does not count. There is usually no countervailing force within the government to correct a wrongdoing that is plausibly packaged and sanctioned from the top. People wonder why some of the huge scams of today were not corrected within the government or nipped in the bud. This is the reason. The senior civil servant who could have stopped it is more concerned with his ACRs and his next posting. He does not want to go out on a limb and take a stand which would derail his carefully planned career progression. It is the failure of personal courage and nerve, and not the absence of rules and powers or wrong policies, which allows wrongdoings to happen. This courage can come only through ethics; it is not something any one is born with. It must be developed by a personal decision.

It could be plausibly argued that the view of the typical civil servant as described above is a rational one. This would be correct for a normal citizen who does not have the safeguards which a top civil servant in India has. But an IAS officer is a part of the steel frame conceptualized by Sardar Patel, well-protected by constitutional provisions, and he was expected to always fight for the public interest from strongly held positions against those who could subvert it. It is only the powerful who could subvert it. An unwillingness to fight against the powerful leads inevitably to abandoning the public interest. An officer whose own record was not too clean gave me an interesting insight once. He said, others could not take the stands I took as they had vulnerabilities.

Somebody once remarked to me that in a democratic set-up, one had to be responsive to voices from outside, particularly of 'people's representatives'. It would be undemocratic to ignore them. This sounds quite reasonable but it needs to be quietly decapitated in the interests of the commonwealth. First, most of those making these requests were not the representatives of the concerned party in any real or legal sense. They were not in any way authorized to make these requests by the concerned parties. Whenever we asked the party as to why he was using outside forces to influence a decision in his favour, he immediately denied having sought such intervention! Second, most of these requests were for favours which would be at the cost of someone else. These favours would deprive the deserving party of its democratic rights to be considered on merits. Third, the company, in this

case the GSFC, belongs to the government representing the people of Gujarat. It is the democratic right of the people of Gujarat to expect that the management of the company takes all steps to improve its working and do nothing to weaken it by favouring undeserved parties. It is nobody's democratic right to harm an organization owned by the people. There are many more grounds on which this 'democratic right' argument can be conclusively demolished. And as the CEO is appointed to safeguard the interests of the organization by the political executive elected by the people, it is his duty to nurture it and see that no harm comes to it. And finally the political executive elected by the people has always the remedy of removing the CEO. What about the will of the people which the elected representatives convey to us? Surely giving a particular favour to an individual cannot be the will of the people. The will of the people is not a secret and is known to us all. It is that public institutions should run efficiently and without corruption. The moment somebody makes a request to favour one party, then one could say he no longer was a representative of the people! *Quad erat demonstrandum*. What he says is not the will of the people. Doing what he asks would be undemocratic. This logical knock out punch settles the issue. Of course, it does not settle the practical issue as one would then have to face the consequences.

In a lighter vein is the story, perhaps apocryphal, of the answer an industrialist is said to have given to the leader of a political party who was pressing him to make some personnel changes in his company. He asked the leader whether he would be willing to make some changes among the office bearers of his political party if asked to do so by someone from outside the party. But things are different today. The political leader who holds ministerial office shows considerable respect to the business leader, in fact far greater than what he shows to someone who has turned around government organizations thinking independently.

But the fact is that it was very rarely I was approached for any favour. This was because I had no favours to pay back. Having personally taken no favours in the past and having no expectations for the future, I was not obliged to give any. And because I could not be approached and kept the organization motivated and alert, my officers also could not be approached. But this determination to keep out all predators created an intense hostility towards me which rose up at regular intervals like a suppressed volcano when sufficient pressure had built up. It caused all the upheavals in my professional life. These eruptions followed a predictable pattern. In the beginning, when I took over, the important people wished me well. After all the organization was in a dire shape and a new broom sweeps clean so let us give him a free hand.

Nothing is lost as there is literally nothing left to take out. Things had been licked clean. At this stage, the CEO acting independently is remarked upon appreciatively by the appointing authorities. An awkward phase begins when the company is seen to improve and yet is out of bounds to the favour seekers. Let me clarify that the person seeking these favours is not necessarily acting from venal motives. It could be a benign wish to help someone. So when even such 'genuine' requests are not entertained, then a certain impatience begins to develop. The fact that the organization is doing better and the management is getting public credit for the improvement makes the situation even worse. What is the need for these emergency measures now? Can we not go back to business as usual? They cannot understand this egoistic stubbornness. The man should be psychoanalyzed, will be the view of those with a more scientific bent of mind. A huge honey pot of patronage and benefits is seen to be out of reach. Back at the command centre the CEO rapidly plunges in the popularity charts. He is doing a great job but he wants to take credit for it and is acting independent instead of bowing to those who posted him there. After some time the talk turns more businesslike. Now that the company has improved can we not look for someone else? He thinks too much of himself. This option appears more attractive as the days go by because the organization has improved beyond all expectations. The orchard which some time back was withering away is now seen to be groaning under the weight of fragrant fruit, fruit which is kept away from those not entitled to it. Surely it is now time to harvest some benefits. We may not need this oddball anymore. We have got what we wanted. The administrative head in the government replies that yes, it could be done. He too is not comfortable with the high standards being successfully set, standards which he can never match. Then one fine day, you are reading your transfer orders. You have served your purpose so kindly make way. You do not fit in now, so sorry.

During the years in the GSFC I received adverse remarks in my Annual Confidential Report (ACR), apparently written by my Minister and approved by the Chief Minister, for two continuous years citing my lack of respect for the elected representatives of the people and refusal to follow government instructions. These were the years of the extraordinary turnaround of GSFC. Much importance should not be given to this fictional document but for those building up their careers, the ACR is something to be reverently protected and burnished by all means. Its kiss can transform a toad into a prince.

The greatest respect, I can show to an elected representative is to work for the interests of those who elected him/her by strengthening an institution under my charge which serves the interests of the people who elect the elected representatives. Other than personal politeness and willingness to

discuss all issues, that is the respect to which they have the right. At this stage, let me state that the elected representatives of Vadodara showed immense appreciation for what was done in the GACL and GSFC not only in private conversations but also in public pronouncements. They praised me in terms that are too extravagant to report here. Let me however mention one. The elected representative from Vadodara often referred to me publicly and privately as *Parasmani*, the mythical stone which turned into gold whatever it touched. Perhaps, they were content with the company doing well, a fact that they learnt from their constituents among whom were a large number of our employees and their families. If their constituents were happy, that clinched the issue for these elected representatives. There was no conflict between winning their confidence and doing your job independently. In fact, they were mutually supportive because thereby their constituents were helped. But my confrontations have never been with the elected representatives or with our real stakeholders but with those in the government, some elected, some selected who felt threatened by an ethical success. As I said before the interests of those in the government are not necessarily the interests of the government, or in other words the public interest. This is a conclusion which most citizens in India have already arrived at.

At all the AGMs the performance of the company was appreciated and I personally received effusive praise. This happened in GACL and also GSFC. Among professionals in the business field too, including bankers, expressions of sincere praise both privately and on public forums were accorded to me. This is being said merely to remove any impression that I was isolated and disliked.

The reader should not accept at face value the explanation which many civil servants give about the difficulty of pursuing an independent path in a democratic set-up. What prevents them is their reluctance to walk alone even if it is on the right path. The greatest fear of any civil servant is that he will be left alone holding the baby. The fact that the decision is in public interest, emerging out of a virtuous process and is supported by the stakeholders is irrelevant. There must be as many signatures to it as the paper has space for, in other words the approval of those who can help or harm you. Seek directions from those above you. "I may go down but I can make sure many more come down with me." This is a threat uttered frequently by civil servants among themselves. This is said jocularly. But there is safety in numbers. Have all the right people on board. Public interest may not be optimized but you will be safe and your onward movement not jeopardized. In the government a decision is deemed to be the correct one if everybody concerned has been consulted. Strange as it may seem, this is how a correct

decision is defined. Then if the decision does not give the result in the field that was expected, it is said that the policy was OK, only the implementation was not satisfactory. Almost all failures are explained this way. Things do not work out in the government because there are too many signatures on the decision page, as a result of which nobody is responsible. The criteria of a decision being the right one is that everybody concerned has been consulted, not that the steps achieved the desired result in the field. Let only the persons who have to implement the decision actually design and take the decision and they will make sure that the correct decision is properly implemented. But if this is done, then many persons in the secretariat will become unemployed. How then will they justify their long stay and promotions in Delhi and other State capitals?

There are some who see flexibility as a desirable quality which all administrators must adopt. What flexibility are we talking about? Without an intelligent flexibility the organizations I handled could not have been improved. So, I must have been flexible in the management of the organization. But to justify flexibility at the cost of the organization and public interest is a dishonest pose. The only motive for the 'democratic rights' argument is that by obliging the right group of people, one's career path takes an upward trajectory. Or perhaps, it just avoids harassment and blackmail. Of course, these reasons can never be openly stated when a person with long experience of successfully scaling the bureaucratic ladder in the government is advocating flexibility to you.

What does one do when the top political leader, the one who posted you, makes a request for doing something which I would not otherwise do? And the request? A transfer or some more substantial transgression? I would answer it thus. He, on behalf of the people of the State, has one legitimate expectation from me which overrides everything else: that I should revive the sick organization with integrity and also win the faith of the stakeholders. This would benefit him as a leader. He could claim that he has worked for the benefit of the people. If I do this, the leader should not have any further expectation from me except some special scheme which may be given to me which I would be bound to do. It should not be necessary for me to curry favour with him in any other way. Any request which weakens my ability to carry out the main task given to me by this leader logically cannot be agreed to. My posting to the job was not a favour done to me which I should repay. But if everybody did this the political executive would have no control, the argument goes. But this stand can be taken only by an officer who is ethically successful. The wise politician would make an exception for such persons whose number would be very few. But what if their number is very large?

Then India would become a land of prosperity and fairness, so there is no problem. So an ethically autonomous officer refusing to do anything which compromises his main effort is good for the country. Of course, he should be prepared to pay the price. The reason why ethical conduct is so highly valued in the public esteem is the high price paid for it for the officer. The reason why ethics is so scarce in the public sphere is the very high price paid for it by the officer. An ethical society is one where an ethical person would be rewarded and not punished. In such a society the ethical person would be deferred to by wealth and power. In such a society, the number of ethicals would rise.

But what if an outsider pointed out some wrongdoing in the company? If the recruitment process was being manipulated to help some candidates, what would I do? In such a case one should take immediate corrective action and thank the person concerned. If a welfare or development scheme was being implemented and there was a recommendation to include some deserving beneficiaries, then I would do that, appreciatively.

It is necessary to understand the role the ACR plays in one's career. The government by its very nature is authoritarian though not a hard taskmaster. It allows a great deal of laxity but no defiance. While the rules specify what can be done or is prohibited, they play a very subsidiary role in day-to-day administration. The decision-making in most important matters is top down once the subordinate levels have processed the information and presented the options. Independent decision-making is distrusted. At the important decision-making levels the government needs energetic, intelligent and capable persons who can move the sluggish machinery when needed but it wants them to incorporate the wishes of those who are politically and administratively powerful. So the ACR effectively filters out certain kinds of individuals. Those who have low vitality levels, no matter how intelligent, are discarded. So also those who are demonstrably corrupt, acting solo and without strong political support, are cast aside. The person who acts independently of his political and bureaucratic superiors is considered the most undesirable. If he fails in his endeavours then the problem is taken care of. If he succeeds then he is deemed an ever present danger to "the way things are done here." In the State Government it is still possible for an independent minded person to be given key postings if the Chief Minister or a powerful minister so decides. The ACR is not looked at, as frequently happened with me when the government needed me to revive a sinking organization. But this is not possible in the Government of India where the selection process is based on an examination of the ACRs as the first step. Unless there are a large number of 'outstanding' ACRs for that officer, he stands no chance of making it to

the top positions in Delhi. No officer who acts independent of the authority who writes his ACR will ever get an outstanding report. By this mechanism, the Government of India gets the kind of officers it needs. It is an effective selection process. This is why there is such a built in resistance to change in the government unless bureaucratically directed from the top. The people who reach the top in the government, those with outstanding ACRs, have a proper respect for power and concede its legitimacy in decision-making even if they know such legitimacy harms the public interest. They define public interest as the will of the government formed after a process of decision-making. That is the only public interest they recognize. Autonomous direction seeking of the kind I followed was not acceptable. If the ACRs of all the top persons in the government are put in the public domain, then the common man would become aware of the huge gap between the myth and the reality.

The leakages of company revenue that we plugged benefited the company but obviously deprived some middleman or agent who arranged the high priced purchases and low priced sales. These are the mechanisms by which company funds flow out into the hands of politically influential persons. Stop these and you invite trouble. Continue these and you will have always persons you can phone up for support and a favour. I never had any such friends. I had fought with all those who could help or hinder me in my career. At the end of a car journey from Vadodara to Ahmedabad one day, a dealer of ours who accompanied me stated that he found it unusual that my cell phone had not rung during the entire three hour journey. He said he knew many officers and their phones were constantly ringing, even though they held positions less prominent than mine. I could have lined up a lot of support by spreading the company wealth around. How? By appointing consultants, ad agencies, allowing medical and other leakages, holding huge functions for leaders with full page ads in newspapers and otherwise giving retainers to a large number of parasites and hangars on for worthless services. If I had done this there would not have been any hostility to me. But then the baby would have been thrown out with the bath water. There would have been no turnarounds. My networking was poor and that is why the GSFC revived!! So my advice to CEOs in the government is to stop networking.

It is time to continue with our narrative. In fertilizer marketing many steps were taken to penetrate distant market with more cost effective strategies. Because of the low level of PA supply earlier we had withdrawn from many of the north Indian areas which were big DAP consumers. These had to regained now that the PA supply had resumed in full flow. I visited Amritsar, Lucknow and Varanasi to meet our dealers who were promised plentiful supplies during the year 2004-2005. During January-June we were

able to supply substantially more quantities of DAP to our north Indian markets. Our DAP plant in Sikka was able to reach high levels of production with many cost savings by the continuous effort of the officer there. Once the more attractive DAP pricing based on import parity was later introduced by the ministry of Fertilizers, the GSFC profit was largely pushed by our improved DAP production. Because of improved phosphoric acid supply and our ability to market it in distant areas expanded through our excellent dealer network marketing skills.

We used rail transport more as this was more economical for longer distances. As the production of DAP is round the year but demand peaking during June September, we ensured that all our godowns particularly in the North Indian markets were well-stocked by April. We held dealer meets in Varanasi and Amritsar where our dealers expressed the faith they had in the company. This enabled us to get back the DAP markets we had lost because of non-availability of PA. The increased production of DAP was easily marketed.

A constant watch was kept on plant safety. Drills were regularly held and all equipment checked. Important improvements were made in Effluent treatment and in gaseous emissions. The GASFC was awarded the Sword of Honour, a British safety award. We were good, we felt good and we smelt good too!

An incentive scheme was implemented to keep a high level of motivation. The contribution of each plant was regularly calculated. The contribution is the difference between the value of production less the direct cost of that production, fixed costs are excluded. Each plant has norms of consumption of raw material, power, water, catalysts etc. These norms are specified by the plant technology supplier and represent the optimum running of the plant. Corresponding to these is a particular contribution of the plant at full rated production is worked out as the standard. The incentive is calculated on the amount by which that day's actual contribution exceeds this standard contribution. This excess is either because of the production being more than the rated full capacity or the actual consumption of raw materials and energy being less than the norms or a combination of both. A certain percentage of this, kept at 5%, was given to the plant employees to be divided among them. This was done each month for the month's production. Morale improved two ways. First, the employees saw that this was something they had earned by their own efforts and were rewarded for it. Second, it made them study the way contribution was generated and made them ask questions as to how to make the plant run more efficiently. Their understanding of the plant



technology increased and a number of incremental improvements came about as a result. The realization that it was they who were generating the profits is a powerful motivator. We obtained higher production at lower unit cost.

Two new projects were taken up during my period. One was a small project for expanding the capacity of the MEK plant. When I had joined GSFC, I was told that the existing MEK capacity could not be fully utilized as there was not sufficient demand. We felt the need to expand capacity after full ensuring full capacity utilization. But there was another reason. The intermediate which went into the MEK plant could alternatively be used to feed the caprolactam plant too. The relative capacity utilization of the expanded MEK plant and the caprolactam plant could be adjusted looking to the market price of these two products, so as to maximize profits. Flexible production would give us flexible marketing. The expansion which was started and completed in six months and within ₹ 12 crore was below expected cost. The plant was designed in house and all components were locally fabricated. The plant, if planned with the usual padding, may have been estimated at ₹ 30 crore and actually ended up costing twice that. This way I lost the kind of supporters who see a PSU expansion project as an opportunity to enrich themselves.

We invited the Chief Minister for the commissioning of the plant. He walked through the plant before the inaugural function. On the dais, I welcomed them all particularly mentioning the moral support we received from the Chief Minister. The Chief Secretary and the Minister too were present. The Chief Secretary in his speech praised the extraordinary turnaround of the company but did not mention me at all; ditto with the Minister. The Chief Minister in turn said the turnaround of the GSFC represented a third model, different from the inefficient public sector and also from the pure profit seeking efforts of the private sector. But he too never mentioned me except light-heartedly asking me to pay back to the State Government the financial help we had received. Listening to them one would have concluded the turnaround was an act of God or the result of the lavish financial help, close monitoring and guidance from the State Government. The fact was that nobody there had an inkling of how it was done except that it was done ethically, in fact resented the way it was done. At the end, the company Union leader then presented the Chief Minister with a memento which was accepted cheerfully by him. The Union leader then came up to present me too with an identical memento, acknowledging my leadership role in the turnaround. Even before he could hand it over to me, I saw the Chief Minister angrily get up and leave the stage. The function was yet to be completed. I ran from the stage to catch up with him, sitting alone in his car,

looking quite displeased, and shook hands with him, profusely thanking him for coming to the GSFC. This incident was an act of discourtesy to me as the host and it told me in no uncertain terms how much my success was disliked at the gut level by the Chief Minister. It was curious behaviour from a leader who has himself been the recipient of such adulation from the public, adulation which he has done nothing to restrain. This was sometime in June 2006, four months before my departure. I contrasted this with the function in GACL six years ago when the then Chief Minister had lavishly praised me and so had another Minister on the dais, Shri Jaspal Singh.

The help Chief Minister mentioned was perhaps ₹ 90 crore of money we had retained under the Sales Tax Deferment Scheme of the government. Next month we pre-paid this entire amount to the government even though we were entitled to keep it for another 3 years.

The other was setting up a methanol plant for ₹ 250 crore. The decision to award the contract to an international company was without any controversy. We had taken the wise decision to appoint as technical consultant one of the well-known engineering consultancy company, a Government of India PSU. Based on their advice which emerged after continuing consultation with our engineers, a presentation was made jointly by them and our engineers to our Board. After this the selection and award of the work of setting up this ₹ 250 crore plant was accepted by all, both outside and within the company. A number of very reputed companies, all multinationals, had participated. At the beginning of the process the top representative of one of the companies met me and asked whether they could bid and whether they would be treated fairly. Though I said yes immediately, I was puzzled at this question. I later learnt that this party had used legal means to allege wrongdoing in the award of the work for the setting up of our new ammonia plant more than a decade back. They were treated just like the others and judged on merits. As it happened the tender was awarded to them subsequently. (This plant was to be commissioned in 30 months and we would have done it with a couple of months to spare. Today six years later it is reported to be close to commissioning.)

This process demonstrated how engineering rigour, ethics and transparency can bring about trusted decisions. If we had followed a similar exercise in the SSNNL, there would have been no issue about the award of the tender for supply and erection of pumps which led to my ouster from there. While taking a big decision in the government it is better to get a trusted and credible outside advisor as ally whose opinion would carry independent weight as happened here. One lives and learns. But such advice

should only be sought in specialized fields. The core functions of the management should not be outsourced to any consultants. In none of the companies which I headed was any consultant appointed to advise the management on a revival strategy. That is for the CEO to design and implement. But many companies appoint such consultants. This is an admission that the CEO cannot on his own think of a strategy. It is also a waste of money as most such reports merely spell out what they have learned from the views of the officers of the organizations. But the high fee paid to them convinces the recipient that what he is getting must be valuable. Anything which costs so much must be good, surely!

But I must record at this stage that there was no interference or even enquiry from the State Government during the process of the award of the methanol tender. It was a big order but maybe those at the top knew from their own sources that the process was conducted with clean hands. None of the unsuccessful bidders complained.

That illustrates the undoubted truth that it is not political interference in the organization that results in wrongdoing there but the perception of wrongdoing and weaknesses in the organization which results in political interference. Political interference is not the cause but the result of a perception of ethical weakness in the organization. I never faced political interference in any of my assignments. The politician could post me to a job and post me out of it. Between these two events, no matter how short or long, I did what I felt was best. There is no political interference in India unless the person concerned is willing to defer to it. People defer to it because either they fear the consequences of not doing so or anticipate the benefits of doing so or a combination of the two.

The GSFC saw itself as an enabler and partner to the farmers in their activities. We did not stop with providing them with fertilizers. They were also given other inputs like seeds including banana seedlings. But we felt the need to supply more such inputs to the farmers to back up our claim that it was not products we were selling to them but productivity. How to increase the farmer's productivity? We first decided to increase the supply of banana seedlings which were produced from tissue culture. This went up from 2 lakh an year to 25 lakh during my time. We tied up with Punjab farmers to supply high quality potato suckers (seeds) to farmer here. We decided to produce new bio inputs for the farmer. At this stage we realized that it was essential to recruit someone to head our biotech effort. We were lucky in getting just such a person, Dr MC Sharma. He joined us in May 2005. He had a scientist's passion for trying out new products and during the next year and half almost

a dozen new products were introduced in the field and enthusiastically accepted by the farmer. These were to be added to the soil or applied as foliar spray to increase productivity. Among these was Sardaramin which has proved very popular. Many other products were developed which showed promise in the field. We were talking to some European, mainly German, companies to invest in some advanced biotech projects. Had I remained, it is these projects we would have brought to India and made GSFC a pioneer in this field. But after I left this area was neglected and Dr Sharma was let go after his three year term got over. So many possible futures were aborted.

Another project was suggested to me by the Chief Minister. An entrepreneur in Nagpur had developed a plant to convert plastic waste into diesel. During a visit there the Chief Minister had come to know of it or possibly even visited it. He suggested we should incubate and commercialize this technology which would take care of plastic waste. I visited this entrepreneur and saw the plant and thought it looked promising. But during the coming weeks the discussions with this person kept dragging on without conclusion. We then trawled the net and saw there were good plants from Japan and Taiwan for around ₹ 1 crore which were guaranteed to take care of a medium-sized town's plastic waste. Before I could move further on this I left. But looking at the amount of plastic waste one sees everywhere I wonder why this technology is not used extensively which would pay for itself.

In brief, this was how the GSFC was turned around. The ethical transformation of the company has already been described. It is time to look at the results of these efforts in a form that the hard headed business analyst too will understand. But the results are the practical manifestation of the ethical revival which had already happened, like a scoreboard displaying a famous victory.

The reader would recall that the loss for the three years up to 2003 was ₹ 680 crore of which the loss for the year 2002-2003 alone was ₹ 392 crore. For the first year of revival, 2003-2004, we made a profit of ₹ 42 crore before tax. The next year, 2004-2005, the profit before tax came to ₹ 252 crore. The year after that for 2005-2006, the profit climbed to ₹ 437 crore. So for the three years spanning 2003-2004 to 2005-2006, the profit before tax came to ₹ 732 crore. For these three years compared to the earlier three years the swing was more than ₹ 1,400 crore towards profit.

The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) which was ₹ 100 crore in 2002-2003 went up to ₹ 329 crore in 2004-2005, to ₹ 501 crore in 2004-2005, and to ₹ 661 crore in 2005-2006.

The EBITDA to sales ratio went up from 5.4% in 2002-2003 to 15.6%, 19.2% and to 23.4% in 2003-2004, 2004-2005, and 2005-2006 respectively.

The earnings per share increased from a minus ₹ 49.02 in 2002-2003 to ₹ 36.85 in 2005-2006. The share price which was ₹ 17 in May 2003, the day I joined, went up to ₹ 251 in May 2006, though it came down to ₹ 210 when I left in November 2006. Perhaps the market was factoring in the reports of the gathering storm around me. Someone told me the price would have been much higher if there was an assurance that I would stay on as long as my performance justified it. Our PE ratio was about 6 at its peak. Companies with an assurance of management continuity have ratios of 10 or more. The market has many informants within the government. They knew my days were numbered. With a continuity of my result-oriented management, the price today should have been ₹ 1,500.

The CDR required the GSFC to repay its total debt of ₹ 880 crore in 10 years, that is, up to 2013. In September 2005 looking to the company performance we felt this could be speeded up. We approached the CDR cell in IDBI again this time with a proposal for prepayment. The CDR cell agreed to this with a small prepayment penalty of ₹ 50 lakh. By February 2006, that is in a period of 2 years and 6 months from the CDR, the entire amount of ₹ 880 crore was paid back far ahead of schedule and we became debt free except for the working capital. The Gujarat Government scheme of Sales Tax deferment had been availed of from 2003-2004. This allowed the company not to pay the Sales Tax collected every year for up to five years and to hold on to it for a further period of five years without interest. It was to be paid back in 5 yearly instalments beginning the 6th year. The Sales Tax collected was ₹ 45 crore a year. Instead of 5 years we used this scheme only for 2 years and during 2005-2006, paid back approximately ₹ 90 crore collected during the first two years and we requested the government to discontinue it thereafter though we were entitled to take its benefit for up to five years. So the total prepayment of loans up to 2005-2006 amounted to ₹ 971 crore. There was no cash inflow into the company from the State Government or from the banks. The cash generated was entirely through its profitable operations.

How did we compare with our peers? The Tata Chemicals share price during the same period increased from ₹ 68 to ₹ 275, approximately 4 times; Coromandel from ₹ 62 to ₹ 114, approximately doubled; RCF, a Central Government PSU, from ₹ 22 to ₹ 72, approximately 3 times; against the GSFC which went up from ₹ 17 to ₹ 251, 14 times. Our EBITDA to sales ratio went up to 23.4 % against Tata Chemicals 19%, and 11% and 10% for Coromandel and RCF respectively. GSFC EBITDA was more than Tata

Chemicals which had a higher turnover. Our return on capital employed, ROCE, went up from -9.8% to +20.3% in 2005-06; the ROCE for Tata Chemicals for 2005-06 was 14%, for Coromandel 15% and RCF 13%.

These numbers represented what was perhaps the finest turnaround in Indian corporate history, perhaps unique in the world. At the end of the first year, the GSFC Board had complimented me on a “turnaround which could not even be imagined”. The blistering pace of the first year was kept up in the second and third year. But turning around GSFC was easier than reviving the GACL. If one was like a blitzkrieg, the other was trench warfare; in one the goal was a speedy victory, in the other it was only to survive day-to-day. But unlike in warfare there was no collateral damage in our victories. Everybody gained, no one suffered. There was no allegation of any wrongdoing, financial or otherwise.

The GSFC revival was the result of its own efforts. All its products were sold in the open market at prevailing market prices. The government sector was not a buyer of any of our products. The Government of India companies did supply us gas but this as narrated was the result of management initiatives which risked government displeasure. The gas prices were fixed on international parity basis and were without any subsidy. Everything else we purchased from the market. Competition was from both other government-owned companies and the private sector. There was no cross subsidy in the GSFC revival. Government subsidy for fertilizer production had to be passed on to the Indian farmer and was given to all companies. The other fertilizer companies showed normal performance during this period so it was not a sudden surge of fertilizer profits which lifted us up.

There was no cash inflow into the company either from the government or from any source other than from market receivables. The sales tax deferment scheme of the Gujarat Government enabled the company to hold on to ₹ 45 crore of collected sales tax a year for five years. We chose not to hold it for five years but paid back after only two years. This ₹ 90 crore was repaid back at the beginning of the third year. In our very first year the company had a profit of ₹ 42 crore. This along with a depreciation of ₹ 120 crore gave cash profit of more than ₹ 150 crore making the sales tax deferment unnecessary for cash flow. What this deferment gave us was the interest on this amount for two years which is about ₹ 11 crore. If we had not received it our profit for the three years instead of ₹ 730 crore would have been ₹ 719 crore. This is being made clear as an impression was sought to be created that it was the financial help from the State Government which helped the company to turnaround.

Some assert that it was because of the CDR that the company revived. This is a wrong reading. The CDR did not provide a single rupee inflow to the company. The CDR was recognition of how bad the company situation was and the need to lighten the burden sufficiently so that the bank dues could be paid back. A banker is not directly interested in how well or badly the company is doing. His primary concern is that the bank funds should be paid back. The terms of the CDR were justified by the dire condition of the company. The top bankers of the CDR were surprised how well the company bounced back and paid the bank dues far ahead of schedule. Many CDRs are given but it is rare that a GSFC like revival takes place. In fact the bankers told me that the CDR was given because of the faith they had in me personally. If instead of the CDR, a simple reshedulement for two years had been given, our cumulative profit for the three years would have down by about ₹ 40 crore. Instead of ₹ 730 crore it would have been ₹ 690 crore.

Of course no company can function without the support of the government, both the State Government as the majority shareholder and the Government of India as the administrative ministry we mainly dealt with. We received this in full measure. But it is likely that the same level of support was extended even when the company was suffering heavy losses earlier. The crucial turnaround input was the ethical and autonomous direction seeking we practised. The realization that it was ethical management that had wrought this miracle embarrassed the ownership of the company. But to the credit of the government it must be said that their interference was minimal though their unhappiness was manifest.

The company revived because of the extraordinary skill and efforts of the company employees and officers. Others like the bankers and other our business associates, in pursuit of their own objectives, contributed positively. But they would not have supported us if we had not performed creditably through our own efforts. Except the big strategic decisions already spelt out where I personally took the helm, every single step we took was proposed and implemented by our officers and employees. And what was my contribution? I created conditions which brought out the best within each employee in an ethical environment. The CEO's leadership role is entirely different from every other function in the organization. His job is to make every employee successful in what he or she is doing and align his or her efforts to the company's goals. That is why successful leadership is so valued in every society throughout history. Before I came the same team had been unable to produce such efforts and results. The inspiring battle is won and the field commander is successful because his officers and troops fight with reckless courage. But they fight well because of his leadership. I take full ownership of

the leadership role I played. It is the best known achievement of my life. GSFC was the highest peak I climbed though GACL was the more difficult and the Sardar Sarovar revival more important historically. This does not deny the other members of my team of their respective place on that imagined podium where recognition, praise, and applause are being showered by the grateful owners of the company on the team leader and the entire team. But this stage is a construct of the imagination. Such a scene was never staged in real life. Nothing like this ever happened. The stage, the applause and the honours can only be imagined. The owner of this company reneged on its promise to reward and honour me, a promise that is deemed and implied in every decent society. Sardar Sarovar, GACL, GSFC revivals and later the drip irrigation success were major milestones in the State's development. No other officer had come close. Yet the State reneged.

The Financial Times of London recently published a ranking for the CEOs in UK based the value they deliver to the shareholders. The increase in share value of the company during the CEO's tenure divided by his total compensation is the measure by which the CEOs are ranked. For the biggest hundred companies, the average was 339, for the biggest 250 companies it was lower at 120. The highest score for any CEO was 3,631, that is, for one pound paid to him he created 3,631 pounds of additional share market value for the shareholders. With the share price of GSFC increasing by ₹ 200 during my time, the value of the company increased by ₹ 1,600 crore for its 8 crore shares. My total salary for the three and half years in GSFC was ₹ 20 lakh. My score would be 8,000 which is higher than the best in FT rankings. For these years I was perhaps the most cost effective CEO in the world.



## *Chapter 19*

# Gujarat Narmada Valley Fertilizers & Chemicals Ltd and Gujarat Green Revolution Company Ltd (July 2004 to November 2006)

The GNFC was improved and the GGRC meticulously launched the drip irrigation programme. I quit the IAS.

In July 2004, the government requested me to hold additional charge of the Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC). The GNFC was a profit making company but there was a perception that it needed a dose of energetic management. A serious accident had taken place sometime in early 2004 and as a result an entire plant was gutted with some casualties. It was felt that the company was slipping in many ways including ethically and could become distressed like GACL and GSFC a few years later if corrective steps were not taken.

I spent two days a week in GNFC which, being at Bharuch, was around 90 minutes by road from GSFC. Technically the company was sound and I felt the calibre of its senior officers was better than the GSFC to begin with though later on GSFC surpassed them. Apart from the rebuilding of the destroyed plant which was being quickly completed, there were no major technical issues in the complex. The plants were commissioned in the late eighties so they were of a newer vintage than the GSFC. They were also more efficient. But there was a tentative quality, a kind of softness, in the day-to-day management. Just tightening up these would squeeze out some good juicy improvements, I felt.

A daily monitoring system similar to the GSFC was put in place. On days, when I was at GSFC this was done by a video-conference through screens where our officers appeared in shapes suggesting a faint resemblance to their real selves, though the quality of the transmission improved later. GNFC had an elaborate system of ERP which was installed by a reputed

foreign company for over ₹ 6 crore. It turned out to be a sleeping beauty that never woke up. We recreated the skeleton arrangement as prevailing in GSFC at a cost of a few man days and managed with that. But I often wondered why this dud system had been purchased.

On the technical side, the quality of the officers was superb and so were the finance personnel. Labour Union was disciplined compared to the GSFC and I had no problem with them after the initial warming up. But there was a problem in the marketing, not in the quality of its officers, which was high, but in the kind of decisions that had been taken, no doubt under pressure, decisions which I had to undo. It was as painful as taking out an ingrown toenail but turned out to be far more hazardous.

Let me explain about the Union first. A delegation of them paid a courtesy call on me after I took charge. But in the subsequent days they continued wanting to meet me on various issues. When I asked the other senior officers about this, I learnt that they too were being regularly visited by the Union office bearers since long on a practically a daily basis. As the GNFC employees were well-paid and looked after, there was no justification for this. All the senior officers sat on the third floor so we posted security to ensure that no one came to this floor without an appointment. Fortunately, the Union leaders accepted this and there were excellent relations with them afterwards. The other officers thanked me for this which allowed them to work in peace and concentration. I have noticed that wherever there are assertive Union activities the likelihood is of a weak or compromised management. If the CEO makes himself available to hear Union grievances there will be no end to it and the authority of the officers down the line, who are supposed to deal with this, gets weakened. But a CEO who is ethically defensive would always be willing to meet the Union.

To come back to marketing, there were arrangements here which were clearly not in the company's interest. Definitely, our products must remain competitive in the market at all times. This primarily meant the price should be competitive to the market. It should neither be higher nor lower. As most of our products were internationally traded the relevant price was the price at which the product could be imported and sold to our customers. This was fairly easy to calculate taking the international price which could be obtained from online subscribed publications plus local transport, handling, etc. In addition to this a customer will pay a slightly higher rate for an Indian supplier for assured supply provided the quality is acceptable. But while scrutinizing the prices at which we sold our products it was seen that we were selling at a lower price to big customers. This was corrected and a transparent system of

pricing with absolute guarantees of supply was put in place. The corrections while significant were not major. These were accepted by all our customers and these added to the company margins. But in the case of one customer the reaction was quite different.

This customer was a giant petrochemical group which bought our acetic acid in huge quantities of around 50,000 tonnes annually, accounting for about 50% of our production. The price of this product had spiked around the time I joined and had gone up to around ₹ 36,000 per tonne. But we were selling to them at around ₹ 19,000 per tonne. The marketing wing told me that our price with this group was governed by an agreement based on the production cost and not market price. There was no choice but to accept this situation for the time being and try to wriggle out of the agreement if possible, I thought. I asked for a copy of the agreement just to see what was possible.

It took me three attempts before they could 'locate' the file. The marketing head then sheepishly told me the agreement was no longer valid as it had lapsed a year back. It was clear to me why such a long time was needed to locate the file. A reading of the agreement confirmed that it had indeed lapsed a year back. The marketing head may not have been at fault and was perhaps pressurized before my coming. We were now free to fix any suitable price. A suitable price was not a matter of discretion but one of matching the market price. It was up to me. I thought over this matter for a couple of seconds and saw that the only suitable price was the present market price of ₹ 36,000 per tonne. The party was informed that from the first of next month, probably 1st September, 2004 all deliveries would be at the new price. At this price the GNFC would gain by ₹ 85 crore annually on this single decision. If the price went down we were prepared for that. But in my mind the gain or loss was secondary. In an open market situation no company ought to sell its product at a price based on production cost. It denotes a subordinate relationship with all the cost data having to be shared with the buyer to whom one is tied.

Holding on to this decision was like staying seated on a horse that has suddenly panicked. The party informed us that the price increase was not justified and asked us to roll back. We held firm that a market price with some attractive quantity discounts could prevail. A cat and mouse game began. For a few days, they would stop purchasing the material. Our finished product tanks would begin to fill up, but at the same time their raw material stock was going down. The lifting would then begin but in the meantime we were on edge. Then there were market rumours that the party was trying to find alternate global sources for this product. My guess is that they were

finding it difficult to get material at the market rates. The supply position of this material was also tight globally. Perhaps, the party would put up its own acetic acid plant, somebody suggested. This too was a part of their disinformation campaign. But that would be a pointless gesture as it would take time. These were nerve racking days. But we never had to reduce our production which continued to be at full capacity.

After a fortnight one of their directors spoke to me. He said he had come to Gandhinagar and met people here. He said he had met the Chief Minister too. Why don't we meet to sort out the issue of acetic acid pricing so that our relationship continued. All this was said in a friendly relaxed manner. When you have great strength where is the need to threaten and bluster? But he had unwittingly conceded that the Chief Minister would not intervene.

We met the next week. As the agreement to supply at cost basis had lapsed, we were on strong grounds legally. But if business relationship is to be maintained legality should never be pushed forward. I said we were determined to maintain the relationship and thanked him for supporting our acetic acid production all these years. As at that time I was also in the GSFC so I pointed out that GSFC was buying raw material there from them in quantities whose value was many times the acetic supply to them from GNFC. But there every month the price was fixed looking to the latest equivalent international price. What was done in GNFC was the exactly similar. We parted with an agreement that they would send a team to meet us where the issue would be discussed threadbare and a satisfactory arrangement worked out.

The team duly arrived headed by their purchase head, a key position in their organization. I told them the whole day including lunch was kept free for them. They could not seriously ask for restoration of the status quo ante. The agreement had lapsed before I took over. I used the usual arguments. We in the GSFC were buying material from them on international parity price. All our raw materials too came to us on this basis. The same should be acceptable in the case of acetic acid in GNFC too. And then we said that the product they made from our raw material was being sold by them at the international price. So what was the justification in asking for a cost-based price from us for the raw material? Every time their purchase head tentatively suggested any reasonable arrangement, I immediately agreed. He expected me like a good bureaucrat to be evasive to any proposal from this most powerful business group but was pushed off balance by my immediate responses. With good humour I suggested he would not be allowed to leave

my room till we had signed an agreement as we seemed to agree on everything. Then he tacitly admitted that he had no authority to sign. I noticed he had not even sought directions from his superiors during the discussions. It was clear that he was not authorized to sign or even discuss any agreement. But he did compliment me saying that I had won the argument hands down and that he had not ever faced a tougher opponent. This came from a person who negotiated with the biggest in the world. We shook hands cordially and then he with his team left in the evening to catch the flight home to Mumbai. They could now say they had tried to negotiate with us but failed.

After that the opposition from their side gradually softened. This was probably because they received no overt support from the government. We gave them a good quantity based discount on the market price and the supply continued. The supply relationship was restored though without any formal agreement. I had showed as strong a devotion to my company as they so demonstratively show to theirs for which they are appreciated, applauded and financially rewarded handsomely. It had been a high stake game of nerves which benefited the GNFC but I had stood alone. If it had gone wrong and they had managed to find alternative supply sources then I would have had a devastating loss of face and would have been blamed for a foolish misadventure which lost a State company an important and irreplaceable client. But there was no cheering at our success. Heads you do not gain, but tails you lose. The public interest is an orphan. But I had taken on one of the masters of the universe and out-manoeuvred them.

There was another small episode, a sideshow to the main event. It appeared that there was a dealer sandwiched between GNFC and this company for the supply of the acetic acid. This dealer was being paid ₹ 100 per tonne which worked out to ₹ 50 lakh for 50,000 tonnes supply annually. The dealer was rendering no useful service. My view was that a dealer was necessary only for small buyers to handle the credit risk whereas in this case there was no credit risk. The dealership for this supply was an unnecessary expense. Consequently we terminated this dealership after which the supply was directly made. The name of one of the partners of this family concern was similar to that of our Minister. Perhaps it was a coincidence. Or perhaps not. The Minister was related to the family that controlled the giant company.

During the entire sequence of events there was no questioning of my action from the government. I had a free hand. Nowhere else in the country would this have been allowed. The amount involved was large and we were dealing with a company which had the capability to shift goal posts. Credit

must go to the quality of commercial intelligence of the Gujarat Government leadership. Perhaps, they felt my stand was correct and as I had acted immediately after joining it would have been difficult for anyone to question it. Or it could be because I was not in the 'seeking directions' mode and had not asked for guidance but had gone ahead and done what was required. Maybe the credit I had built up by the GSFC revival at the end of the very first year was enough to insulate me from intervention. Maybe some credit is due to the company for not deploying their full range of arsenal. Though their tackling was strong, they had behaved in a professional and correct manner.

But there was a price to pay, though it was not immediately apparent. Mr Laheri had retired and in his place came another officer as Chief Secretary sometime in May 2005. He was different from Mr Laheri in many ways as was to become apparent in the coming months. Careful and studious, he instinctively distrusted action unless it was padded in sufficient layers of discussion and paper or backed by powerful government authority. He had had an uninspiring tenure as MD, GACL, before I joined there. He looked like a young undergraduate in a liberal arts college but it was only when you got close to him that you realized babies could bite. A person of absolute honesty and proven incompetence! He may have felt that I did not seek his advice on any issue. His hurt should have been assuaged when it became clear that I did not consider it necessary to follow any body's advice for doing something in my power. And GSFC, GNFC and GACL too, were doing extraordinarily well. I had to watch my back and constantly felt his resentment. On the stage whenever he praised the GSFC revival, he said it was entirely because of the help of the State Government and the work of the employees and also some favourable market circumstances. He would not refer to me in any way even though I would be sitting next. I felt like some Soviet leader whose face had been airbrushed out of a group portrait. Very often it is not the dishonest and the unprincipled person one has to be careful about; he respects you. The danger is from the honest, conscientious, risk averse plodder whose hands remained clean only because he was afraid to use them. But on his own he was not capable of harming me, though he got his own back by delivering a Parthian blow the day I left GSFC.

Coming back to the acid issue, though my decision had prevailed, it became clear later my bank of goodwill with the government decision-makers was seriously drawn down by this action. But one should be prepared to spend goodwill in pursuit of unpopular but beneficial actions. That was what goodwill was for and not for hoarding up. The goodwill lost is among the vested interests and is more than made up by the support from the long term stakeholders and the objective citizen observer once they know the facts.

The approach of incremental improvement through day-to-day monitoring in the GNFC gave good results. New projects for cost reduction and efficiency and production improvement in the existing were taken up. We decided that all such projects should be presented for discussion and quick decisions to a group of senior officers. I decided to remain present in these presentations so as to expedite a decision. In all such projects the benefit cost ratio is high. But they do not get off the ground unless there is a push from the top. Many of these were approved and taken up. Most of the approvals were given during the presentation itself and notings taken subsequently. This was to increase transparency. Along with improved marketing and other cost reduction measures the profitability of the company improved. The profit for the year 2004-2005 was ₹ 330 crore against ₹ 184 crore during 2003-2004. The turnover too increased substantially. This was in spite of the burnt out plant coming back to production only in 2005-2006 whereas it had worked for 9 months during 2003-2004.

As MD, GNFC I was also the Chairman of the Narmada Chematur Petrochemicals Limited (NCPL), a subsidiary of GNFC. By similar methods of day-to-day management the company's turnover increased from ₹ 255 crore in 2003-2004 to ₹ 382 crore in 2004-2005. The profit increased from ₹ 19 crore to ₹ 51 crore. An officer from the GNFC was appointed as the MD of this company. In the beginning he was a little apprehensive about taking quick decisions as I urged, worrying about some harassment later. I offered to sign the note on every proposal of his. This was done so that all responsibility of that decision would be mine. The sales increase was because we took quick marketing decisions. Purchase and engineering decisions too were taken speedily so production also increased. This officer was a capable and tough minded engineer so within months the plant was running to full capacity. ₹ 51 crore profit before tax on a turnover of ₹ 382 crore can be termed as good. We were hopeful of improving it in the coming years with plant modifications and debottlenecking.

By this time we were receiving many critical letters from our Administrative Department in the government. One was that we were not replying to government letters. Various complaints against some decision of the company most of which originated before I joined were being sent to us asking for a report. Most of these complaints originate from our employees pseudonymously. Normally the government does not ask for a report on such routine complaints but directs us to dispose of it. This is the correct course of action as the subject does not pertain to the government. Yet we were being asked to send reports on these. And soon with increasing stridency it was being said that government letters were not being replied to, the gravest

offence imaginable! When the company is managed by a Board with government officers as Directors and some Independent Directors too and is showing marked improvement in working it was odd that the department was asking for reports on such routine letters on matters which were entirely within the competence of the company management. Prior to my joining such reports were not asked for. I asked the government department officers about this sudden avalanche of government letters. They informally told me that these were mainly originating from the office of the Minister.

The other complaint from the same direction was that the GNFC was not doing enough to build check dams as a part of the State Government's drive to create water storage in the countryside. I took the stand that building check dams was not a core activity of the company. We had done a few and were prepared to financially support the programme as per government policy in this matter but could not deploy our staff in the field beyond a limited contingent. Our staff was required for the company work. The expectation was for constructing more such dams in a district which was the Minister's constituency.

The work of the Narmada Chematur came in for an intense investigative scrutiny from the Minister's office. When I joined large stocks had accumulated of our finished products which were lying unsold as they could not be marketed within the country. This was the situation that had developed. My policy has always been to keep low finished products stock. High stocks may justify some unnecessary price cut to a favoured few dealers who offer to lift a big quantity. This tactic is not unknown in PSUs. We successfully exported a large quantity after which the stocks positions came down. This reduced the pressure on us for lowering the domestic price. The export realization was at a rate marginally higher than the domestic realization for the same period. Normally it was acceptable to export at a lower price to relieve the pressure on the domestic market if the price realization gives a positive contribution. If the material was not exported the company would have had to sell all the material within the country at a sharply reduced price giving a windfall profit to the trade.

A letter was received from the department enclosing a note of the Minister casting serious suspicions on this step taken in the company's interest. The Minister's note stated that he had been receiving lots of complaints from "clients dealers and staff members" (whose identity was not revealed) against the MD, NCPL and directed that an enquiry should be initiated against the him for causing a loss to the company in the above deal. For this enquiry a committee of one retired IAS officer, one chartered Accountant and an officer of the government should be formed etc.



I replied to the government citing the above clear facts and stating that no enquiry was required as the step was to the benefit of the company. The feeling in the company was that this note was inspired by those who wished to harm the company as would be clear to any intelligent observer. Our major dealer had been trying to reduce our price for this product claiming that he was unable to sell at our prices. Their performance was poor and they had been warned to improve.

No enquiry committee was formed and we did not act on this instruction. Nothing further was heard from the government side. But they were not through yet. The MD was due to retire in July 2005. Sometime in April 2005 there was a instruction issued from the department transferring the MD back to GNFC and posting another officer from the GNFC to hold charge. I replied that posting of the MD, NCPL was entirely the prerogative of the GNFC and not of the government which held no equity in the NCPL. It was also pointed out that as he was to retire in two months there was no point shifting him at this stage. I also said he was a fine officer who had put in commendable work in rebuilding the destroyed plant in the GNFC for which he should be appreciated. I did not act on this instruction either. But when the MD did retire a couple of months afterwards the person behind these moves probably got his own back. Many of his dues were held back reportedly on instructions from the Minister. And they were finally paid to him only after considerable time had elapsed. I could not prevent this as by then I had been transferred out of GNFC. The purpose of this could be to show that you could be harassed even if you were doing a good job and even if you had the support of your organization chief. Remember who the boss is!

All this may make unpleasant reading just as it is unpleasant writing it. But if this was not included an important piece of the picture would be missing. The reader would not understand how difficult change is in the government when vested interests are affected. Working successfully but autonomously in the government stirs up some deep rooted animosities. It is not possible to bring about change so unless one is prepared for a principled conflict and to be abruptly shifted, once the organization has regained its strength. They will never shift you before that! It could be argued that these actions on my part were flouting the instructions of a superior authority. But ours is a government of laws and well-laid out conventions and those instructions which do not have the requisite jurisdiction should never be agreed to. All these moves from the department were diverting the management from its primary task of running an organization. Doubts were being cast on the work of an officer where his own superior had full confidence in him. In fact the superior was the real target. Both the GNFC

and the NCPL were doing exceedingly well and corruption and its agents had been driven out. Those in the government department should have given a free hand to the management to continue its good work. Pseudonymous applications were being treated as grounds for ordering an inquiry by outside persons without any discussion with me, the person to whom the government had entrusted the running of the company. These and other steps were moves to intimidate me as all the decisions which were to be enquired had been approved by me in writing. If I had agreed with any of these moves and not nipped them in the bud, damage would have been done to the organization and the morale would have plummeted. My decisions to block these moves were never challenged which shows that they were amateurish and not well thought out. This hostility was payback to me by the Minister for the acetic acid decision.

I have earlier said that the moves against me were not motivated by any personal vendetta and here too there was none. We had taken effective steps to plug leakages in the working of the company and released long suppressed energies. Other than working successfully for the public interest, there was nothing to explain this hostility. My personal conduct was in the accepted traditions of the civil service of living modestly and within my means. What happened to me would have happened to anyone who had acted in a similar fashion. But such instances were not common as there are not many like me in the government willing to stand up to those more powerful. This is the reason why no real reform can take root in the government. Governments are interested not in performance but in control. Civil servants are happy to oblige. Neither side loses anything material. It is only the common man and the commonwealth who lose. Their voice is silent. Perhaps they do not even realize what they have lost. That is why they keep supporting the same leaders.

In September 2005, 14 months after taking over, the charge of GNFC was abruptly withdrawn from me. This order was not even marked to me and I came to know of it when my office put it up to me. It was somebody's idea of some humorous fun at my expense. Those wielding power enjoy the sight of a good man looking ridiculous. My predecessor became my successor whose successor I was in the GSFC. This is not a word puzzle but a factual description of the events. To what extent the interests of the organization dictated these moves are difficult to understand. Those who ordered these changes may not have sensed the inherent contradictions but such people are irony proof.

The GNFC and NCPL improved because corrective actions were taken the day I joined. This was the expectation of me and I delivered. What was

in the interests of the company was done. I assumed that my own personal interests would be served as a consequence of the company improving. It was not a separate goal to be pursued. If my assumption proved to be incorrect and working for the company interests was harmful to my own then I was willing to sacrifice my interests because then they were not worth pursuing. Too many people would have to be let down. I was not prepared to let down a single person who had reposed his hopes in me.

The profits of the two companies increased by ₹ 178 crore in a single year to ₹ 380 crore resulting in the two companies being richer by a net cash inflow of more than ₹ 400 crore. (These companies have since merged.) New transparent systems of management were introduced and corruption vanished. These systems survived my departure providing a durable framework for transparent decision-making at least to some extent. This is not a bad score card for just over one year effort holding additional charge. Without the necessity of having constantly to watch my back and with a longer stay, the GNFC could have been taken to its peak performance in the coming years. And what I did could show others that, yes, it was possible to stand up to the most intense pressures if one's goal was the public interest. In a report in the *Business Standard* on my departure I was referred to as the 'Turnaround Man of Gujarat'. Perhaps, it was the first time this phrase was used in the media. But it was not coined by the media. This phrase was being used in private conversations once the GSFC turnaround followed the Sardar Sarovar and the GACL revivals. People were seeing an ethical approach succeeding in business. This was a new model. Till now it was thought a wild utopian dream. My willingness to be shifted from my job was an essential part of this model for without it I could be controlled and manipulated and I would not do justice to my job. Willingness to leave the GNFC was a small price to pay for projecting this model to the gaze of a large admiring audience who saw the public interest being served transparently and with new horizons opening up, felt a quickening pulse.

But I was not surprised to have to leave the GNFC as it was clear that serving the public interest and starving the vested interests did not win friends or align influential people to your side. But the sense of standing alone, not for the first time, for the public interest was chastening. The sadness was not for oneself but for the faceless many of our country for whom so few of the elite are willing to stand up and fight against the powerful. It is a terribly immoral state of affairs which has left our nation tainted and stunted.

There was no point speaking truth to power. Those in power knew the truth and did not want to be reminded of it. Their full time effort is to

suppress it and to substitute in its place the Official Truth which is something entirely different—a carefully prepared hallucinatory mix of convenient facts, official intentions and important omissions. It is a comforting but foolish myth that the powerful undergo a Damascene conversion when confronted with the majestic power of truth. They just ignore it. The truth spoken or written does not worry them. They say that they will enquire into it. Alternatively, they may concede that some shortcomings cannot be ruled out in any scheme and that the suggestions would be acted on if found necessary etc, etc. It is when truth is spoken through actions particularly within the field of official functioning, within the enemy camp so to speak, only then do those in power see the real threat. Every time I spoke truth to power this way I faced unpleasant results, once almost undergoing judicial incarceration. But those in power are not the primary audience to whom truth must be spoken. It is to the millions of the powerless that the truth should really be addressed. And they will judge you not by your words but through your actions and their results. The acid test of truth is whether you can convince them. A truth spoken only in words is worthless. Truth must be spoken through actions and words explaining the actions. Actions are the real language of truth. Only then is it digested and believed because people can see it working. At an essential level, truth is that which works. That is why speaking the truth is so difficult. Saying something without any responsibility to demonstrate it is so easy.

The words of Howard Zinn, the US thinker, throw some light on what I am struggling to express—

“If we do act, in however small a way, we don’t have to wait for some grand utopian future. The future is an infinite succession of presents, and to live now as we think human beings should live in defiance of all that is bad around us is itself a marvelous victory.”

Through such day-to-day actions is the truth conveyed and marvellous victories won. Such victories benefit not the few but the many, in fact all those who have a legitimate stake in those victories. And what is the truth we convey? It is this. That there is a better way to move ahead by thinking for ourselves, seeking directions autonomously and winning small victories with every step and working for those who have legitimate expectations of the public servant. These are the truths that existing orthodoxies at times frequently try to dismiss as simplistic and naive, and perhaps even simple minded. These orthodoxies are very often nothing but a cover for self-interest masquerading as elaborate caution, the middle way, consensus and subjugation to an authority, all of which legitimizes the interests of the strong. But these new truths will be accepted only if they are practised and proved

that they can work in that most demanding of fields, an area where it was asserted that it could not work. And what could be more demanding than a pure business organization? If it works in a business organization then truth is heard like a thunderclap and cannot be denied.

Does one's transfer reveal a failure of this approach? A soldier's wound does not indicate that the battle was not worth fighting for. If a soldier is willing to die for his country cannot a civil servant suffer some inconvenience for doing what is right? If a transfer is the result of successfully doing what is right and not because of incompetence or wrongdoing, is it something to be avoided? A transfer is preferable to letting down those who believed in you. The willingness of a person in authority to sacrifice his posting, career and even his employment as the price of his commitment to the organizational interest convinces the stakeholders of the value of the ethical commitment he professes. A professed ethical commitment without a willingness to sacrifice is worthless. Sacrifice is the ultimate test of sincerity. This sets free imprisoned energies and capabilities. This is why none of today's leaders, not only political but also administrative and corporate, inspires trust. They will never willingly leave their chairs unless it is pulled away from under their cold lifeless rear ends.

But the question will be asked is what about the rest of the country. What are described are such minute portions of the country that the experiences here will not even show on the national screen. So how does this experience send any kind of a reassuring message to this vast country? But I am not required to cover the whole country with this. It is something that can be repeated in so many different theatres as long as this autonomous direction seeking is tried out everywhere. We light up lamps as we go along till it is possible that in time the whole land is luminous. But each person can do it in his own area of control even if the rest of the land is dark. Others must create these points of light wherever they can. When our land is bright it will be by such numberless luminosities and never by a central switch.

The cry of change the system is sometimes heard. In a dictatorship the system can be changed only by a revolution or armed insurrection. But India is not a dictatorship but a democracy with laws. Still the systems have become so entrenched and well-established that it is not possible for any citizen or a group of citizens to change the system. But the system is not monolithic nor is it a single entity. There are hundreds and thousands of such systems in the country. Every institution is a system. Even so an outsider cannot change any of these systems though he can get it to deliver favourable decisions to himself in specific cases. Most institutions are protected by a thick carapace of

indifference and insensitivity too difficult to be breached from outside. But a system can be changed from within by the head of the organization. What you are in charge of you can change for the good. For this the entire system of governance does not need to be changed. There are persons who sitting in the government say that they can do little except follow the present way of working “unless the system is changed”. This is not correct.

What I was doing was changing the system wherever I went. For a grown up person patriotism can only be expressed through one’s vocation and not by symbolic gestures, songs on stage, march-pasts and speeches on public occasions. If one is patriotic then my advice is to show it by working to the highest standards possible in the principal vocation you have chosen so that the maximum benefits flow to the persons entitled. I was a patriot and that is what I was doing. I was not a revolutionary on the streets bent on toppling the government. But in all my assignments the work was reorganized or to use a modern management term, re-engineered, from the bottom up so as to make the organization respond to its stake holder’s expectations. All predators were kept out. Not bureaucratic rules but commonsense solutions were applied. The human resource or to use a better term, the human worth, was treated as the most vital raw material. Nobody in the government was able to stop me while I was in the organization. No matter how upset the traditional hands were with me in the rest of the government they could not stop me because everyone knew of the success we were achieving with high standards of integrity. The window of opportunity was open for a while and I took it. It would close in due course once the organization improved. But till then the revitalization of the organization, to respond to real human expectations, can proceed. The system can be changed from within, institution by institution, with only the present powers and no specific sanction is needed. This is the way to go. So to those among the higher civil service or top corporate leaders who say that the system needs to be changed, my answer is that please do it and start immediately. Don’t look at anybody else. You do not need anyone’s permission to use your powers to change how your organization works. The obstacles are our own fears of walking alone. I have been doing it all my life. Nothing stops others in my position from acting similarly. But if the chains holding you back are self-imposed, please do not whine.

I am saying all this little loudly so as to startle those who sit complacently, smirking at the risk taking exertions of others. It is certainly not boasting. What is there for me to boast of? Fame, fortune and friends have passed me by and my professional life was a series of jolting disruptions. But the public interest was served and this is why what I narrate is important.

Coming back to the GSFC, we undertook three small works within the complex. These were not chemical plants or engineering projects but something entirely else. They provided a space for calm and harmony for those who worked for the company.

The first was a musical fountain which was built in the main shopping centre of our campus. There were around 600 families staying in the residential colony adjacent to the plant. Many of them visited the shopping centre and there was a good number there every day particularly in the evening. The shops were built around a central lawn and garden. In the centre of this a musical fountain was set-up. This fountain able to create an amazing number of water fountain designs set to a musical score and slicing multi-coloured lights. The water rose to different heights, swayed and weaved and created some extraordinary shapes and light patterns. Combined with the music and varying lights of many hues it was a spectacle which kept people enthralled for long. Children danced around it watched fondly by their parents. People from nearby villages too came to see it and it increased the sales of the shops there too. Many sat there in totally engrossed and mesmerized by the psychedelic dance of sound, light and water. This had two benefits. First, their minds were refreshed after a tense high pressure day at the plant. Second and equally important, they felt they were working for a company which cared for them and their families.

The second was the conversion of an eyesore into a scenic spot of serenity and beauty. An area near our giant sulphuric acid plant was the kind of place every chemical plant has, the arm pit of the complex, the unacceptable face of the chemical industry. There was chemical waste and rubble of a demolished plant lying around and one had to walk carefully for fear of stumbling and getting impaled on old reinforcement sticking out. It had no right to be within our complex. Just walking through it scorched one's soul. It had to look different. We commissioned a reputed landscape architect, Shri Teotia, to construct a pond with sloping lawns around it. This was done over a period of four months and what finally took shape transformed the entire area. The kidney shaped pond, with a fountain and water misting device inside, was flanked by earthen mounds on which a luxurious grass cover had grown. A flowering garden was created and a curved bridge spanned across the sparkling, limpid waters through which one saw the swimming fish and water plants. Water lilies covered the pond and about a dozen graceful white swans paddled on the water surface. Huge rocks stood like sentinels over this green earth. A meditation hut was built by the side where one could sit in silence. In the evening with shadows lengthening and the waters and the swans aflame with the gold of the setting

sun, it looked like a still painting of extravagant colours. During the working hours it was an oasis of calm and purity which recalled to us things we had known as children and long forgotten. Many employees retired to this cool green spot during the working hours and came back refreshed with their sense of purpose strengthened.

The third project was borne out of feeling of concern for those who were at best peripheral to our corporate vision. Nobody noticed these people but it was they who linked us to the world outside daily. Travelling long distances over the country's highways, they brought us our raw materials and took out our finished products. Without them our plant would have ground to a halt in a few days. I am talking about the truck drivers and their helpers who drove in and drove out about 250 trucks every day to the plant. I saw them at times, the grime and exhaustion of the thousands of kilometres clearly stamped on their haggard faces. By an act of empathy I put myself in their place. What was it that I would want most as I entered the impressive gates and the cool, foliage covered campus of GSFC after a long journey? I would want a clean toilet, bath; a place to rest the travel numbed limbs and, so refreshed, to continue my return journey after some food and snacks. We did not take their views. A human being is capable of knowing what another wants without filling in a questionnaire. A Rest and Refreshment centre was created. It had excellent toilets with luxury class fitting and good design (we engaged one of Vadodara's top architects to design the centre), clean shower arrangements, a hall with raised concrete slabs for a brief nap, and a good canteen serving snacks. The material used was top class. When completed, we had an aesthetic centre with a calm and restful look that could have been used in a brochure for tourism, and it was located on the route of the material receipt and loading in the plant. The truck drivers were quietly grateful for this. But GSFC too gained by it. We got better service from the truck drivers. And across the length and breadth of India, perhaps they would talk about a company called GSFC which, unpetitioned, had created a wayside shelter for them. Here was another group of people whose self worth was raised and capabilities enhanced. Another lamp had been lit and the land made brighter by an infinitesimal amount.

There was one other assignment for me before I left Gujarat which emerged out of my role in the GSFC. This was the drip irrigation work which the State Government asked the GSFC to implement.

It originated in a chance discussion I had with some of our officers about the benefits of drip irrigation. I had read about it somewhere and wanted to know how it was being implemented in Gujarat. It appeared to have been



introduced in Gujarat through the Agriculture Department but had been implemented in a manner that had raised suspicions of rampant malpractices. The achievements claimed were grossly in excess of the real work done in the field with the intention of claiming subsidy for which departmental and even criminal cases appeared to have been filed as a punitive steps. This was similar to the handloom experience. But drip irrigation was an excellent technology especially for a water stressed area like Gujarat. Many advanced Gujarat farmers had implemented drip irrigation on their land on their own without seeking any government help. I talked to Mr Laheri, our Chairman and the State Chief Secretary, that this was a programme which had become mired in wrongdoing and if it was handed over to the GSFC I would make an effort to implement it effectively so as to maximize the benefits to the Gujarat farmers. Agreeing with me he said he would talk to the Chief Minister. Within a few days, he told me the Chief Minister was keen on it. Soon after that Chief Minister called me and asked me about drip irrigation for Gujarat. I explained the benefits of this technology to the farmers and said how there could be a second green revolution through this technology if properly implemented. I said that as GSFC had its marketing depots all over Gujarat and as we had a subsidiary company, the Gujarat Agriproducts Corporation Limited, we could use our manpower to provide this technology in a transparent and effective manner to the agriculturists. He had already made up his mind. We should start immediately, he said and urged me forward. He did not ask for a note or desired to form any study group to prepare and submit a report which would then be examined by a committee of experts for a decision at the appropriate level, after financial approval etc, etc. He just asked me to start. He implied that the work would be transferred to the GSFC from the Agriculture Department.

Next week was the Vibrant Gujarat Celebrations which were held on a grand scale near Ahmedabad. I was told to remain present as the Chief Minister would make an important announcement. At the concluding session, he spoke on the need to increase the productivity of our farmers and the use of modern techniques. Drip irrigation was ideally suited to the needs of Gujarat agriculture and the government had decided to implement it through a new company to be formed for this purpose. This company would be named Gujarat Green Revolution Company Limited (GGRCL). He had obviously not forgotten my remark about a second green revolution. After descending from the stage he told me that it was now up to me as he had staked his prestige on the success of this new venture. He wished me success in my efforts. All this was said in a pleasant light-hearted way but he was telling me that it had better succeed.

Chief Minister had announced the programme and now I had to create an organizational structure and make it happen. Chief Minister did not advise me on how it should be implemented and I did not try to involve the State Government officers to guide us in this. A traditional bureaucrat would have tried to involve a large number of people from other government departments in its implementation so as to claim, in case of failure, that we had consulted everyone. As we did not intend to fail we consulted no one outside the GSFC. We thought for ourselves, seeking directions in the autonomous mode.

We were starting from scratch as the GSFC had no experience in this work. This was in the nature of agricultural extension to introduce a different technology. The technology was not really new but delivery mechanism had to be new. The earlier effort had been done so badly that none of the old arrangements could be used. They were compromised by venality and failure and had to be junked entirely. We had to design and build the delivery mechanism ourselves from first principles, or as we used to say in IIT, start from fundas. The fact that we had no experience was perhaps not a bad thing at all. Most of what is called experience in the government is of failure and makes it appear that things are very complicated whereas in practice they are not. My understanding in the government told me that anyone who has the label of an expert pinned on should be carefully vetted. The reasons why they need to make it look complicated are many. The main one is to lower expectations so that any result is seen as an achievement. Accountability is neatly sidestepped.

We asked ourselves some questions. What were we trying to do? Was our job to disburse subsidy? If we saw this as our role then we would be no different from the arrangement which prevailed till now. We decided to have a system where there would be no disbursement of subsidy at all to the beneficiary as this is what had caused the past malpractices. Were we to act as agents for the drip irrigation suppliers? Definitely not. Our true role was to act as an agent for the farmers. The aim of the programme was not even to install drip irrigation system in the farmers fields. The real aim of the programme was to increase the productivity of the farmer. It was not products or a new technology we were trying to sell but it was increased productivity that we were trying to bring to the farmer and to his farm. Once the goal was defined thus the rest followed.

It is an axiom in design that form follows function. Once our real aim was made clear this way, then everything else fell into place. The shape and structure of the organization and its functioning logically presented itself as we moved forward and took day-to-day decisions.

But there was a nasty bump on the way which was an indication of things to come. As the Chief Minister had announced the formation of Gujarat Green Revolution Corporation Limited (GGRCL), we decided to convert the existing Gujarat Agriproducts Corporation, of which I was the Chairman, into this new entity and wrote to the concerned regulatory authorities for a change in the name. As our General Manager (Marketing) in GSFC Mr MB Joshi had recently retired, I decided to appoint him as the MD of this new body. He was a seasoned officer who had a good grasp of the farming practices in the State and knew many farmers personally. I wrote to the government informing them of this as it was in my powers and also as the Chief Minister had asked me to do everything to make the programme successful. A few days later I received a letter from the State Government stating that the Chief Secretary would be the Chairman of the GGRCL and I would be its MD. I informed the government that this arrangement would not be suitable for me and a different MD should be identified. I would not play any executive role in the implementation of the drip irrigation programme and would be happy to function as a non-executive director of this body. It was most unlikely that anybody else in the government was prepared to take up this assignment. My assessment proved right. Within a few days the government informed me that my original proposal had been accepted and the earlier instructions withdrawn. This could have been avoided if the person who took this ill judged decision had consulted me before issuing this the first letter. This was sometime in April 2005. I was definitely not winning friends and influencing people by my behaviour. But the public interest was being robustly served. The inverse linkage between these two trends was all too clear.

The government announced a 50% subsidy for the scheme. It then issued a detailed government order, which we in the GSFC had helped draft, laying down the modalities of the scheme implementation.

The system that was finally put in place was one where the farmer, after making the initial application which our officers helped him to fill, did not have to run to any office to follow up and grease palms and face harassment. We listed out seven approved drip irrigation suppliers based on their record elsewhere and size of operations. Among them were Netafim, the Israeli company and Jain Irrigation of Jalgaon. These companies were encouraged to explain their systems to the farmers and their leaders. The farmer had to take three decisions. First, the area he wanted under drip cover, second the drip supplier he wished to get his work from and finally whether he wished to take a loan for the non-subsidy portion. Once he indicated these in his application form then all the running was done by the GGRCL till such time as the drip

system was installed in his field. The on site design of the drip, once the farmer had selected his drip supplier, was decided in consultation between the farmer and the drip supplier him as per his crop and field requirements. Of course, he took an active interest in the whole process but the GGRCL was his agent. There were no self-appointed agents taking their cut and contaminating the process.

There was a reason why the farmer had to be kept free from having to actively follow up his application. The obvious one was that he would then be susceptible to those pointing out the difficulties of the process but which could be speeded up for a small payment. But there was something else. Farming was a difficult occupation. Not complicated but difficult. You had to stand for hours in the sun and rain and physically make things happen. Thorns will cut you, insects will bite, wasps will sting, snakes will slither out in front suddenly, mosquitoes will draw blood and many other assaults on the flesh and mind will keep you anxious. The muscles ache and the sweat pours into your eyes tasting of salt or perhaps it is tears. Crop may fail, prices may drop, and pests could destroy the crop. It was not complicated like say business management and financial manipulations and all the other high paying jobs where doubtful analytical skills are claimed to be employed in air-conditioned comfort and high salaries. Not as complicated but harder and tougher. Strength of character required is much greater. The easiest way to demoralize and drive away a farmer is to make him go from office to office and have to talk to officials who keep their eyes on a paper in front of them while condescending to talk. If he had to follow up his case on his own, the farmer is likely to feel that the process is rigged just to harass and extort money from him. He may just decide to walkout. The farmer should be free to do what he is best at, which is farming and selling his produce. The GGRCL in association with bankers and drip suppliers would bring the technology to his farm plot. He would be free to follow the process if he wished. Once our work was over his work of modernized farming would begin.

We talked to all the bankers through National Bank for Agriculture and Rural Development (NABARD) and held a number of meetings to ensure things would move smoothly. The bankers would provide a loan of up to 45% of the cost and 5% would have to be paid by the beneficiary, the remaining 50% coming from the government subsidy. The loan would be paid back in easy instalments. All the banks were enthusiastic after we explained the benefits of drip irrigation to them and how their loan would be paid back from the increased income from the farmers. So what were the benefits which justified this elaborate exercise and a Chief Minister's direct support?

Drip irrigation promised the following benefits—

1. There would be a water saving of 50% compared to flood irrigation.
2. Emergence of weeds and pests would be less because the fields would be dry except at the plant bottom.
3. Production would increase by 30 to 50% per unit area.
4. Quality of the product would be better fetching a higher price.
5. Labour cost would be reduced by 30%.
6. Fertilizer could be dissolved in the water and conveyed through drip system with reduction in fertilizer consumption.
7. Saving in electricity as compared to pump set irrigation.
8. Salinity in the soil was brought down.
9. The soil bacterial activity increase as compared to flood irrigation.
10. The drip system could be switched on or off depending on the water requirements. On a hot day, it would run longer, on a cold day the period would be shorter and on a rainy day it would be switched off.

Much of the above information we obtained from those farmers who were already using drip and was not taken from the sales literature of the suppliers. These farmers were enthusiastic about the system when I visited their fields.

The arrangements were simple and logical. At first stage the application was to be handed over to the field depot nearest of the GSFC which were located in every taluka or to the GGRCL direct. The blank application form could be directly taken down from our website. Our depot personnel would help the farmer to fill in the form and he had only to sign it. If the applicant did not need a bank loan and was prepared to fund the installation by his own money and our subsidy then his application was processed by the GGRCL directly with all particulars. If he desired a loan from the bank, the application went to the bank and after in principle approval from the bank, it came to the GGRCL. The application was then registered with the GGRCL. After this the application was sent to the drip supplier company as per the applicant's choice. The company then prepared a design and cost estimate looking to the local factors. This then came to the GGRCL once the farmer had approved the design and cost estimates. The GGRCL then approved the application.

The loan cases were then forwarded to the concerned bank by the GGRCL along with the subsidy portion. In case of non-loanees, the farmer had to deposit his 50% with the GGRCL. Then once the installation had been completed, the third party inspection by the SGS was done. Once their

inspection report indicating proper installation was received, then the payment was made to the drip supplier, in loanee's case by the bank and for non-loanee by the GGRCL. All payments to the drip supplier were by either the bank or the GGRCL.

The system worked smoothly and payments were released without delay. The banks had agreed to support the scheme with loan interest of 9%.

We instituted a number of field inspections first by our officers in the field and then by inspection agencies like SGS. Payments were released to the drip suppliers and to the banks only after the SGS certified that the system had been installed in a particular beneficiary's field. Our decision not to have field inspection certified by our own officers was a wise move. The technical inspection of the manufacturing facility of the drip suppliers was given to a professional agency particularly to check that they were using virgin plastics and not recycled material. The drip installations in the field were insured by insurance companies. We had a agreement between the farmer, drip supplier, the bank and the GGRCL to ensure all performances.

All our depots were computerized and maintained the latest position of each application. A farmer had to just visit our depot or log on through any internet connection and he would know where his application was pending and what was further required from him.

Monthly meetings were held with the bankers by me to ensure speedy disposal of pending cases. Every year a socio-economic survey was to be carried out by NGOs in different areas to assess the socio-economic impact of the drip irrigation scheme on the lives of the farmers. Quarterly meetings were also held with the CEOs of drip companies by me to review progress and speed up the process.

I visited a large number of farmers field where the drip system had been installed under this scheme. Over a period of eighteen months from the start of the scheme till I left the GSFC and Gujarat, I must personally have visited over 100 fields randomly of farmers in practically all the State's districts. It was tough but it had to be done. This was not like running a company where what is reported can be relied upon. My memories of the handloom societies stiffened my resolve that this would be a scheme where the results claimed should tell a true account of what had happened. Not only I but all our officers were visiting the field. This must have been the most rigorously verified programmes in the country. There was no possibility of misreporting during my time. There was too much cross checking.

I talked to the farmers in their fields and asked them of their experience of the drip system installed in their farms. They were satisfied with it. The

system was working better than they had anticipated and was performing as claimed by the equipment suppliers. The suppliers' post installation service was prompt and there were no technical complaints. They said farming had become easier now, capable of being micro-managed by the farmer continuously. They showed me the crops and assured me they were much better than earlier. I saw potatoes, vegetables, cotton, papaya, pomegranate; custard apple, mangoes and even sugarcane being irrigated through drip system installed through this our scheme. Would they be able to pay back the loan from the bank, I asked? Yes they would, not in seven years but in three years they said. Many of the farmers told me they did not take a loan but had financed it on their own and through our subsidy. And the final question I asked all of them, were they satisfied with our service and the way the scheme was being implemented? Smilingly they invariably said it was excellent, far better than they had expected from a government scheme. Were they aware or had heard of any bogus installations? Emphatically, they said it was just not possible. The farmer in the field is the first person who will tell you if there are suspicious reports. They invariably welcomed me with garlands, fed me and thanked me profusely when I left after extracting a promise from me to visit them again to taste the harvest. I came back with two impressions. The first was that the scheme was being well-implemented. Second, my admiration for the Gujarat farmer grew. They had done extraordinary things on their once parched fields. Not many are aware of Gujarat agriculture as all the publicity has been about the industry and commerce. But the same attitude of trying things out drives the Gujarat farmers.

The bankers expressed satisfaction over the way the scheme had been structured and implemented. The drip equipment suppliers were by and large unanimous that the implementation was superb and they faced few bureaucratic obstructions. Farmer representatives, including those of the Bharatiya Kisan Sangh, appreciated the progress of the scheme without expressing any criticism. Our offices in the field reported widespread acceptance and enthusiasm over the implementation. During the GSFC AGM of 2005-2006 held in September 2006, many farmers spoke warmly of the way the scheme was being implemented. Some displayed vegetables grown by drip to the other share holders.

During the year 2005-2006, 13,200 ha came under drip in the State benefiting 5,040 farmers. The next year in 2006-2007, it went up to 18,300 ha for 7,600 farmers and during 2009-10 it was 36,300 ha for 22,100 farmers.

I suggested to the Chief Minister that at present the water source was usually a borewell belonging to the farmer. The drip scheme would remain limited by borewell water availability. The Sardar Sarovar canal network was spreading towards the agricultural field from the main canal but progress was slow as the last mile was difficult to cross. I suggested a strategy to leap frog over this. We could pump out water from the main and other canal where water was available and pump it through pipelines to the farmer's fields by creating intermediate storage points. It would serve two purposes. First, the Sardar Sarovar waters would reach the field quickly and second, there would be enough water for a practically unlimited expansion of the drip coverage. This work could be done through private parties who could purchase water from the SSNNL and then sell it to the farmers at a regulated rate. These were exciting possibilities and the Chief Minister asked me to go ahead. We placed a huge advertisement in the newspapers calling for water marketing proposals from private parties. Their job would be to take the water from one of the major canals and after transport and storage to offer it to the farmers' fields at a regulated rate.

Once the success of the scheme became known, the government formed a high power committee to monitor and review it. It was headed by the Chief Minister and consisted of Agriculture Minister (the person I had interacted with in Cottage Industries), Energy and Petrochemicals Minister (our Minister), and three other Ministers whose presence I could not explain in the beginning. Minister for Urban Development, Minister for Education and lastly the Home Minister\* (State) too were members of this committee. The Chief Secretary would remain present in the meetings of which three took place. I would begin the meeting with elaborate power point presentations of the scheme modalities and our feedback from the field and wait for the appreciative remarks and questions. They never came. This committee expressed its bitter disappointment with the way the scheme was being implemented and criticized everything we were doing, sentiments which the Chief Minister appeared to share. They said that there were a large number of intending beneficiaries whose cases were not getting cleared and other instances of scheme inflexibility, complaints which they addressed not to me but to the Chief Minister, like children complaining to the teacher, who took

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\* Of the ministers present, the Home Minister appeared the most formidable. He spoke little, often in an almost cajoling manner, and softly; but he had the still, thoughtful look of a chess player who had worked out the moves ahead. He was known to be the closest to the CM. It is possible to miss him at first because of his understated manner. Richard Hytner has written a book titled *Consiglieri: Leading from the Shadows*. I think this phrase describes him best.



a dim view of my misdeeds! This was not a fair criticism as the scheme had just started a year back and covered 13,200 ha and benefited 5,040 farmers in the first year which was a rocket like start. It was now further picking up momentum. The fact that a large number wanted to join the scheme was an indication that the scheme was successful. Once when I said that we wished to make sure that the benefits went to the farmers and not to the traders and middlemen as had happened in the past, the mood turned ugly and words of warning were directed at me never to say such a thing again. The menace behind this reaction was too clear to be missed. I did not understand this as my statement was what any government functionary would say in a meeting to review any development scheme considering how benefits of so many schemes were being cornered by middleman and corruption. A former Prime Minister of the country had remarked that only 15% of the benefits of development schemes reached the intended beneficiaries. I felt I had walked into an ambush. Farfetched as it may seem it almost looked as if I had accused some of those present of wrongdoing. I had touched a raw nerve somewhere but it was only later that a possible explanation was revealed to me by those who knew the past history of the earlier discredited scheme and the identity of those responsible.

To all the criticism of the committee I retorted that the scheme was going on extraordinarily well, was probably one of the finest successes ever in the history of the Gujarat Government, and gave facts to support it. At one point the Chief Minister too joined in and scathingly criticized the scheme implementation. Et tu! But fall I would not. I told him that his assessment was wrong and the scheme implementation exemplary and was being welcomed in the field. My daring to do so resulted in a stunned reaction in the room after which he remained ominously calm. What I should have said was that obviously there were weaknesses in the way the scheme was being implemented and I was grateful for this being pointed out and we would definitely try to improve under the guidance of the honourable Chief Minister and other Ministers etc, etc. I said nothing of the sort. I asserted that all the players, the bankers, the drip suppliers and most important the farmers were very happy with it. This mention of the farmer would infuriate them even more. How could a civil servant, and one who was not too civil, talk about the farmers and what they felt? That only a politician could do.

We are now looking at the heart of the matter. I was of the belief that a civil servant worked for the interests of the people or rather the public interest, and he should directly interact with the beneficiaries during field implementation of an accepted scheme. But the politician held that it was he who intermediated between the people and the civil servant. The politician

would tell the civil servant what the people wanted and it was the politician's instructions the civil servant should follow. They wanted the civil servant to be not a servant of the people but an instrument in the hands of the politician. I rejected this assertion, particularly looking at the calibre of our politicians. But it is a fiction many civil servants maintain for their own convenience. This is the conflict that is now raging all over the country.

But their criticism rang hollow. If they really believed the scheme was doing badly, why have this very high power committee? In government, all failures are either buried out of sight or dressed up as successes. I then realized that it was not the scheme but I who was the target. I was the target because I was leading an ethically successful autonomous effort in the field which was admired by the farmers. This could not be tolerated. Autonomous success in the government was seen as a dangerous beast. Another motive could be to show that the scheme was succeeding because of close critical scrutiny by the Chief Minister without which it would have failed.

I am afraid I spoke back quite curtly on occasions. But I was feeling a sense of being let down. As usual I was battling alone with not a single other person in the room to speak the truth about the real success of our exertions, though outside all the voices were applauding its success. Once again the truth was being attacked and only one person to defend it. The Chief Minister of the State had asked me to take up an ambitious but difficult State-wide scheme, in a field which was not within my responsibilities as MD, GSFC and for which I had actually volunteered without being asked. It was a scheme nobody would have touched with a very long bargepole because of the outright swindles that had taken place, swindles in which some leaders present had been involved. He had earlier tasked me with turning around the GSFC. Both had been done with great success for which I was receiving effusive praise everywhere and the ardent support of the farmers. Either one of these was enough to have earned me his public gratitude. For my services to the State, these Ministers should have carried me on their shoulders pumping their fists in victory on a lap around Gandhinagar. Yet here I was facing an attack which appeared to be perverse and petty in nature. But this was the democratic way, Indian style. At a nod from the top, other leaders criticize the targeted officer. The leader then expresses helplessness as to how to defend an officer against whom so much opposition is building up! Sorry, democracy does not allow us to support him any longer beyond a certain point. Let us be rid of this turbulent priest.

On two occasions earlier, I had opposed certain suggestions of the Chief Minister in the GSFC, one of giving ₹ 10 crore to the Chief Minister Relief

Fund and the other for the transfer of an officer who was related to the Minister for Urban Development (this Minister had directly approached me to whom I had indicated inability). I opposed the payment as I felt it was excessive and would be for a purpose which was not the business of the company. How the money would be used was not in my control and it was most likely for political purposes. But I had no support in the Board, even from the so-called Independent Directors. Consequently, the amount was paid. I did transfer the officer concerned but not in the way it was requested. Transfer of any officer by a political request weakens the authority of the management. This was the only transfer I had done in my career on a political request so for me it was a major concession. These two incidents were only the trigger behind which was a fundamental incompatibility between what I was doing and what the leadership wanted. After this, around early October 2006, two adverse reports in my ACR, for the years 2004-2005 and 2005-2006, approved by the Chief Minister were communicated to me as has been earlier mentioned. Danger signals were flashing unmistakably. Far from wanting to make peace, I was getting angry enough to challenge this leadership and quit. I would go but not gently into that good post retirement void.

As I had said earlier, in the government you can survive failure but not a success which was autonomously wrought. But that was the only kind of success I was interested in so there was a fundamental conflict here which would subside only with my departure. It would be a win-win for all, as the management cliché goes. The new ethical model had been successfully demonstrated in a large number of organizations to an appreciative Gujarat audience over almost two decades, so I got what I wanted; the common wealth had benefited enormously; the employees and other stakeholders saw a secure and prosperous future ahead and finally, those who had been denied for long would soon get their chance at the trough. The once ruined orchard was in bloom now with its branches loaded with luscious fruit and thick foliage, thanks to the efforts of the gardener to whom the owners had handed it over. Now that this gardener was taking his job too seriously and preventing all trespassers, he had to go. It was forgotten that not long ago, the trees had stood skeleton like, its leaves stripped bare. So everything was in place. I had already written to the government, in September 2006, that the GSFC would be my last assignment in my service and in Gujarat. I had no fixed assets in Gujarat, having sold off a flat and having returned a prime plot in the State capital allotted to me by the government.

On 30th October 2006, the officer heading the GAD spoke to me. Incidentally he was the one who had followed me in Valsad as DDO.

Welcoming me to the Secretariat, he informed me that I was transferred and posted as the Principal Secretary, Ports and Transport Department. He said the faxed order would reach me shortly. I had had enough. I informed him that my application for voluntary retirement from the IAS would reach him within half an hour of the receipt of this order. Actually it took 10 minutes as my reply was ready to go by the time the order reached me. My PA, Shri Soni gently enquired whether I would like to think it over. I assured him that a lot of thought had gone into it. My wife who had travelled with me through three decades of this life understood and agreed with my decision.

Though I had not talked to the press, the next day there were front page headlines about my resignation. But now a farcical element crept in. The names of a number of other officers were also mentioned as having decided to quit. New names would be added every day. Soon if press reports were to be believed, there would be an exodus of IAS officers leaving in protest against the autocratic functioning of the government. Nothing like that happened. I was the only person who left. My resignation had a sort of a dramatic logic and completion to it. Theirs would have been meaningless. They were not the quitting kind. They had never fought against superior authority. As I thought about it later on, perhaps this episode was not so farcical after all. Could it have been an effort by the disinformation wing of the establishment to dilute the effect of my resignation? There is no evidence except my logic to support this. But is it possible that a group of officers had suddenly developed an unwillingness to take it any more when all along they had been quite comfortable taking it in full measure?

I would complete 60 years in August 2008, which was still two years away. But it was time to leave. I had spent thirty years in Gujarat and clinging on for a further two years in a new assignment would diminish my stature which was formidable now. To live in the State capital for two more years among the power worshippers there seemed a fate too ghastly to contemplate. I felt little desire for any post retirement assignment in Gujarat which would be necessarily baited. There was nothing more to prove. I had turned around the GSFC convincingly and the State leadership had shown its implacable hostility to ethical success. By the rules of the game, I had won hands down. My revival of the GSFC was a model of how business really ought to be done in the in the business friendly State of Gujarat, a performance applauded by the people there. Many of its top industrialists had conveyed their appreciation to me personally and so had its journalists and other observers. The State's religious leaders too expressed their appreciation and joy unrestrainedly whenever I met with them and said I had divine blessings in my task. It was also a demonstration, I hope, of how an ethical public servant

ought to practically function in today's India. The State of Gujarat which benefited materially from these successes should have adorned me with some great honour for what I had given it; instead it was a face of implacable hostility it turned towards me. The Government of Gujarat had reneged on its obligation to acknowledge my contribution to the State's public interest, not only as my employer but also as the trustee of GSFC on behalf of the Gujarat citizens. But this would be the situation in much of our country and I knew, and the public too understood with a dramatic clarity, that it was a reflection of the very character of how India was governed.

I felt younger now than when I had joined the service thirty years ago and more confident for having successfully stood alone for so long. The passing years had made me younger!—I frequently recalled Dylan's words:

“Ah, but I was so much older then  
I'm younger than that now.”

I would be going back to my village unemployed but so what? I was not a rich person but there was enough for my needs and my needs, though many, were not of the kind which requires money or anybody's support. And I would leave with the goodwill of countless number of people in Gujarat and elsewhere; they would remember me as someone who was different. Even those who opposed me and were happy to see me go would think well of me once I had left. People would recall that though I had taken many stands and was forced into conflict, it was always in successful defence of the common wealth that I fought. So I left and never once in the years since did it ever occur to me that it may not have been the right decision. The big decisions in one's life spring out of deep emotional needs. One never regrets trusting one's emotions. Cold reason lets you down.

I wrote to the government on 8th November that I would hand over charge on 11th November, it being a Saturday. Over phone I spoke to the ACS heading our department and she was OK with this. On 10th evening at 8 PM there was an urgent written directive from the government signed by the ACS GAD directing me to hand over charge on 10th evening itself. It said that if I did not do so then disciplinary action would be taken against me. As I was planning to hand over the next morning this was the raving of a lunatic. I talked to the ACS GAD who was a fairly easy going person, just 2 years my senior, and asked him why he had issued this letter. He was apologetic and said the Chief Secretary had personally drafted this letter and given it to him asking him to sign and issue it: I pictured this slight man, gloating in his little triumph. So I handed over that night itself and my officers gathered at 10 PM in the Board room to wish me farewell.

But I had no doubt who had ordered my transfer. As if on cue, there was a message from the Chief Minister's PS on 12th that I should meet the Chief Minister on 13th Monday. When I met him, he said had not expected me to actually be leaving and was surprised at it. He said I ought to stay in Gujarat for the next 5 to 7 years. I replied I had not been shown the respect I had earned by my work for Gujarat. And to leave him in no doubt as to what I meant, said that it was my efforts which had revived both the Sardar Sarovar Project and the GSFC and that no one else among the IAS officers had come even close. Taking this in his stride, he said he was appreciative of my services and wished that I would stay back and withdraw my resignation. I told him about the bizarre behaviour of the Chief Secretary to which he responded saying it was not proper. Perhaps, the Chief Secretary's\* action was that of an overzealous underling, and did not have his sanction, or perhaps it did; I did not care one way or the other. He then went to the extent of asking me not to give him an answer right then but to think it over for three days after which we could meet again. All this did not sound convincing as he could easily have set aside the transfer if he was so keen on retaining me. So waiting for another three days would merely end up making me look foolish. I replied that I would withdraw my resignation if my transfer was set aside. He did not agree and signed my resignation file the same evening, perhaps soon after I left his room. I did not remind him that once he had changed a transfer order in the public interest. Now the GSFC was safe and prosperous, he felt no necessity of doing it again. But he had finally met someone whose spirit was more proud and unbending than his. He failed to realize that what had happened till now was only the turnaround of a giant company. The full flowering of what was yet possible still lay in the future and I could have made happen that which would have overtopped the peaks climbed till now. The people of Gujarat were denied what was further possible for me to create by the actions of their leader. He would be a better leader if he could accept another person shining independently of him. This inability will align many against him. But he is said to get along well with the big industrialists in the State.

We packed our furniture and household goods and sent them ahead by truck. On 20th November early morning we drove to the airport and an hour later saw Vadodara receding below us for the last time. There were five persons to see off; so much for my hope that thousands would come out in favour of an ethical who had materially enriched them. After 31 years in

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\*This officer duly got his post retirement assignment from the Government as did many others. He has been on the Board of some private sector companies, perhaps on the basis of his association with the successful turnaround of GACL and GSFC!

Gujarat, with nine organizations transformed including the Sardar Sarovar Project—Lifeline of Gujarat, “Gujarat ni jiva dori”, and the GSFC—The Pride of Gujarat, “Gujarat ni naak”, and thousands of crores added to the commonwealth and often fighting alone for the public interest, just five persons to see us off. India is no country for bold men. None will applaud the hero who saves a city. But the *Gujarat Samachar*, the leading Gujarat newspaper, had reported that as the day of my departure approached, a heavy silence had descended on the GSFC campus. It described me as the architect of the GSFC revival. Similar reports appeared in most other Gujarati papers. *The Times of India* headlined ‘The Turnaround Man Bids the State Bye’ and compared me to Lee Iacocca for the GSFC turnaround. The whole world was saying similar things. It was only the government, the biggest beneficiary of this revival and of my other efforts that did not say it. They were upset. Had I worked solely for the government interest which is identical to the public interest? Yes. Was I successful in this effort? Yes, undoubtedly. But had I tried to safeguard the interests of some people in the government and outside? No, never even considered them. And this gulf between the two positions, this huge chasm, is also a measure of the heart breaking gap between the splendid promise and the sobering reality of our country. What is good, genuine or creative would find it difficult to cross this. And if some did succeed they would face withering fire as they climb on to the other side. Perhaps, I travelled farther on this road than anyone else. Whatever is based on caution, consensus and collusion will find a broad highway to travel on. Their only defence against failure will be that everybody was consulted and all rules followed. And it will be ethical success which will be in the dock and have to defend itself.

One’s own experiences, provided they are the result of seeking directions autonomously, are the best lens through which the world can be understood. Other than this, we will be reflecting the views of those who dominate society through their economic power and our opinions will be but echoes of the currently accepted wisdom, a domination not of men but of impersonal systems; we will see the world through lighted screens and turn away from the physical world where real human beings live and struggle. The experiences narrated here reveal realities which are universal in nature and the lessons learnt from them would be applicable everywhere. The poet understands, better than the administrator and the legislator, man’s predicament and the way out. Once again, we see a world in a grain of sand. This was how, in essence, it would be everywhere if a similar set of convictions were enacted. People are the same everywhere. Their hopes of a life where their labour is rewarded, their own constant striving to improve, a willingness

to sacrifice something for a brighter tomorrow, and their longing for an ethical world—

“Where promises were kept,  
Or one could weep because another wept,”

these things were not the property of any particular continent or culture. They were the raw material of human aspirations everywhere which goads man to continually seek the ‘outlines of a better world’. The stories narrated here are not of failures but successes. What is a transfer or two or even an aborted career, compared to the suffering which so many Indians undergo if, in the process, we were able to lighten some burdens? I look back and now see that it was all worth it. It did not matter that those who benefited from my exertions felt unable to stand by me when I was under attack for defending them. The cause I served was larger than me and demanded whatever I could give. But for this cause to be successful, I had to grow to my full stature to take a leadership role and not shelter in a safe and selfish posture of modesty. It would not do to hide my light under a bushel but to show it boldly to the world! Let me say it. The GSFC was the finest ethical corporate turnaround the world had seen. It was piloted by a person whose take home salary was less than ₹ 30,000 per month yet who willingly embraced the enmity of the powerful for doing this. There was a social contract and my actions affirmed it. Tens of thousands of people benefited, the potential capabilities of so many of officers and employees was released and realized, enormous additional wealth worth many thousands of crores of rupees for the commonwealth was created and an ethical and successful organizational model established in the public space. I made people think differently and feel the euphoria of impossible dreams coming true; they trembled with the anticipation of what was yet to come and saw shining before them the prospect of a finer and fairer world. The loud blaring voices of the market yards, of “the brokers roaring like beasts on the floor of the bourse,” were hushed into an appreciative silence against a purer ethical note that was heard.

What has been described here can in some form or the other be repeated all over the country. For when it comes, who can resist a call to their better natures?



## *Chapter 20*

### NRC Ltd (Mumbai) (February 2007 to December 2007)

(This was the only organization I failed to revive.)

After leaving Gujarat I was fortunate in working for three more years in smaller and less prestigious assignments. In all these it was the company owners who requested me to come and join. I did so because the momentum I had developed sought new challenges. My experiences in these were similar to those in Gujarat. Of the four assignments I took up, two in government and two in the private sector, all of which were organizations passing through difficulties, three were successfully revived. In one I was unsuccessful. This book has gone on long enough and the reader may feel it is time to move towards a closure and conclusions. But these assignments also deserve their space because each one of them was different. I was no longer an IAS officer with the full protection and prestige of government authority. Were my methods of an ethical management sturdy enough to succeed in these more modest conditions? As it turned out, they passed the test convincingly. Even where I failed, the events need to be described at some length. In all these companies the employees and other stakeholders remember me with appreciation even today. In essence the successful efforts were a repeat of what happened in Gujarat but with the time compressed. After turning around the giant Gujarat units, improving these smaller ones were relatively easy. Even though these were quickly done, they were unique in their different ways. But what was common was the hostility that emerged after success.

The NRC was once a long-established and reputed manufacturing unit of Mumbai. It had fallen on bad times when I joined. Its promoter and Chairman, GP Goenka was of a blue blooded industrial family of Kolkata. There were several likeable traits about him, not the least of them an engaging frankness, warmth and as I later found, a commitment to standing by his word. He invited me to join as the MD in Mumbai and try to revive the company. But during discussions prior to my joining, he once did hint that the company's condition was worse than what it looked to me, giving me an

opening to decline the offer. I was confident that if the company's distress was because of management shortcomings I could set it right. As it turned out it was much worse.

I joined on 20th February 2007. The office was on the same street as that of Bombay House, the head office of the Tatas; in fact, it was right opposite. But this propinquity did not infect us with financial health. The company condition was dire. Our working capital was fully exhausted and large payments were due. These were to bankers, and most of those who did business with us. A number of our cheques were dishonoured prior to my joining. As these were like unexploded devices they had to be collected and kept out of harm's way. By the time we collected more than a hundred it was possible to believe that there were no more floating around.

The only bright spot was the large amount of payment due to us. We tried to collect all of them by follow up and by discounting where necessary and this kept us going for the first three months. In order to protect our collections we kept it in a different account so that these were available for running the company. Collections were reviewed every day, and cheques issued only for money actually in the bank or under collection, if the payment was from a reputed party. Of the hundreds of cheques issued during my time not a single one was dishonoured. There was also a large quantity of unsold stock. If this could be sold, then cash could be generated.

We started the practice of daily production figures and costing, etc. From this it appeared that if the plants could run at full capacity then the company could, if not revive, then at least meet its costs and keep running for a long time with even a small cash profit.

Visiting the plant after a few days I came back with a sick feeling in the pit of my stomach. It was located in Kalyan, an hour's drive out of Mumbai. Situated on an area of almost 450 acres, the plant and the residential colony area covered 100 acres. The remaining 350 acres had been sold to a builder. There were plants producing rayon, nylon yarn and net cord, a caustic soda, sulphuric acid and carbon disulphide plants. A boiler ran on coal and we had a power plant using furnace oil. The power plant and the nylon plant were in a good shape. But all the others had seen better days and looked it. The rayon plant looked decrepit and was clearly not well-maintained. The chemical plants were in an equally bad shape. The boiler was unreliable with frequent stoppages though it gave us steam at a low cost when it worked.

But there was something even scarier. The plant had 5,000 workers for a company with ₹ 400 crore turnover. There had been a history of labour unrest with the legendary Dr Datta Samant having led the Union here up to

fifteen years ago. A number of violent incidents had occurred in the past 10 years with one officer having been killed inside the plant and a Managing Director having suffered grievous injuries from an attack within the plant. After this attack he was said to have come to the plant with a gun toting body guard. Inter union rivalry was an ever present threat. Walking through the dark, dank cavernous passages of the plant with rusting, noisy and leaking machinery and the smell of chemicals all around, I was chilled by a sense of certain doom. I would visit the plant every week on a fixed day at a given time and take a specific route. The plant administrative head advised me not to do this and to come at unpredictable times and vary the route within the plant. But I maintained my schedule. The workers first tolerated me and then developed a real affection for me towards the end. But there had been a history of violence and I had to be careful. Once I was told by some outsiders that an attack was planned on me during my next visit. Nothing happened when I came to the plant as usual. Probably, it was done to see if I scared easily.

We made many efforts to escape from the tide which was inexorably pulling us into the deep. The labour strength was too high and so were the resulting fixed costs of salaries. We made a serious attempt with the unions to reduce the wage bill. Within a month of joining, towards March end we proposed a 20% cut in wages and salaries right up to the level of the MD. Many meetings were held between the Union reps and our officers. Finally, I talked to them for two hours and appealed to them to agree to this step. Even though they had listened to me respectfully and they thought I was sincere they regretted their inability to accept this. They promised to work with discipline and give maximum production. They kept their word and put in their utmost efforts.

The president of the Union was an MLA, a very reasonable man. The other office bearers were our employees. Among them was Ganesh Patil who was the key man controlling the Union. He had a fearsome reputation for the alleged violent incidents he was said to have been behind, including the attack on the previous MD, and a fatal attack on another officer and I was advised to be very careful with him. His face was boyish, almost blank of any expression and he always kept to the background. But I got to like him and frequently talked to him on reviving the company. He probably felt I was sincere and consequently I did not feel any danger walking around the plant.

As no additional working funds were available, the company would run only on what we collected from our sales. My confidence had been severely shaken after the plant visit but I thought we might just make it if two things

could be done. If the payments due to us could be collected then there would be working funds with us. And if the plants could run to full or near full capacity for an extended period, then we were home and dry. The first task we managed but the plants never ran to anywhere near full capacity and efficiency and this doomed us. The stock we had were overvalued as they were substandard and could be partly sold only at a loss. Everything that looked solid shook when we leaned on it.

The fact was the plants were old and the machinery had not been well-maintained and periodically replaced. The structural strength of the buildings was in doubt. Only the power plant and the nylon plant were in a good shape. But the tire cord market was in a glut and buyers were driving down prices. With the use of furnace oil the power cost was very high. The rayon and chemical plants, and the boiler were in a precarious shape. They were suffering from material fatigue. Structures collapsed now and then and the boiler frequently stopped.

The net result was that we never got our full production. But around May end the feeling in the market was that NRC would survive and make the long arduous journey back to health. Morale was rising with the goal-oriented culture of daily decision-making. Suppliers and our dealers once again saw the company reviving and were eager to do business. Our quality of rayon improved and the need of the market was regular supplies. If only we could supply material regularly to the market, things would take a turn for the better. But it was not to be. In July all the equipment were repaired and tuned up and we were hopeful of a full production during August with a small profit. But equipments would break down frequently. Once the entire roof of the spinning section was blown off and I saw our employees working on the spinning machines protected from the rain by a tarpaulin over their heads. Another day a huge thirty foot salt tower of the caustic plant just collapsed when under repairs. Luckily the workers were not on the structure as they were having their lunch break; otherwise we would have had serious casualties. Structures were weak and corroded. The plant which could be seen from the rail tracks did not look like one where any production could possibly be going on. The sort of repairs which would have given full production could not be undertaken for lack of funds. By end October, 2007, I knew I was beaten. The plants never gave full production and worked fitfully and inefficiently with high costs. We were haemorrhaging losses. If I had come here two years back the company could have been revived.

In April-May of 2007, we had moved our Bankers for a corporate debt restructuring. We made an elaborate case and submitted it to the CDR cell in

the IDBI. Sometime in the first week of June, 2007, our application to be taken under CDR was rejected. I came to know of it the next morning from my officers. During the day I met some of the key Bankers and requested them to give us a CDR. They knew me from the GSFC experience and in an act of confidence in me they reversed their decision the same day. By the evening, we were admitted into the CDR. So everything was in place. If only the plants had given us the rated production we would have had a revival which would have astonished the world. In all the other companies I worked in, the plants did give their full rated production after we fixed the problems. Here it did not happen.

The officers were good and put in their best. Many technical innovations and improvements were tried out. The workers realized the seriousness of the situation and worked with disciplined determination. But when plants are constantly breaking down morale inevitably suffers as the leadership is seen as being unable to break through. The plants required major repairs to give full production and to bring down raw material and energy consumption. For this there were no funds. My assessment when I joined that the company could be set right by good management would have been correct if the plants were in reasonable shape. The only input I could give was good management. That was not enough in this case. The plants required major repairs for which additional funds were needed. The promoter was unable to bring in money and nobody was willing to lend. I do not blame them. But I hope the reader will accept that there was nothing that I could have done which I did not do.

On 14th December 2007, I left this company to take up an assignment with the Kerala Government. But there are a few more incidents to recall from the NRC experience.

The month after I joined, the administrative head of the plant had met me to discuss a delicate issue. He said the company was in the practice of making certain payments to some of the government regulatory and enforcement authorities. These were necessary, he assured me, as otherwise it would be difficult to function. He said most companies in Mumbai did it. Having just come from the State Government waving the banner of integrity, I was startled at this request. This was my first test of whether I would stand by what I had been preaching to anybody who would listen for the last thirty years. Well I was now in the private sector, you know, and in the big bad city of Mumbai where money walks and talks. So why not join the realists and swim with the tide? In the evening sipping scotch with other bribe givers, I could have bemoaned how bad things were in the government. I told him that nothing should be paid to anyone. As for any harassment, we would face

it when it came. In the coming months we faced no unpleasantness from any of the likely culprits.

Looking at our expenses, I noticed that an amount of ₹ 2 lakh was being paid every month to a person outside the company, some sort of financial expert. As he was rendering no services, I ordered it stopped. Though the Chairman asked me about it, he did not over rule my decision.

But we did have a problem from an unexpected source. It was serious and definitely there was harassment. The concerned department of the State Government informed all industries in Mumbai that we had to apply afresh for license to store fuel. The new applications had to be filled in following which the permits would be issued well before the existing ones expired. Like all others we too applied. When one of my officers went to the Mantralaya to enquire, he was informed that the permit was ready and would be issued after a certain payment, to a high functionary of the government, was made. Let us call him ST but he was no saint! My officer came back and told me the story. I had no intention of paying. I talked to our Chairman in Kolkata. He was amused but left it to me to handle it. As the days approached for the old period to lapse after which the oil companies would stop supplies, we decided to light a fire under this functionary's feet. The Union leaders of our company, including the MLA, began to send frantic messages to the functionary asking for his help in getting this cleared which his babus were holding up. Many of them went to meet him. Then they suggested to him that all the workers of the company, 5,000 of them, would come to meet him outside the Assembly to urge our case because if the plant closed the workers would lose their jobs. I was toying with the idea of coming out in the open if the permit was not issued and our plant was to close. After a few days of this the functionary decided to cut his losses and quit while he was still ahead. He indignantly assured our union leaders that he would personally see that the permit was issued and no bureaucrat would ever be allowed to put workers jobs in danger. They thanked him profusely for this helpful act and assured him their support. Later, I came to know that he had scored heavily elsewhere. This was the first time I was at the receiving end of corruption and I was rather pleased at this manoeuvre which had derailed it. My officers played a key role and of course our union leaders and workers. Perhaps, nobody in Mantralaya realized who had thrown this spanner in the works. It was a risk I took as I had no protection in Maharashtra in case of any retaliation. But the common man is the same everywhere. He supports the good side. (The electronic and print media now report that a PIL has been filed in Mumbai alleging disproportionate assets against this functionary, ST.)

This episode highlights a problem for those companies who decide to make such payments. How much of the alleged payment is actually made? Has it all gone to the alleged recipient? As no receipts are given for such payments, we have to go by the word of the go between. And such payments are in cash and not usually by cheque, though cheque payments are sometimes done provided it can be suitably disguised; the cash has to be generated. It will come from some fictitious, or under invoiced or over invoiced payment to or from one of our business partners. So the person making the payment is also drawn into the web of deceit. It never remains a secret. My conviction is that such payments are an act of collusion between the giver and the taker. They cannot be justified under any circumstances. One should be prepared to close the plant down rather than pay. The bribe taker will not have the courage to face a public exposure. Of course, from our side there should be a reasonable compliance with the environmental, labour and tax laws. Mostly it is the units that are in violation who pay. For them it is a cost benefit calculus. So this is my advice to the private sector. Don't try to buy your way out of trouble by paying. Buy your way out by proper compliance which may be more expensive in the beginning but a more cost effective option in the long run. The public sector also pays but by a more roundabout route where the payments are camouflaged as giving in to political interference which I have described earlier. This is a practice where both the recipient and the payer gain and only the company suffers. The popular impression of a bribe taker exploiting the bribe giver is accurate only where the bribe giver is a small man forced to pay for something that should have been his right. The businessman paying a bribe is not a victim but a partner in wrongdoing.

The NRC was the only occasion in my career that I had failed. Reason for failure could be anything but failure is failure. My intense regret at this, apart from a hurt professional pride, grew out of the realization of what this meant for the many stakeholders who over the years had sheltered and grown under the company's protective shade. There would be acute suffering for some, uprooting and displacement for others and lives would be disrupted. Adjacent to the plant was the housing colony where the officers and the workers stayed. The buildings had not been painted for many years, the plaster was peeling off, the houses were leaking including those of officers, and the internal roads had not been paved since long. This was not how it must have been in its early years. The NRC was started some time after independence in the early fifties and was owned by a family called Chinais and the whole complex must at that time have represented an enlightened version of capitalism. From their actions, and this is the only way to judge any one, the Chinais must have been good people. The colony also had a first

class school with a fine main building and a large play ground. The entire area was shaded with the foliage of trees as old as the buildings. There was an officer's club, a big hospital and an elegant guest house. The school was functioning and still produced impressive results in the school exams. The hospital was kept going by a dedicated band of doctors and nurses. During my visits it was in the guest house that we had our meals; sitting alone in the huge guest room with high ceilings I was visited by strange and unbearable pangs of melancholy. Perhaps, the forty year old furniture subconsciously reminded me of some events of the past which triggered the nostalgia or perhaps it was knowing that none of it would survive long. All these buildings, built in the fifties and sixties, showed signs of advanced physical decay which was the material manifestation of the financial distress of the company. The company had lost its moral compass somewhere on that long road from the past. Otherwise this could not have happened. It would not be long now. "Like a dying lady, lean and pale" it was losing its struggle to survive. People die but companies need not. They can bloom in perpetual youth if led boldly. This was the tragedy of NRC.

It must have all been very different thirty years back when NRC was one of the prestigious industrial units of Mumbai. Its expansive layout suggested a boundless optimism for the future and also a determination to invest in the welfare of its employees. But many things had gone wrong and what one saw now was very different. And even these shabby remnants would not survive. The motor which generated the financial sustenance of the township had practically stopped. The families would move out, most of them without money or easily marketable skills to cushion them. The school would close and we would no longer see the children in their smart uniforms and their laughing animated faces as they ran home after school every evening. Towards the end, I was beginning to see signs of anxiety and uncertainty on some of these young faces as I drove past. On the face of a child this is unbearable; it felt like an accusation. But the houses they lived in would be demolished, the land having been sold to a real estate developer whose well-built residences for the wealthy and the upper middle class could be seen all over the city. And a community that had lived and worked there for 50 years would scatter, to be absorbed by the great city as best as it could. It would all vanish, nothing would remain.

"Men are we, and must grieve  
When even the shade  
Of that which once was great,  
Is passed away."



At times I wondered with a shudder whether this was the fate GSFC and the GACL had escaped. Even today, the image of the NRC slipping away from my weakening hold is a troubling one.

On my last day, a Board meeting had been called and I briefly talked to the Board members before leaving them to discuss the issue of my resignation. After the rest of the meeting was over Mr GP Goenka came to my room and personally handed over a letter of appreciation for my services. In many ways, he was an old fashioned man and he never lost his courtesy and good manners. He kept his disappointments well-hidden. And during the time I was there he never asked me to do anything illegal. Around June-July, he really thought the company would revive.

Among the persons who met me before I left and thanked me for my efforts was Ganesh Patil, our shadowy union leader. Six months later, I came to know that he had been brutally attacked and murdered near his house.

## *Chapter 21*

# **The Kerala Minerals & Metals Ltd and Travancore Titanium Products Ltd (December 2007 to June 2009)**

(Both these were successfully turned around.)

In my next three assignments, I was successful and used the same methods which had worked so well in Gujarat. These were the KMML (The Kerala Minerals & Metals Ltd), the TTP (Travancore Titanium Products Limited), both owned by the Kerala Government and the Gharda Chemicals owned by Dr K Gharda, a skilled industrial chemist who made cheap copies of multi national companies' pesticides and plastics. But as promised, these will be described briefly.

I was invited by Shri Elamaram Kareem, the Minister for Industries in the Government of Kerala, to take up the assignment of CMD of The Kerala Minerals & Metals Ltd (KMML) which was a 100% government-owned PSU of Kerala. I took charge of it on 17th December 2007. KMML was located in Chavara, Kollam district. Later, in October 2008, I also took over as the CMD of the Travancore Titanium Products Limited (TTP), near Trivandrum. The salary was ₹ 50,000 a month but I thought it could be renegotiated once the company had been turned around. This was the least of my miscalculations.

The KMML was showing signs of drifting towards industrial sickness when I joined. It had made huge profits in its earlier years when it could sell its products in a protected Indian market with high import duties for its main product, titanium dioxide. With the gradual reduction of the import duties, its profit margins were coming down and its inefficiencies were becoming apparent. When I joined in December 2007, it had a loss of ₹ 5 crore for the year. This loss would have accelerated in the coming months. There was a huge unsold finished stock of 7,000 tonnes equivalent to 3 months production, worth ₹ 70 crore. There were no internal management systems to control and guide production. Costing was post facto and profitability was

calculated long after the month got over. There was wastage and inefficiencies galore and probably an endemic kind of corruption which appeared natural and did not start any alarm bells. The company had gone in for a ₹ 700 crore mega project whose estimated costs had shot up to ₹ 1,100 crore by the time it was decided to freeze it. This was an outsize project for a company with a ₹ 300 crore turnover. The officers were demoralized and were not proactive. As in all crises ridden companies, the KMML had no corporate plan or a directional urge to come out of this terminal lassitude.

The major decision of freezing the ruinous project had already been taken by the government before my coming. After studying this project I supported its total scrapping. The project made no sense to me other than as a means of draining out money from the company. It was formally scrapped by the government soon after my views were also made known. But many types of equipment had been ordered and some had already been received so there was likelihood of a messy legal process later on.

We then got down to the work of reviving the company. A walk around the plant with our engineers a day after joining left me in no doubt that we were not facing an NRC like situation. There was ₹ 50 crore in the bank which made any working capital arrangement with a bank unnecessary; so there was liquidity. The plants, though not well-maintained and functioning with many fits and starts, were basically in a good shape. The calibre of our engineering staff was excellent. The initiatives would come from them as we charted out a path day-to-day with real time decision-making. There were no major problems except of morale and bureaucratic decision-making. After the first week I had no doubt in my mind that the company could turn around. It was functioning far below its peak potential.

The labour union leaders met me and pledged their full support in pulling the company out of the rut into which it had fallen. Looking at their reasonable approach and sincere faces and expressions I thought that their support could be won over when they saw quick improvements taking place in their company. I promised them a corruption-free revival for the company. My first thought was that the Kerala unions had been grossly maligned and their image as diehard obstructionists was unfair. What Kerala suffered from was poor management. Give them good management and then the unions would support it. I was determined to demonstrate this and wipe out the negative image of our industrious unions.

I had met the Minister just as I was joining. He was worried about the company and expected me to take all steps to bring the company back on the road to health. I said the day-to-day commercial and technical decisions

would be taken in a businesslike and transparent manner and done in such a way that they did not become controversial. I am not sure whether he welcomed such a forthright declaration of independent decision-making right in the beginning. Perhaps he expected me to seek his blessings and guidance! Following my experiences in Gujarat I had a hunch that he might turn against me after the company had come back to health. But my agenda was only to bring it back to health and I was not looking forward to a long stay here so that did not worry me. With the kind of experience I had, there was no excuse for holding on to any illusions about certain fundamental incompatibilities between differing objectives in the government. But there was the immediate task ahead to work for the revival of the KMML, the biggest PSU of Kerala, which was sliding into sickness; so we were fellow travellers on that journey! I had a personal motivation too. After all Kerala was my home State and I was a farmer in one of its villages. The revival of the KMML was my personal agenda.

The detailed steps by which the company was brought back to health would look similar in essence to what was done in Gujarat. But an account of this process is necessary because this company was so different from the others in that it had one unique worldwide distinction.

It was the only fully integrated titanium dioxide plant in the world. This meant that we started with the basic raw material, mineral sand, which we collected from land allotted to us, a sea beach. There was a 22 kms stretch of mineral rich sea beach from Neendakara to Kayankulam whose mineral mining rights were shared equally between the KMML, a State PSU and IRE, the Central Government PSU. The actual collection of beach sand was done by us on a 2 kms stretch of beach at the village Ponmana, owned by the KMML.

The sand so collected was sent to a mineral separation plant where, through water, gravitational, magnetic and electric effects, the illmenite which contained the titanium were separated as also was zircon, another metal. The illmenite, black in colour, was then brought to the main plant where it was converted by a series of complex processes to titanium dioxide, a white powder. This was our final product and the basic raw material for the paint industry.

The areas which needed improvement were:

1. Low production—The production from April to December 2007, was 25,100 tonnes which represented 80% capacity utilization.
2. Marketing—The stock of finished product was 6,600 tonnes in December which had gone up to 7,400 tonnes by January end, 2008.

The sale from April to December 2007 was 23,300 tonnes, less than production. Instead of selling our product we were building more godowns to store our product. Cash was blocked.

3. The company's cash position which was ₹ 225 crore on 31 March 2004 had come down to ₹ 77 crore on 1 April 2007 and further down to ₹ 50 crore in December 2007. Intriguingly the profit for the three years ending 2007 was ₹ 77 crore and the depreciation was ₹ 22 crore. Other than tax and dividends the money was spent on doubtful capital investments and building up stock. At this rate the cash position would soon go to zero. Employees were apprehensive of the company turning sick.

We did the same things done in GACL and GSFC. Daily costing and meetings to take quick decisions were started. Decisions were taken on what the numbers suggested. There was never any difference of opinion because discussions took place in an atmosphere of openness but against a need for speed. No meeting was concluded without a decision. I signed on all decisions to encourage our officers. The computers which were till then sleeping beauties were activated. The person heading the IT proved himself capable and enthusiastic. We soon had a information network reaching all the departments of the company. Officers and workers measured themselves against the objective facts as revealed by numbers and not subjective factors.

By quick marketing decisions, the stock of finished products was brought down to below 5,000 tonnes by end March 2007 and to less than 700 tonnes by August 2008, in spite of full production. This represented 5 days production. We could increase our prices knowing the international price and because of our low stock. Here too a senior officer of the Finance Department had been given charge of marketing as in GACL to prevent wrongdoing. The results were similar. We could not sell our material. I shifted this officer back to finance, much to his own relief. In his place we posted an engineer who was heading our workshop. He had no experience of marketing which was just fine. He proved a good choice.

The stock of spare parts was high at ₹ 52 crore. Based on a scientific examination of the actual requirement, the purchase orders of spare parts was brought down to ₹ 12 crore from approximately 1,500 purchase orders. The figure for the previous year was ₹ 51 crore and 5,550 purchase orders. The spare parts issued, which measures the actual consumption, also came down significantly. The company had been purchasing spare parts in excess of its true requirements. Yet during 2008-2009, the downtime of the plants came down and we took pains to see that no item was out of stock. It is clear why spare

parts were purchased in excess of requirements. Somebody was earning commissions.

The average production of our main product, titanium dioxide went up from 2,800 tonnes per month to 3,500 tonnes per month. The average sales increase from 2,600 tonnes to 3,600 tonnes per month.

The costs were reduced. The spare parts purchase was reduced as explained earlier but major reductions were effected in the production process through some brilliantly intuitive breakthroughs by our technical officers. The employees understood that cost reductions went straight to the bottom line.

By continuous condition monitoring, the plant maintenance improved. The down time in all the major sections improved. The downtime of chlorinators came down by 80%, in section 300 it came down by 53%, by 63% in section 400, in the calciner the reduction was 34% and in the roaster it came down by 35%. This happened both by more optimization in plant running but also by much needed crucial repairs in the plant infrastructure.

Indigenization of frequently consumed spares gave considerable savings. 8" Gemco valve which was being imported for ₹ 2.25 lakh each was now fabricated locally for ₹ 32,000; 6" valve which cost ₹ 2 lakh was locally produced at a cost of ₹ 28,000. A 4" valve was indigenized at a cost of ₹ 50,000 against the earlier import cost of ₹ 2.69 lakh; the Vball control valve 8" cost came down from ₹ 3.83 lakh to ₹ 2.11 lakh. The indigenization of the larox filter diaphragm reduced the cost from ₹ 1.5 lakh to ₹ 45,000. Similarly the gear box digester cost came down to ₹ 14 lakh from earlier ₹ 45 lakh. There were scores of other such cost savings in the design and manufacture of spares.

By process improvements, the daily production capacity of raw pigment was increased from 120 tonnes per day to 126 tonnes. This benefited us by ₹ 38 lakh a month. In the illmenite beneficiation plant, we were able to reduce the leaching by hydrochloric acid from two processes to one. This change could be brought about by an in depth understanding of the chemistry of the process. It resulted in additional benefits of ₹ 72 lakh per month. By a separate set of measures savings in NPF coke consumption was ₹ 16 lakh a month.

All these breakthroughs came from the innovative minds of our officers and from the intelligent sweat and muscle of our workers. Was I the author of any of these? No. I met officers individually and in groups, listened to their technical ideas, pretended to understand what they were saying and signed

off on their proposals. But then monitored and verified the results frequently going to the plant and climbing up structures and just walking around. I again insisted on signing everything so that none of them would be questioned if anything went wrong. Nothing went wrong, everything turned out better than anticipated. Nothing was allowed to go wrong because we kept our eye on the ball with continuous follow through.

As in Gujarat, we signed an Ethics pact with all our business partners. I personally verified that all our suppliers were paid on the due date. Every day the list of payments for which the cheques were ready was displayed on our website. The concerned parties were asked to get it collected within two days. Failing this the cheques would be sent to them by post; this was our threat to them! If you do not collect them, then watch out we will, you know, send them to you by post at our expense! They did not have to grease any palms to get what was due. As a result we got better offers from them and the company gained. When the common man knows that those in authority are ethical and go out of their way to help, his energy level goes up. I think all our suppliers felt a surge of positive energy when they saw these arrangements.

We took many bold steps. The strategic Titanium plant with the technology provided by the Defence Metallurgical Research Laboratory was taken up for implementation during the time I was there and at my initiative. This technology had been developed under the guidance of Dr Abdul Kalam but was lying mothballed. When I joined the project was being seen as a potential financial sink. The initial capital investment was funded by ISRO which would also purchase the expected production of 500 tonnes of titanium sponge. (There was nothing sponge like about it. It was unrefined titanium metal, very strong and hard.) All the major contracts for the setting up the plant were finalized in my time without any controversy. It was the first such plant in India. Three cost reduction and de-bottlenecking projects, including the mineral separation plant which today contributes the bulk of the company's profits, were also approved by the government at my initiative. The orders for all these were placed after a transparent process of bidding without any issues being raised by the hawk eyed public representatives of Kerala.

But the long term pre-eminence of the company was being threatened by a limitation in its primary resource. It was sweeping up sand from the 1 km stretch of beach at Ponmana where the land above the high tide was owned by it. Because of certain changes in the sea bed or perhaps some depletion in the available ore, the generation of mineral sand was gradually coming down. Though half of the mineral rich 22 kms beach stretch could be exploited by

the company, local resistance to the company taking sand would make this sand unavailable to us. How to access this sand with the consent of the local people? We found that there were large deposits outside this 22 kms stretch too. It was becoming more urgent that we get access to it. The villagers around Ponmana were throwing tantrums trying to prevent KMML from collecting sand even from the beach owned by us. Though their services were not required, they were taken as labour for loading the beach sand on to trucks which took it to our plant. They were being paid ₹ 400 daily for 4 hours of light work. They saw this as brutal exploitation. At one stage they stopped our trucks from loading the sand even though the KMML had full ownership and the legal right. Many of them threatened to commit suicide by drowning themselves in the sea if we went ahead. Then some of them went a step further. A few of them went into the sea into waist deep water carrying their small children and threatening to throw them into the sea. We could not take any risk. The mineral separation plant had to be closed down. The main plant would have followed a few days later. I talked to our Union leaders and other employees and we decided that this blackmail had to be ended. The police in the time honoured tradition refused to intervene as it was an industrial dispute. The beach was about two km long to which access had been barred to the KMML officers. Our raw material supply had been choked off.

One morning, I led a thousand strong band of our employees on a walk down the beach to recapture this prime resource which was under a hostile chokehold. We walked on this 2 kms stretch and re-established our presence there including on the field mineral separation spiral equipment. There was no violence and the villagers accepted this in an amused mood. It was a euphoric moment for all of us. Peacefully we took back this vital raw material resource and saved our plant from closure. Employees and others called it the Dandi March.

But we knew this Ponmana beach was running out of sand. We had to access sand from the remaining coastal stretch. A simple equipment for separating the mineral rich component from the beach sand was designed by us which some equipment suppliers agreed to fabricate. A mineral enrichment centre would be set-up in some of the village beaches where this equipment would be installed in a small shed. The centre would be operated by a group of local women who would collect sand from the beach and pass it through the equipment. The sand would be separated into a mineral rich component and a depleted variety. The KMML representative would collect the mineral rich component after testing it and packing and making a payment to the women's group. The depleted sand would be returned to the beach. It would



be something like the Amul pattern of milk collection. It would create substantial employment, ensure local participation and support, and make the KMML get access to the world's richest mineral source for the foreseeable future. We bought one such machine on a trial basis and it worked well in different locations. Women's groups were formed and they enthusiastically took part in the training and expressed their support to the envisaged model of sand collection. I was confident of making it a success in the next couple of years. After I left this does not seem to have been pursued and the KMML and the TTP are buying their mineral sand from local private parties to make up the increasing shortfall. It is possible that this party is covertly removing sand from the beaches allotted to KMML and then selling it to KMML. If KMML has to depend largely on outside suppliers, then its profitability could erode as the price of their sand is jacked up.

We adopted a pure merit based selection process for filling up posts within the organization. No recommendations were entertained and the selection was based on the candidate's record and his performance in the interview. The interview panel invariably had one outside expert. The selection was finalized at the end of interviews and made known to the interview panel members. The appointment letter would be issued within two days. One officer who was selected subsequently narrated to me his conversation with fellow passengers in the train while coming to the interview. After he told them that he was proceeding for an interview with the KMML, they said all appointments in that organization were done on recommendations and influence and he was unlikely to be selected if he was without it. Anecdotal evidence indicated that a large number of persons including officers were recruited after I left and that huge amounts were paid by the successful candidates. This practice did not elicit protest from any quarter. From what I learn this practice has continued with the change of government though the rates have shown inflation!

To sum up, in essence we created conditions which brought out the best potential of our officers and workers, a potential which had lain unproductive for so long. The loss which was ₹ 5 crore by end December 2007 was turned into a profit of ₹ 10 crore by the March 2008, year end. So we had made a profit of ₹ 15 crore in the last quarter. The company had turned on a dime. The next year 2008-2009, company profit went up to ₹ 71 crore with turnover increasing from ₹ 301 crore to ₹ 415 crore. In the first two months of April and May 2009, we had a profit of ₹ 23 crore. I was hopeful of a profit of ₹ 150 crore during the year 2009-10. Things were working out much better than I had thought possible. Sometime around June 2008, the main union brought out a pamphlet saying that the new CMD had promised the

Minister that he would turn around the company in six months. But it had turned out differently. The company was turned around in three months, the pamphlet said. But this honeymoon period did not survive for long.

My relationship to the Minister and his group seemed to move in inverse proportion to the fortunes of the company. This was similar to what happened in Gujarat so it did not worry me. Though there was no interference, I could sense growing antagonisms as the company improved. The earlier bonhomie gave way to curtness and impatience and rudeness at times. There was personal harassment by a government agency. The Unions kept up the drum beat of demands and gate meetings. But I did not think much of it. Then disaster struck.

Sometime around second week of May 2009 we received a communication from the office of the AG objecting to the way we were paying overtime and the way it was calculated. Our overtimes were high. Some workers got overtime of ₹ 10,000 a month some ₹ 20,000 and a few were known to have taken home up to ₹ 50,000 in some months. Now the KMML worker was not underpaid with the lowest getting total emoluments excluding overtime of over ₹ 22,000 per month. And there were reports that overtime was not really required to be done, it was artificially created. We had taken a number of steps to control it with some success. The hourly overtime rate was being calculated by dividing the monthly salary by 24 days and not 30 days as required. This was what the AG had brought to our notice with a request to correct it. We had just concluded our wage negotiation with the workers with a 21% wage increase so I felt justified in some disciplining of our unnecessary expenditure. So we issued an order that hence forth the hourly overtime rate would be based on 30 days as denominator and not 24 as at present.

The move to oust me, for that was what it was, began as a cloud no bigger than a man's hand. I say this because overtime was not an issue on which a do or die agitation should have been launched by the unions. The fact that I was the sole target of their assault was no secret. The company had affected a miraculous turnaround and was striding ahead with huge profits. But this created many hungry mouths who had earlier been feeding off its leakages and patronage. Logically, it must have been these elements who provoked the incidents that followed. Some of them may have been in both the Unions. I now realized that my initial sanguine assessment of the KMML unions was a self deluding day dream.

The Unions protested our move on this new formula for calculating overtime and said they would not accept it. That was par for the course so I lost no sleep over it. The pace of events then rapidly escalated with the main two

unions, one affiliated to the CPM and the other to the Congress, declaring a strike, a strike call which the workers, to my great surprise, obeyed. They prevented loyal workers from entering and threatened our officers from coming in and running the plant. Then for 4 days, they did not allow me to enter the plant premises within which my office was located. I requested the district police to provide protection to me to enter my offices but the officer replied that he could not do so as the police might face resistance. This was a strange answer but it was the standard response whenever the police faced a crowd in Kerala. We issued suspension orders against four office bearers, two from each of the two main unions. This we did sitting in the company guest house which its attendants had abandoned after thoughtfully locking it up and taking away the keys. It had to be opened with some duplicate keys by our officers. Perhaps, no where else would the guest house staff have walked out like this. The next day the three Ministers, the Labour Minister and the Minister for Industries, and the local MLA who was the Minister for Water Resources, held discussions with these same suspended office bearers, discussions which I found impossible to attend, and in my absence accepted their demands, the principal one being the withdrawal of the order on overtime. The suspension orders were probably not even discussed and were treated as not having been issued. It was a thorough demolition of management authority by the three Ministers.

I met the Industries Secretary T. Balakrishnan that afternoon. My mind was made up. With him was Amitabh Kanth, another officer of the government. We had a relaxed talk over how things had developed in the KMMML and they, while appreciating everything I had done, said that this was how things were in the State. They had learnt to live with it and I would have to decide. "Take a call," were the words they used. This is a smart phrase which, along with "We will sort it out," and "Get your act together," is much used in the government. I said I had done so and took out my resignation letter and handed it over. They were surprised but tried not to show it. But they were impressed in spite of themselves. In the world to which they were accustomed, nobody ever resigned on a matter of principle. The entire discussion was conducted in a calm, friendly manner. Within 5 minutes of this, the PS to the Industries Minister arrived and hurried out, presumably carrying the good news to his boss. I left then, drove home and sent the official car back to the plant. But these two officers had no role in what had happened. Kerala officers do well in the Government of India. I idly wondered whether it was because of the training they receive in the State where any thought of an independent civil service was washed right out of their hair!

The Minister accepted my resignation within 4 hours of it being handed over by me and this was made known during the day's meeting with the unions. The mood among them was triumphant but perhaps some among them realized that things had gone out of hand.

In the meantime the TTP had been entrusted to me after it had closed down due to high raw material prices. This was also revived. As stated earlier I took it over as CMD some time in end December 2008. But there was a slight hiccup before that. The Minister requested me some time in October 2008 to take it up and revive it. The TTP had been suffering losses and had been closed for some time as the price of sulphur rose alarmingly. It had just reopened after these prices came down but was still losing. He suggested that one of my officers in KMML could be brought in as MD who would work under me as the Chairman. I insisted that I would work as an executive head, otherwise I was not interested. This was agreed to and one of our senior KMML officers who had loyally served under me, was brought in as the MD with me as the Chairman. Within a fortnight of this change the new MD refused to follow my directions saying he only reported to the Board. This was Kerala and one had to get used to this kind of wilfulness. It was the legally the correct position, and as I had no interest in remaining a non-executive Chairman, I wrote to the government to relieve me from this position. The Minister had to make a choice. The company had a better chance of revival with me holding the steering wheel. He affirmed his confidence in me and said I should run the company and this officer had been brought only to assist me. He was posted elsewhere. This was how I became the CMD of this company. TTP was in Trivandrum and KMML in Kollam, separated from each the other by 100 kms. It may appear to have been a reckless move on my part. I was taking full responsibility for a sick company after removing the MD. It had a thousand employees and was located close to the State capital and was the subject of frequent agonized discussions among decision-makers about its problems. If the company remained sick, I would be blamed. But after looking at the daily costing, at the calibre of the officers and the condition of the plant, I was sure that it could be revived. It was not an NRC like situation. The plants could be made to produce.

Even after restarting it was running at a loss when I got full control. It had run out of cash. As raw material had to be purchased, I decided to fund it from the KMML. An amount of ₹ 5 crore was given to it to buy sulphur and other raw materials. The yearly loss up to December was ₹ 15 crore. The TTP produced a similar product as KMML but the technology was older and less efficient. Here too I set a goal of full production and full sales. There

had been some decision taken in the past that exports should not be done at a price lower than what was being realized in the local market. It was seen as a sacrosanct rule. I scrapped it. We would sell the maximum quantity in the local market and the remaining would be sold for exports. The only requirement was that the export price should be more than the variable production cost. There would be no export commission. Everything we did in the KMML was also introduced here with similar results.

The loss of ₹ 15 crore up to December was brought down to ₹ 9 crore by March end. Thus in the last quarter we made a profit of ₹ 6 crore. Once again we had turned on a dime. During April and May 2009, the profit was ₹ 5 crore. I was hopeful of ending the 2009-10 year with a profit of ₹ 30 crore. The working capital loan of ₹ 5 crore given to this company by the KMML was fully recovered by end May 2009, along with a 10% interest! This was unusual among the Kerala PSUs. A loan once given is never paid back, far less with interest. I was bringing in modern commercial practices to the Kerala PSUs. The TTP union pleaded that it was hard-hearted on my part to have insisted on the repayment of the loan. I said the repayment was a sign of our good health.

Here too a mega project of about ₹ 450 crore had been sanctioned for the effluent treatment. An effluent treatment project for ₹ 450 crore for a company with a turnover of ₹ 100 crore and making losses! This project too had been cancelled before I joined but many types of equipment had arrived and already paid for. In my understanding the effluent treatment could have been done for a fraction of this cost by an ethically committed management. But the intention clearly was to spend and skim off money.

The projects of both KMML and TTP were justified as the only way to make the two organizations profitable in the long run. This follows the usual script. A company is mismanaged till its weaknesses can no longer be hidden. Then on the report of a carefully selected consultant a mega scheme is proposed by which all its problems would be solved once and for all. The scheme formulation is likely to be guided by agents of the suppliers for the new technology. In TTP the justification was the effluent problem which was not solved for long and in the KMML the justification was a new technology along with water desalination and effluent treatment. As stated earlier the KMML project had ballooned to more than ₹ 1,000 crore before the mercy killing of both these projects. During my time in the KMML the effluent was substantially reduced and in the TTP we had devised a cost effective effluent treatment design for around ₹ 30 crore. But the TTP design would have required more refinements which I was hopeful of completing. Our engineers were on the

right track without any interference from outside. Sadly the process could not be completed before I left. But I was in the TTP for only six months.

My resignation and its acceptance had covered TTP too. My efforts over a period of eighteen months had increased the net present value of the potential present and future cash flows of the two companies by perhaps as much as ₹ 1,000 crore over what it would have been over the next 5 years without me and had created clean accountable and admired organizations. Perhaps no officer in the past had been able to do anything like this. Yet the Minister, responsible for promoting industry in the State, had accepted my resignation in four hours. There was nothing personal about it. He had shown me where I stood. Events like this must have played out so many times in the State's history. Hundreds and thousands of crores of wealth must have been lost thus.

After I left, the KMML ended the year 2009-10 with a profit of ₹ 91 crore. The TTP had a profit of ₹ 20 crore for the year 2009-10 which was the highest in its history. The positive bank balance of the KMML which had come down from around ₹ 250 crore four years ago to ₹ 50 crore when I joined, showed a figure of ₹ 165 crore net of all capital inflows, the day I left. ₹ 115 crore net had been added to the company's cash balance net of capital expenditures. Two of the State's best known PSUs had been handed over to me. One was sickening and the other was sick. During a period of eighteen months and six months respectively, both had come back to health. Transparency had been structured in and corruption, hiding its face, had crept away in the darkness. We were not intimidated by the prospect of any allegations even in the sharply partisan atmosphere prevailing in the State and had taken bold timely decisions in the full glare of a redeeming transparency which had protected us. Kerala's important newspapers highlighted the successful turnaround of these companies. The public relations of the company were done not by paid agencies but by our employees and other stakeholders who talked to their family and friends about the changes in the company. The ethical success of the two companies became known across a wide swath of Kerala. Seeking directions autonomously, I could demonstrate that this model was the most beneficial to the well-being of the common wealth. My personal setback was the price paid for this demonstration. Such a victory in the public sphere was uncommon and it alarmed those who benefited from the traditional arrangements. It was Gujarat being played out all over again but with events compressed in time.

One of the charges against me during my tenure was that I was trying to bring in a Gujarat model of working here. This was strange. My answer to

them was that they were mistaken. This style of working was as foreign to Gujarat as it was to Kerala (or to any other part of the country) and it had resulted in the same kind of opposition there that I was facing here, the only difference being that the opposition there was never from the trade unions. I was successfully removing the vested interests that preyed on the public sector both in Gujarat and in Kerala so that the true stakeholders would experience the full benefits. I told them it was not the Gujarat model they were experiencing but the Luke model! I had more support in Gujarat because the PSUs there had public shareholding among whom were many employees and they saw their share price rising. But as I have repeatedly said if you fight for the public interests against the vested interests in the government, you fight alone. Vested interests outside the government can never threaten you unless they are allied to some within the government. It is this anti-democratic alliance that so often influences government decision-making in the country today. The true stakeholders who have benefited would not take the risk of standing by you when you are under attack for having defended their interests. They will praise you but only privately.

But till the end I was confident the workers, whatever their unions told them, would never turn against me. So what actually happened was a shock. I had found a sickening company and given it health. It was corrupt and I made it clean. A directionless company was imbued with a feeling of purpose and motivation. Their wages had been increased along with other benefits and the lowest paid worker was given total emoluments of ₹ 22,000 per month (at a time when many were prepared to go to the Gulf for ₹ 10,000 per month). They had a new sense of pride in being on the work force of the KMML. New projects had been transparently taken up. The KMML was shining like a beacon to others showing what could be done. Had I let them down? No Had I lifted them up? Yes. They should have strewn flowers ahead of my stepping feet. Yet on the command of their Unions, some of them had prevented me, their company CMD, from entering the premises.

The opposition that suddenly erupted against me had no rational cause, if by rational we mean their perceived self-interest. I had acted much more firmly in Gujarat. Even in the NRC where there was a history of violence against company executives and the wages were lower in the metropolis of Mumbai than what the KMML worker was getting in the Chavara, Kollam district, the workers and their Union never thought of doing anything like this. The actions of the workers and their unions represented a failure, not of morality, but of intelligence. In Kerala, there is an anarchic distrust of authority which is particularly strong against legitimate ethical authority as the fear is that ethical authority is some sort of a Trojan horse which will let down the workers'

interests ultimately. Had they given it some thought they would have seen me as someone truly allied to and working in the long term interests of the employees. In their own interests, they should have supported me and I did far more for them than those who were urging them with clenched fists over mikes to bar me from entering. I did more for them than their political patrons. This was one of the reasons these patrons turned against me.

It is tragic that such intolerance is only towards an ethical CEO; there would be nothing like this against a conventional chief who would have given in where required. The net result was that a person of capability who worked for their interests was lost to them. They would now navigate the treacherous seas ahead without a seasoned captain. This was not intelligent behaviour on their part. An industrial worker needs an ethical CEO, a rare breed, more than he needs a militant Union. There can be a strong union without it being militant. In the GACL, GSFC, and GNFC we had strong but not militant unions. These leaders still convey personal messages of gratitude to me for what I had done for them more than six years ago. A culture of militant union activity, supported by the workers and the government, and springing up only against ethical leadership, will inevitably drive out a good management and bring in weak, placatory and even compromised managements. This is what is happening in the Kerala PSUs of which there are a very large number. The intense hostility I faced in the KMML left me feeling troubled for the future of these PSUs and for the thousands of workers and their families. My departure from the KMML set back the progress of professional management in the State PSUs by decades. We, and I speak as a Keralite who lives in one of its villages, cannot afford to score such self goals. The behaviour of these unions is depriving a large number of new workers of good, high paying, manufacturing employment. These employees are running a sort of closed shop. The silver lining is that such unionism is absent in the tourism, hospitals, IT and other modern sectors like retail and these are doing well. But they are private and some are paying only a fraction of the wages paid in KMML.

But I did some service to my State. The revival of two of its biggest PSUs each within the first three months and without any outside help was unprecedented in the State's history. The systems set-up during my time are still being relied upon in the daily management in both the companies which continue to run profitably. I am almost as well-known in Kerala as I am in Gujarat.

Reproduced below is a news item which appeared in *The Hindu*. Coincidentally this appeared on 17 December 2007, a day before I joined KMML on 18 December 2007.



### KMML: Unions Flay 'Apathy'

KOLLAM: Leading trade unions at Kerala Minerals and Metals Limited (KMML) have alleged that vested interests are working overtime for the closure of the company.

At a press conference here on Saturday, trade union leaders affiliated to the CITU and INTUC alleged that they were enough grounds to raise doubts whether the State government too was party to this conspiracy.

Chairman of the Save KMML Action Committee S Rajashekara Warriar and general convener R Jayakumar said that vested interests were even trying to influence the Chief Minister and the Industries Minister for the success of their game plan.

The leaders said that since the past couple of months, the profit-making KMML started making losses.

This was mainly because the cost of production was higher than the market price of its prime product titanium dioxide pigment. This resulted in 6,000 tonnes of titanium dioxide pigment lying unsold.

In order to overcome the problem, the company submitted three projects to the government to help bring down the cost of production. Implementation of the projects would involve only ₹ 100 crore.

The main aspect of the project was to use coal as the fuel for the boiler. At present, furnace oil was the fuel. The price of furnace oil zoomed to over 270% during the past five years.

If the projects were implemented, the cost of production would come down by ₹ 17,000 on a tonne. This could save ₹ 30 crore a year. In spite of being convinced, the government was not issuing the orders to implement the project.

"This is what makes us suspect that there is a conspiracy behind the government delay to issue orders," Mr Warriar said.

Meanwhile, there was a move by vested interests to get a ₹ 1,113.42 crore expansion project implemented. This again was part of the conspiracy. Such a project at this juncture would only have an adverse effect on the company since heavy loans would have to be availed of for the purpose, the leaders said.

They said that this project would not be technically and economically feasible and hence should be dropped. If not that would also serve to bring about the doom of the company.

(Staff Reporter)

Two news items appeared about TTP before I joined—

### Company Incurs a Monthly Loss of ₹ 3.16 Crore

THIRUVANANTHAPURAM: An increase in the price of major raw materials such as sulphur, a financial crisis and alleged gross mismanagement have plunged Travancore Titanium Products Limited (TTP), a 60-year-old public sector undertaking here, into the verge of closure.

The company has been incurring a monthly loss of ₹ 3.16 crore. The operating loss during last financial year was put at ₹ 10.5 crore. Fringe benefits to the staff such as dearness allowance (DA), medical reimbursement, leave salary and overtime have been stopped all of a sudden. Salaries have not been revised for years together.

Water and electricity charges have not been paid for the last three months. Many sections such as housekeeping and transport have been outsourced as part of austerity measures.

The sulphuric acid plant has been shut down for the last one month as the price of sulphur has gone up from ₹ 4,000 to ₹ 28,500 a tonne during the last six months, TTP sources told *The Hindu* on Tuesday. As much as 100 tonnes of sulphuric acid is needed for carrying out five chemical reactions

and to ensure working of the plant. Operation of the plant has been hit due to shortage of the acid. Efforts to procure acid locally have not been successful and production of titanium dioxide has come to a standstill. The company has just 1,400 tonnes as stock as on date, sources said.

The variable cost for manufacturing one tonne of titanium dioxide comes to ₹ 77,050. The fixed cost a month towards salary and other payments is ₹ 3.15 crore. The loss in variable cost alone is ₹ 2,400 a tonne as titanium dioxide is being sold at the basic price of ₹ 74,600 a tonne.

Non-availability of funds has led to the suspension of the pollution control project scheduled to be completed before December this year as per a High Court directive. TTP sources said the ₹ 250 crore project will now need at least ₹ 500 crore for commissioning.

The TTP had taken ₹ 60 crore as loan from Federal Bank and Union Bank and had invested ₹ 40 crore from its funds for the project. The company has to pay ₹ 50 lakh as interest a month. TTP sources said the interest arrears had already accumulated to ₹ 1.40 crore and the banks are refusing any further help to fund the project.

(Printer friendly page)

THIRUVANANTHAPURAM: Hundreds of employees of the Travancore Titanium Products (TTP) Ltd belonging to different trade unions took out a march to the Assembly on Tuesday urging the government for immediate steps to revive the flagging unit and maintain it in the public sector.

KV Thomas, MLA, inaugurated the march organised by the Titanium Coordination Committee.

Addressing the workers, he called upon the government to foot the bill for the installation of an effluent treatment plant. The government, he said, was morally bound to revive the ailing company that had contributed thousands of crores of rupees to the exchequer in the form of taxes and service charge. BMS State president MS Karunakaran called upon the workers to mobilise themselves against attempts to privatise the factory. Thiruvanchoor Radhakrishnan, MLA, said high-level officials were to blame for the plight of public sector units in the State.

These officials, he said, had misled the government on the crisis faced by the units. Abdurab, MLA, urged the government to honour its commitment to install an effluent treatment plant at TTP. UTUC district secretary Poonthura Sajeev stressed the need to preserve TTP in the public sector at any cost.

P Pratapachandran presided over the inaugural function.

Coordination committee convenor AK Rajan also addressed the workers.

(Printer friendly page)

This was the condition of these two companies when I took them over. I nursed them back to health in a way which proclaimed the superiority of the ethical way. But ethical success achieved against powerful opposition is distrusted in India. Conventional wisdom holds that getting along with important people is the true mark of an ethical person.

Even among those who wished me gone my resignation caused a delayed effect shock. It was not expected that I would really resign. In our country few in the government ever resign no matter what the indignities and pressures. They walk through the thunderstorms of controversies and humiliations calmly, exchanging witty poetic repartees with each other.

Two months later, the KMML Board conveyed to me the following resolution—

“On behalf of the KMML, we wish to express our earnest appreciation for your excellent contributions during the tenure with the company

We also admire your initiative and leadership skills which led KMML to reach to the pinnacle of fame by attaining very high profit margins and inculcating a work culture adoptable to all other PSUs in Kerala.

Sd/-

Chairman, KMML”

But Kerala is a difficult place to work professionally and I now understood why so many of her most adventurous sons and daughters sought other less contentious soils.

## *Chapter 22*

# Gharda Chemicals Ltd (Mumbai) (July 2009 to February 2010)

(Substantial improvements were achieved, doubled the profits.)

I joined the Gharda Chemicals towards end July 2009 as Executive Director and CEO at the request of its CMD, Dr Gharda, the first time in my life I had joined in a position subordinate to the MD. It was a company which had grown entirely by its R&D efforts. Dr Gharda, aged 80 years, was the Chairman and Managing Director, with 60% shareholding. The understanding between us was that he would withdraw from the daily running of the company and concern himself with his ownership interests and look after the research and technology development. The day-to-day management of the company he would leave to me. Admitting that he had little capability in day-to-day business management, he said he felt his age and realized the need to lessen his burden. He implied that people whom he trusted earlier had let him down and he was looking for an honest yet capable man like me. Dr Gharda indicated to me that in the past the organization had suffered from venal behaviour. He said that, like Diogenes the Greek, he was searching for an honest man all his life. He implied that he had found one now. But as I learnt later, he was fond of dramatizing and game playing with people and he could change his position by simply saying that he did not remember having said a certain thing. But when an aged person requests your help and promises to play fair, you have to accept it.

He was a tall, impressive, almost magisterial looking man with a full head of white hair. But a closer view revealed a mean, scrooge like look on his face often and one sensed no generosity of spirit or openness to those around him. This was odd considering his wealth and a life of undoubted achievements. He looked older than his eighty years. His office was book lined and perhaps he saw himself primarily as a man of ideas. Most of these books were on art, literature, history, and similar topics which to a visitor would indicate an intellectual immersed in the adventure of thought, to whom running a company was a lesser passion. Maybe he had actually read some of these

books which looked new and unopened. Normally, such persons are keen to discuss their ideas with others. But I found no desire for intellectual discussions on any issue. Perhaps he felt the hired help ought not to get ideas above his station. He did not appear to have written on any issue except some technical articles. His thinking was gut level and instinctive, almost entirely concerned with molecules. His other concern was with his hold over company ownership which was being contested by his nephew. I never saw him reading any book other than on chemistry.

Later on, I felt that in his eyes I had lost status by joining him—a situation of some similarity with one of the Marx brothers saying he did not wish to join any club that would accept him as a member. The fact that I was prepared to join him meant I was not as good as he earlier thought me to be. Perhaps, he thought I was in financial need.

But in chemistry his was a powerful probing intellect capable of drilling through a mass of facts to get at that elusive mother lode below. I once attended a four hour meeting he had with his research team. Certain chemical processes were being examined so as to enable the production of some chemicals but these were facing serious practical obstacles. The properties of the many chemical substances were discussed, how they could be expected to behave under different conditions of heat and pressure and their affinities and allergies to each other. Possible solutions were suggested to be tried out but never imposed as an order. It was like listening to an exquisite piece of music by a master. He spoke most of the time but there was an active absorption by his officers who responded now and then with comments of their own. They would leave the room with a scientific passion to get over that last difficulty through which they saw a glimmer of a possible solution. This was how real research was done I thought and I was fortunate in experiencing the genuine thing. But what made me uneasy was how quick he was to critically comment on whatever they said and the consequent one sidedness of the long discussion. After the meeting he looked quite refreshed. This was what he loved doing and he was good at it. I decided never to attend any more such meeting as there was little contribution I could make. The research part of the company was impressive. But the practical results did not reflect the high quality of discussions and laboratory work. That was because the follow through management was ineffective.

I thought of the brilliant atomic scientists who had assembled in Los Alamos in 1945. The effort was successful because of the coordinating and leadership role of General Groves who was not a scientist. Would I have to play that role?

The company was not in any sort of financial crises and had a profit of ₹ 27 crore and ₹ 97 crore during the last two years. It was a medium sized company with a turnover of ₹ 840 crore the previous year. It had a superb research wing and had a successful record of copying well-known pesticide formulation of the multinationals at a fraction of the cost and making them available to the Indian farmer. The quality of many of its technical personnel was impressive. But its internal management was poor and organizationally there was drift and aimlessness. I knew that by just tightening up some management levers there would be impressive gains in performance.

A weekly management meeting was being held by Dr Gharda which continued for up to four meandering hours and really went nowhere. He thought that meetings should necessarily be long. Once, after he had asked me to conduct these meetings, I had concluded the meeting in an hour and half. Thinking it was still on, he came to join the meeting after two hours and finding the room empty, he was upset. I told him that long meetings were counterproductive and that one and half was my outer limit.

There were no internal management systems or controls. Other than the monthly profit and loss statement, there were no real time statements being generated. Daily production with costing, cash flow, bank balance, payments, receivables, stock disposal, purchases, etc, were activities not actively monitored at the top level. The morale of the staff and particularly of the officers was low. Many officers, including some of our best, were reported to be considering leaving the organization. Anecdotal evidence indicated some systematic financial wrongdoing in the past. It was possible because there were no controls which could have detected it.

Here too, as in NRC, I was presented with a request to continue the sanction of cash payments to some regulatory and enforcement agencies. Here too I refused with the same result. There was no harassment. But I did hear that the Maharashtra Government functionary, he who was no saint, whom I had checkmated in the NRC, had got his way here two years back on the same matter! But there was an approach albeit a very soft and pleading one from a government official. After having dealt with our contention fairly and on merits, he suggested a payment to a hospital run by a family member in another State. This hospital, he stated, was treating the poor and disadvantaged charging from them a very nominal fee. Perhaps it may even have been true. But I declined to approve this payment. A feel good sort of a bribe! Something similar was reported to have been paid to a politician down south in connection with the 2G scam by a reputed Indian organization. There was another case here where a big payment was ordered for legal

services reportedly in the past, which the firm had forgotten to bill. Knowing how quick lawyers are to bill their customers, this was a little odd. I decided not to pry into it. But I suspect it was for present services. There was an air of secrecy here which I found oppressive.

I introduced systems which displayed online information on all these activities daily and began to hold daily meetings to review and monitor their performance. Activities were coordinated so as to optimize results. Quick decisions were taken to increase production, and de-bottlenecking operations etc. In short, the whole range of interventions as in GSFC and GACL were introduced. Daily production, cost of production, steam consumption and consumption, stock of finished goods and raw materials, daily sales, receipt of raw materials, profitability and many other information which facilitated decision-making was displayed. We also called for the daily effluent generation, discharge, the details of the treatment processes, and the COD (Chemical Oxygen Demand) and BOD (Biochemical Oxygen Demand) of the discharged effluent. The higher this figure the greater the pollution in the effluent. New schemes were taken up to bring the effluent to within the allowable limits. Also looked at was the daily water balance. How much water was taken into the plant through the various water sources, how much was consumed, how much went out through effluent. All these had to tally. To the officers there all this was new. There was a rumour that the company had a reverse borewell through which effluent was fed to the underground so as to avoid treating it. Till now it could not be disproved. By looking at this water balance we could prove with numbers that this apprehension was false. We knew the truth by the methods of truth. The truth itself was the solution.

We also called for a daily report on safety measures and occurrences. The availability of safety equipment and medical facilities was all looked at.

As the HO was in Bandra and the plants were in Dombivali, Lote, both Maharashtra and in Bharuch, Gujarat, we set-up a video-conferencing facility through which we talked to the plant personnel every morning. The technology had improved and become cheaper than what was available during my GNFC days so the images and sound, after the initial glitches, became clear.

It was for the first time in its existence that the company had such a thorough managerial approach and it immediately showed a marked improvement in its operational results. Officers would get quick decisions on every matter after proper analyses. Transparency was built in through a system of displaying information online which showed the officers how the profits were generated. The officers told me they felt energized at seeing these

linkages as in the past such information was never generated, far less shared. Production and sales increased and profit took a quantum leap even though 2009-10 was an year of low rainfall and consequently poor demand and lower prices than last year. By December our finished stocks were gone and in January we could not meet demand even with production at full capacity. In the market and among all our competitors many of whom were multi-nationals and top ranked Indian companies, the talk was that Gharda Chemical's performance had markedly improved and it was because of the new management approach. Looking to the past experiences, I should have been worried as this was when the bonhomie would vanish.

It was likely that there had been corruption here at different levels. With the search light shining at all the dark corners, it scurried away into the darkness during the time I was there.

During the six months I was there from August 2009 to January 2010, the turnover increased to ₹ 500 crore as against ₹ 840 crore for the entire previous year when there was a good monsoon and higher prices. (The turnover for the other 6 months of 2009-10, during my absence, was ₹ 395 crore.) The profit before tax for these six months which was carefully verified by me, was around ₹ 102 crore (EBITDA ₹ 125 crore), as against ₹ 97 crore for the whole of the previous year (EBITDA ₹ 160 crore). The working capital utilization which was ₹ 118 crore on 1st August 2009, at the time I joined, came down to ₹ 2 crore when I left on 13th February 2010. This was after a capital expenditure of around ₹ 8 crore during the period. There was no capital inflow. There was thus a net cash inflow of ₹ 125 crore in the six months entirely through profitable operations, annualised cash flow, or EBITDA was ₹ 250 crore. The EBITDA for the previous year was ₹ 160 crore. In my absence, the EBITDA for 2009-10, considering the poor monsoon, would have been ₹ 120 crore. My presence increased EBITDA by about ₹ 130 crore. Annualised, this would translate into the worth NPW of the company increasing by ₹ 900 crore. I added ₹ 900 crore to the value of the company! These figures were a striking vindication of my methods. Our banker light-heartedly complained to me that their working capital business with us had come down drastically because of the steps taken by me! Of course, much of this additional value was frittered away as in my absence the company was incapable of following my working methods.

All three plants of the company had major pollution issues which had not been seriously addressed all these years. When I talked to the engineers heading these plants they were able to prepare innovative schemes which would cut down effluents substantially so as to bring within the norms. As



most of the pollutants in the effluents were the result of some of the raw material not being fully converted into the final products, nor only was the effluent reduced but also the raw material consumption per unit production came down and the production increased for the same consumption of raw material. The raw material flowing out in effluent now went into increasing production. All these pollution reduction were also cost cutting and production increasing scheme. They paid for themselves. A number of de-bottlenecking schemes were taken up which increased production substantially. Seeds of new possibilities which had lain in the arid land sprouted suddenly with encouragement, rigorously guided with cost and benefit analyses.

In every way the company improved. Along with the financial numbers, the morale went up and so did discipline.

When I joined, the betting among those who knew both of us was that I would decide to quit within two months. I proved them wrong by staying for 6 months.

Perhaps, Dr Gharda forgot the assurances he had given me when I joined and because of which I joined. But his actions made it impossible for me to stay. The ship owner ought to leave the running of the ship to the captain he has selected and not visit and talk to the crew every day. The Captain's authority is undermined.

He attended office every day from morning 10.30 AM to evening 6.30 PM. Seeing the improvement of the company, he then suddenly decided to remain present every day in my own daily coordination meeting that I had started. By this one step he drove a coach and four through my authority as CEO. I suggested to him that he could attend my meeting once in a while and the two of us could have any number of meetings where all matters could be discussed. But day after day, he insisted on attending my meeting from beginning to end and seemed disinterested in what I was saying whenever I tried to have a one to one business discussion with him. This was the person who had brought me here saying he felt tired and unable to continue with the day-to-day work of the company. Clearly, his health and motivation had improved after I joined along with that of the company, a fact which others confirmed. He kept visiting the plants and meeting other officers, perhaps to an extent greater than before. By the third month I realized that joining Dr Gharda was a mistake. His word could not be relied upon.

Twice I told him I would prefer to leave and finally on the third occasion he did not try to persuade me to stay. A couple of times I did tell Dr Gharda that I was at least as accomplished in corporate management as he was in

chemistry so neither of us should talk down to the other or step into each other's field. He did not appear to realize that he had caused me considerable annoyance by breaking his word. But he was a self-absorbed person and always saw himself as principled. For him breaking a promise which could not be legally enforced was little more than a minor breach of etiquette, which he could explain by citing loss of memory. Perhaps, he subliminally realized that in 6 months I had created additional wealth of ₹ 900 crore for the company, almost equalling ₹ 1,000 crore value put on the entire company before I joined! I did not tell him this. This would have broken his heart!

Even though I had faced conflicts in the government PSUs, there was a difference. Within the PSUs and also government departments, and its day-to-day running, one had a free hand to do what was necessary. Unlike what is commonly believed, there is a great deal of built in autonomy in the government for a person who decided to use it; in fact far more than what is available in the private sector. In the PSUs, the owner, being the government, is not a real person who can walk along the corridor and peep into different rooms.

Following the NRC debacle, there had remained one nagging shortcoming in my record. I had yet to turn around or substantially improve a private sector company. What better city to do it than in Mumbai and which company was more private sector than Gharda Chemicals? By December end the perception in the market in Mumbai was that Luke had done it again and revived the Gharda Chemicals. Dr Gharda himself spoke appreciatively about my work to many. I saw no reason after that to stay on. He would not reform.

After some initial nastiness, our parting ended amicably. He was present at a farewell lunch for me along with our senior officers and presented me with a memento. He even came down from the fifth floor to see me off. After I left he continued with all the management systems I had introduced because they enabled him, perhaps for the first time in his life, to see how the organization functioned and how he could effectively monitor and intervene. It allowed him to control the company not by controlling its employees but by monitoring and guiding its process, technical and others. It was a gift of inestimable value that I had created and left for him. I was leaving the company in a far better shape than I found it in, having created additional value by the company's increased cash flow of around ₹ 900 crore of additional wealth for it. My actions, as will subsequently be described, prevented the company from falling into the hands of those who would have

dismembered it. Not a bad list of achievements for a six month stay. But other than a sense of having succeeded once again, for me the period was one of disenchantment with the rank stupidities that men in power are capable of. At the age of 62, I was finally beginning to understand that ethical victories would always be opposed. Those occupying key positions, while being very clever, were yet unsure of themselves and did not trust an ethical effort. They see it as a proxy for something else which might threaten them. And I was once again left wondering why the vanities and fears of powerful men blinded them to the wonderful paths opening up ahead. Why, instead of cleverness, is there is not more enlightened self-interest in this world? We would all be so much better off.

There was an important episode which I will now describe to complete the story. When I joined, Dr Gharda was very close to an agreement with a giant US-based private equity group for the sale of his shares. Soon after that an agreement in principle was apparently negotiated between the two, reportedly for an amount of ₹ 600 crore for the sale of his 60% shares, just before my joining. The value put on the company was ₹ 1,000 crore. Paradoxically after I joined, the performance of the company improved so much that the earlier price was felt to be too low by Dr Gharda and he reportedly kept on asking for more. Finally, the negotiations were abandoned.

But the way these private equity deals were structured was a surprise to me. I was under the impression that such arrangements were straight cash for shares deal and the private equity group would pay the shareholder with its own funds or funds which it had borrowed. But apparently that was not how it was going to be. The Company to be purchased would take a loan from a bank and use it to pay the major shareholder who was selling out. The purchaser, the private equity company, would put up only a fraction of the price himself, leaving it to the company to pay the rest with the loan so taken. In the process the company would become indebted and the PE group would get to own the company by putting up only a fraction of the cost of the shares transferred.

Accordingly a proposal for a huge loan to be taken by the company was put up. An aggressive new age Indian Bank indicated its willingness to lend. This bank should have refused to lend as in the process the company was becoming indebted without acquiring any productive asset. By the very act of lending it was weakening the company which is something no bank should do. This was American style predatory financial capitalism at its worst. I advised Dr Gharda against taking such a loan which would suddenly turn a debt free company like ours to one carrying a huge debt without any productive asset

being created. Partly this but mainly the fact that the company was now doing much better may have led to the deal not coming through. I am not sure that he liked my giving him such advice. Even when you were doing good to him he did not like it if in the process he was seen to have erred.

Later, I read many articles on such PE buy-outs by an American writer Josh Kosman where he shows that most such buy-outs harms the company that was purchased by loading debt on to it. In his words, “PE firms make fortunes by hurting companies and people” It could only work if the interest rate of the borrowed funds was low which was not the case in India. Even if it was low, why could not the PE companies borrow themselves? He wrote that the PE groups extracted funds out of the bought out company in many ways. They also charge outsized management fees. He said that in some cases dividends were paid not out of profits which is a good thing but out of borrowed funds; this is called dividend recaps! What is the difference between this and outright swindle? The exchequer loses because the additional interest which the company now bears is treated as cost and not taxed. Such PE companies invariably laid off employees. He said that PE groups were looking for healthy companies with good cash flow to take over. They were not looking at sick ones to manage and improve. Something like a vampire looking for a healthy animal to suck out blood from. Vulture capitalists home in on a dying animal. These guys went looking for healthy creatures. The head of this PE group had given himself a lavish multi million dollar birthday bash recently. The top officers of this company had the usual skill with the kind of words which allowed them to talk without conveying any meaning.

I am glad I was able to perform this final service to the Gharda Chemicals before leaving though it hastened my departure. The reader will grant that to the end of my career I was fighting for what was objectively good for my organization and for the country rather than what was convenient for me personally. Those who were advising him to sell were upset with me. The Gharda Chemicals did not need a PE take over of the kind that was being prepared for it. It only needed good day-to-day management which it was already getting. One should not look for fancy solutions when simpler ones are available which are being made to work. I am suspicious of financiers who are very rich. Their wealth is likely to have come from their customers. It is like bankers, not their customers, owning yachts.

Real value can only be created by day-to-day business—purchasing, manufacturing, research and marketing and other allied activities, all driven by innovation and integrity—and only to a minor extent by financial

engineering. Financiers are seen as demi-gods because they control money and create the illusion that they are also creating it. Before I got to know the structuring of the deal, I saw the PE takeover as good for the company as it would professionalize the company. When I opposed this deal it was on account of my personal assessment of the way it was structured but mine was the lone voice that objected. Only later when I read the views of Kosman it became clear that even in the bastion of capitalism, others had felt the same way about such practices. It was a vindication of my stand. I remembered the two gentlemen in dark suits who had met me in GACL ten years ago who also proposed a financial engineering solution to a company that only needed good management to survive.

The traditional model for Private Equity sees it as coming in with funds to support an entrepreneur who has a good technology or a business model but is financially overstretched and needs funds and some management expertise to grow beyond the stage to which his initial momentum has taken him. A good company may also need such a helping hand. Once the entrepreneur or company has successfully crossed the hump and come back to full liquidity and profitability a few years down the line, there could be an IPO and the PE firm could exit with a good profit. This is how it should be. But today some PE firms are not thinking on these lines.

The head of one of the giant US PE firms visited India some time back and expressed his confidence about there being good business opportunities in India. He received positive media coverage. None of the journalists who interviewed him raised the difficult questions on the damning indictment of their business by Josh Kosman. The news media in India, while absolute tigers when pouncing on the government, exhibits a proper respect for big business interests. I hope PE deals in India do not involve the company being taken over having to take a loan to finance the purchase. If this is the case, the concerned government agency should say no. But the urge to bring in foreign capital is so strong. Foreign capital coming is seen as a vote of confidence on a resurgent India. But with all the corruption surfacing into public awareness, it looks more like putting lipstick on a pig. Private equity was an issue in the US elections. This should concentrate attention on the issue. This is only one of the ways in which toxic finance has cut itself a disproportionately big part of the economic cake without producing anything of value for the common wealth. These PE outfits call themselves Turnaround firms. They should come to me if they want to see what a real turnaround looks like!

But at the time of my joining, it was highly probable that the deal would come through. With the funds that were to come to him, around ₹ 600 crore,

Dr Gharda told me he planned to set-up a body called the Gharda Advanced Technologies, which would develop and commercialize some of the new technologies he was working on, technologies which would, in his words, “shake the world.” He named all such organizational creations after himself. The areas indicated were a new process of making steel, a low cost technology for pure titanium and some material to be used in cement making from phosphates. All these incidentally were pretty far removed from their core competency which was chemicals which itself would raise questions as to how at the age of eighty even such a gifted person like Dr Gharda could achieve a breakthrough in these mature technologies. But from what I saw in the company, the term ‘Advanced Technologies’ appeared to me more a statement of intent rather than an indication of any actual progress in these fields. It quickly became apparent to me that it was nothing more than an aged man’s final lunge for a scientific fame that had eluded him all his life. Other than some rudimentary laboratory and workshop scale equipments set-up and functioning in fits and starts, there was nothing. No readings were taken which would confirm the expected chemical reactions. I asked for a note but was told there was nothing. Nothing on paper, nothing on the ground, all in the recesses of one mind—perhaps. An idea of a possible reaction in chemistry is not a technology. Technology begins with repeated experiments and results based on which some sort of a pilot plant is set-up whose output also validates the experimental results. Then the really hard part of scaling up this pilot plant to a credible commercial scale so that it invited industry interest has to be undertaken. Suspicion and an urge for secrecy can suffocate such nascent technology ideas. But as it was Dr Gharda who had conceptualized these technologies one may assume the chemistry behind it to be correct. This could not be in doubt. But there would be a long way to go before these ought to have been presented as ‘Advanced Technologies’. But with the deal not coming through these ‘technologies’ may have now been forgotten. An unnecessary air of secrecy surrounded these non-existent technologies. But there was the germ of truth out there and it could have been developed if I had been there for some time.

As in the other companies I worked in, the employees saw that I was successful in drawing out their potential by creating a structured ethical set-up which constantly demanded their best. Many of them told me that having heard about me earlier, they were in no way disappointed in what they experienced of me. I pushed them hard and paid them the compliment of believing what they said and treating each one of them seriously and acting on their proposals. The substantial favour I did them was improving the company and preventing a PE takeover and the consequent job losses. But I

cannot pretend that I enjoyed my stay there. Professionally, the task of improving the company was as fascinating as my other assignments. Every company is different and the key to open the locks on its creativity and untapped energies had to be designed afresh every time. Gharda Chemicals was also different and I enjoyed the challenge of aligning the motivations of the employees to the newly formulated goals of the company. But among all my efforts, reviving the Gharda Chemicals was the easiest and did not tax me much. There was no significant weakness in the company except poor management and there was a great potential waiting to be unlocked so it came back to full health quickly by effective management. Or perhaps, I was getting better as the years went by!

But in the field of chemistry and chemical engineering, Gharda Chemicals was a research-driven company, perhaps unique in the country. Its production engineers worked closely with the research team in working out improvements in the plant processes. Whenever something new had to be done, it was with chemistry that the discussions progressed and the going all the way to the process and plant design. Even when something went wrong, the discussion finally settled on what had happened in the chemical process. The usual administrative tactic of fixing responsibility was not given much consideration. In all my other companies our officers looked for technology suppliers for a new product. In Gharda Chemicals they did not do that. They developed it themselves starting with the chemistry of reactions and then designed the flow process and the equipments. It was a unique company in this way. It was the first Indian company to produce and market those pesticides in India which till then only the multinationals made and sold. Because of such efforts pesticides became available in India at an affordable price to Indian farmers.

But it had been so for a long time and the company was past its best. Its plants were not well-maintained and had serious environmental and safety issues, shortcomings which could have been set right in an year or two but which was never attempted before I joined. It had no corporate growth plan. A company which began in 1965 steeped in such a scientific culture had developed into only a medium-sized company in forty years. It had run out of stamina and was directionless. It could be compared to a person who, having shown extraordinary promise in his youth, settles down to a narcissistic middle age with only some odd flashes of brilliance to remind us what he once was and still could become. No new product was ever developed by them. All its products were copies of existing ones created by the multinationals, the so-called off patents or others which were synthesized by some process shown as being different from the original patented method.

Such products after some time were also being produced by other far less research based and less prestigious units in India and China. This is why Dr Gharda is better described as an industrial chemist and not a scientist. Its move towards polymers a decade back, in a shift away from pesticides, was not successful. In the absence of clear innovative goals many of its scientific breakthroughs were aborted in the initial stages on subjective grounds, reportedly by Dr Gharda himself. If the scientific culture of this company had been leveraged with good management and a commitment to grow the capabilities of its officers, it could have been taken to great heights. But Dr Gharda, because of his passion for new products to the exclusion of organizational development and his possessive attachment to the company, appeared to instinctively distrust a professional management wedded to objective goals, which might shake it loose from his suffocating embrace.

His lifestyle was Spartan and he was honest but his managerial style cost the company. He also built some sort of a personality cult around himself posing as an eccentric and getting media exposure periodically. He was not an eccentric, being too careful and deliberate to qualify. A real eccentric thinks of himself as perfectly normal and never calls himself an eccentric. He used his alleged eccentricity as a licence to make persons feel uncomfortable. His claims of having been wronged were doubtful and he probably gave back at least as good as he got, and then some.

It was easy to mock him but his achievements were impressive though they were of an industrial chemist, and not of a scientist as he saw himself. He never cheated on taxes. He loved money for the control it gave him over others yet did not know how to spend money for himself. Though he never attempted to synthesize anything new, his love for chemistry and research was genuine; he never deliberately broke any law and he never asked any of his officers to do what was illegal. He saw life as a struggle with him carrying a burden for others. As a result, he was dismissive of others to a much greater extent than was justified by his achievements which were of industrial chemistry and not of science. He destroyed a great deal of potential wealth. But he had built this modest sized company, it was his life's only passion, and he had the legal right to run it the way he wanted. But this cannot protect him from an objective market judgement of his performance. Having a 60% shareholding does not mean that one should be disdainful of the other stakeholders. This is the stand he often took—it is my company and I can do what I want with it. Gharda Chemicals had many other stakeholders who had a valid interest in hoping that the company rose to its full potential. Among them were suppliers, customers, employees, those who suffered from



effluents and pollution and safety hazards within the plant and in its neighbourhood and many others. Once I had come he could no longer claim there was no one he could trust. If he had really cared for his company he would have done everything to keep me on. With his advanced age and family squabbles and his inability till now to create a structure which will ensure continuity to the company after him, I have fears about its long term future. Its scientific culture is a national asset which could perish in the coming years. I say this as a person who developed an attachment to this potentially great company, its brilliantly talented scientific officers and its enigmatic founder.

I left Gharda Chemicals disappointed. When I joined it appeared that for the first time in my life here was an organization where the interests of the owner coincided exactly with that of his company. There would be no conflict as I would be working solely for the organizational interests. I was tired of conflicts and wanted a long innings in an organization where our interests seemed to dovetail so well. It would have been a world beating combination—Dr Gharda looking after his ownership interests and R&D developments with I handling the day-to-day corporate management and answerable to him. But I was wrong and, in essence, it turned out just like my other assignments in the past. In the conflict between control and performance, once the organization has come back to health, the forces of control always win. In spite of his intelligence, education, refined bearing and wealth, Dr Gharda was as uncomfortable with ethical functioning as anyone else. Was it a coincidence that the only organization where I had excellent relations with the owner was where I was unsuccessful in turning it around?

The reader would probably feel what I too later on realized. The four assignments after Gujarat were a comedown for me professionally. Very few in the corporate sector in India, or perhaps even in the world, would have the record of successes that I had. Yet, I was not inundated with offers of new assignments, to put it mildly. There is no market for talents like mine because no major share holder is comfortable with ethical success as it may mean a break with what has worked for him in the past. The organization benefits but the ownership finds itself mortgaged to higher standards. This is seen as a bad deal by the owner, whether he is an individual or the government.

After Gharda Chemicals, I offered my services, at their suggestion, to the Government of India which has a large number of under-performing commercial units. This sphinx like entity showed some interest in the beginning but then kept silent. The company identified, an iconic one which

made India's first watches five decades ago, the HMT, was in heavy losses. Last year it clocked a turnover of ₹ 160 crore and a loss of ₹ 80 crore. Its equity is ₹ 750 crore, the result of government contributions to make up for continuing losses. I could have made a serious go at it and was puzzled at the government's reluctance to attempt a revival under me. The company had some prime lands though. Could that be the reason they did not want my services? May be they were worried I would actually revive it.

We have reached the end of my story. Minerva's owl begins its flight only in the gathering dusk. It is now, long after the events, and after I started writing this book that I see some pattern, some coherent direction, and purposes which shaped them. Most of them have been analysed as they were recounted and the reader could stop now. But having persevered thus far, perhaps he will walk this last stretch with me. It will be a kind of summing up and will have some new insights that emerged from my experiences. It may be the most valuable part of the book. Some of it would have already appeared earlier scattered through the book though not in this complete form. It could be a little heavy going too, perhaps. Not because the subject is complex which it is not. But with my limited skills I am not sure that I have been able to convey what is intended with acceptable clarity. What I write is not original. The great thinkers have said it far better than me. The urge to discover what is true by observation and analyses rather than following what is prescribed is as old as man and the resulting conflicts began hundreds and even thousands of years ago. I rediscovered these paths leading to specific and local truths by instinctively applying them in the management of business organizations and was prepared to suffer material setbacks in their pursuit. These truths were no longer airy nothings. To them I gave a local habitation and a name, brought them down to earth, and turned them into shapes which were the organizational expressions of ethical ideals; apologies to the Bard. This is a dramatic claim to make but I make it. Everything that follows has its practical counterpart in the account of events that has been narrated till now. The astute reader would be able to see the correspondence between practice and theory. It has to be so as the theory followed from the practice. As I had said, first practice, then theory. In a sense I changed the world instead of interpreting it. Of course, it was not the entire world that was changed but only that infinitesimally small part of it over which I had influence. But in the hands of a world elite prepared to use it, the key I designed could change the entire world.

Though the practice came first, it did not rise up from a complete vacuum. There exists a moral order to our world which is scientific and based on the universal instinct to growth and full self-realization. It is

explained with great clarity and a cosmic vision by John David Garcia in his book *Creative Transformation*. After having read the book I saw the world differently. All my doubts vanished.

What I spell out now is limited to the organizational context. Life is a much bigger canvass than any organization and what is said here does not take the place of what the philosophers, poets and artists experience. That would be far more intense, richer and genuine, emerging out of real lived life. No such claim is made for what I write here.

## *Chapter 23*

# Why Ethics?

It was a desire to make my own choices that forced me to search for some objective direction finder. If I wanted to act independently it could not be in a subjective, wilful fashion. This would be suicidal in the public service. Following one's whims and the mood of the moment was not true independence. To be independent meant independent of one's fears and self-interest, but not of those higher goals which should guide us and are universally accepted as good. So I decided to be independent yet to be bound to ethics. It would be ethics which would guide me on this uncharted journey. But I searched for an ethics that must combine within it a morality that would lead to success in our endeavours. The search was not for morality as a limiting boundary condition but one which would be a key to practical success. Not success with morality but success through morality. I sought a morality which far from limiting me would propel me forward to success in whatever I chose to do. Success was to achieve what one set out to do but not personal advancement. Personal advancement could come as a result of successes in our official endeavours. That is how it would be in a good society.

Ethics that is described here draws on Kant's Ethics. He says ethical action is that which takes its validity from the Categorical Imperative. This asserts that while all individual actions must be shaped by some principle, yet this principle must adhere to the requirement that all principles of our actions or maxims could consistently become universal laws. A universal law is one that, if followed by everyone, results in a more just, enlightened and prosperous world for everyone. Thus working hard and being honest is ethical because if everyone were to become so then society would gain. For the same reason stealing in any form is unethical because if everyone was to do so then society would collapse. Taking another's land for one's own purpose, whether for industry or shopping mall, saying it is for public purpose against his willing consent is wrong just as taking the land of the farm houses and bungalows in Delhi or luxury flats in Malabar Hills in Mumbai without their consent is wrong. Those in the second category cannot argue for taking

the land of the tribals for development if they themselves are unwilling to move out of their houses if they were asked to do so in the public interest. Seeking directions autonomously and improving the health of the organization one works for, even while incurring the enmity of the powerful, is good because if everyone were to do it, society would benefit. Following a Minister's orders on transfers and promotions is unethical because if all organization heads did it, it would bring down organizational efficiency and demoralize those who have no access to the powerful; this is what is happening today. Asking for transparency in the government, through the right to information, while denying a similar right to a shareholder of a private company is again violative of Kant's dictum. So any action we take should be subject to this test—if everyone did it would it benefit or harm society? Whatever we propose to do based on certain logic should, if this same logic were applied universally, benefit the whole society. This is ethics. All such acts are ethical. This principle ensures that if one were to act according to it, then that act is ethical. Logically, such acts should be supported by all fair minded persons as its logic is transparently fair and good.

The second pillar of Kantian ethics is that every action must keep the common man, the individual human being in mind and it is his welfare that must be aimed at. No individual can be harmed or sacrificed for any abstract principle. Human dignity is paramount and he is the end all and be all of all our efforts. He is not a means to a higher end, he cannot be manipulated. His/her welfare, dignity and autonomy is the highest end. All our actions must be judged by this measure.

These two principles contain between them the entire substance of ethics. Here we see the profound moral underpinning of the world we live in. That which is true and ethical works best, and is acceptable to all. The good, the acceptable and the practical converge. Ethical conduct by all, and particularly by the powerful, the influential and those society looks up to and models its conduct on, results in the best of all possible worlds.

One takes up a task only if it appears it can be done. Nobody starts an effort knowing it will fail. But the objective situation is even more conducive to success. Anything seen as a problem can be solved. A famous philosopher had stated that—"Mankind only takes up such problems as it can solve; since looking at the matter more closely, we will always find that the problem itself arises only when the material conditions necessary for its solution already exist or are in the process of formation." We never take up a problem that cannot be solved. Nobody tries to revive a man who has been dead for a month. Today it is impossible to turn around a factory that used to make tape

recorders except if some new technology has developed to make a superior product. That is why any organization which was capable or once capable of serving a useful economic purpose of the present day can be revived. Nothing that is felt worth doing is impossible. The conditions for its success already exist and that is why it comes to us as a problem asking to be solved. But the solutions will not come to us on a platter. These have to be sought ethically, that is scientifically. By scientific I do not mean exclusively physics, chemistry or thermodynamics, but the scientific approach of pursuing cause and effect relationships, even while searching for human motivations. The forces that shape this world have an intelligence that pose only those problems to us that we can tackle with existing knowledge and capability. Nothing we wish to do, provided it is an intelligent wish, is impossible. But courage is required and stamina. Consequently, any failure to achieve success is entirely because of the limitations of the person leading the effort. We are judged harshly for failure of any large enterprise. History is a pitiless judge when we work on the public stage and for the public interest. This insight is one of the profoundest in philosophy. It is a trumpet of hope to those who are dejected and tired, lost and directionless. What is more heartening is that the revived organization is different and better than what it was before the crises. The Hegelian Dialectic of thesis, antithesis and synthesis is at work. The world we live in potentially capable of infinite improvement. The person making the effort is not alone, historical forces are assisting him. But such improvement requires the ethical and does not happen on its own. The ethical will be in charge only if society has faith in the transforming power of ethics. Thus only societies which believe in ethics can progress.

At this stage I must stress that the ethical principles that will be spelt out here were directional urges for me and I claim only to have moved in that direction. I was never successful in reaching anywhere near the ultimate ethical levels spelt out here. There were failures too. But my successes were entirely because of the ethical orientation I chose. None of these successes would have happened if my effort was to be a conventionally decent person who accepts the world as it is. And I have not perched myself on a moral high ground. The only claim I make is of having undertaken a definite journey in the right direction, stumbling frequently but getting up each time. Others might make a better job of it. This is a path open to everyone. But it is the case for a practical ethics that is being put forward. For too long has it been on the defensive. It is superior to the finest management paradigms except that the practitioner does not become rich or have powerful supporters.

But why seek success? Pure ethics should care nothing about success so we are told by the ancient wisdom. Concern not your self with the fruits of

your efforts. Just do your duty. I found this counsel meaningless at first. All the struggles of man are to achieve something. Our flight is fuelled by what we seek, as the poet said. The point is what is it that we seek. I never sought success for myself but for the large number who would benefit if my efforts succeeded. Those who I did not know, those who could not pay me back. Gandhiji's words that one should work keeping in mind the welfare of the poorest person one has come across and Nehru telling us that our work would never be over as long as there was one tearful eye in the country were living testaments to me. I saw that the core concern of the administrator was to provide people with a reality based sense of hope. In a poor country we had to aim at material advancement for the stakeholder of our enterprise. Nothing less would do and nothing more is needed. Provide him the infrastructure of daily practices for self-realization within the organization. His spiritual elevation could be left to himself and one should bid good bye to him at the factory gate.

Later on, it occurred to me that the ancient injunction that having done one's duty one should not hanker after the fruits of the effort was the correct advice. The fruits referred to was not the result of our efforts. The anticipated results must be made to come about. The endeavour must lead to success. The effort ends only when the results are achieved. The effort must be completed. The fruit referred to is the expected benefits to the individual seeker. It is this that one should be prepared to spurn if not given for success. If you are not prepared for this, then you be manipulated and your lifelong ethical venture would fail.

But after a few years in the service my assessment was even more pessimistic than this. Robert Bolt in his play 'A Man for all Seasons', had his principal character say that—

“If virtue was profitable, then common sense would make us good and greed would make us saintly.”

It was becoming clear to me that far from any reward being certain, what was shaping up as a certainty was that not only would there be no reward for a successful effort to grow the public interest but there would be a blowback of active hostility. Such a success would be at the cost of the rich and the powerful vested interests who like vampires were stuck to the body of our public administration. The large majority of civil servants who were honest but inclined to make compromises would also be embarrassed because it removed alibis for their failures. Though this assessment proved correct, my determination to grow the public interest became stronger. I would walk alone. My increased feeling of self worth would be enough reward.

But there were times when I was angry and bitter. The turnaround of companies under me generated great cash and other material benefit to the owners of these companies, and also the other stakeholders. The increase in the GSFC share price from ₹ 17 to ₹ 251 in three years had never happened among Indian PSUs or even among the private sector companies of this size. The Sardar Sarovar Project revival, the Drip Irrigation scheme design and implementation, and the KMML turnaround too were of the same class. The turnaround of nine companies by an individual CEO was unprecedented in India and perhaps in the world. Surely, I deserved public expression of appreciation from those who owned these organizations, not for my ethical stance but at least for the huge material benefits received by them. People do not like it if their wrongdoings are pointed out to them but material benefit could never go unacknowledged particularly in Indian culture where obligations are scrupulously recorded, I thought. And it was all done on a government officer's salary and I did not end up rich. Surely, they would not renege on this obligation to acknowledge what I had done for them without any selfishness and at some personal hazard.

Later on, it became clear that my expectations were illogical. It was absurd to expect any reward or recognition for the kind of public service I was performing. Those who could reward me were the very persons under whose feet I was cutting the ground. They correctly saw me as an existential threat to their lucrative patterns of dominance and deception. Like King Pyrrhus they would be muttering that 'a few more victories like this and we are undone.' And had I not promised myself as I began that I would work for those who could not pay me back? And as I had claimed the freedom to act, the consequences of using that freedom had to be accepted. Freedom comes with a high price tag for the person using it though it benefits others. That is why most persons are prepared to give up freedom for security.

Hostility from those vested interests who found that avenues for extracting benefits were blocked was understandable. But why was society too indifferent? Society definitely supports merit and achievement in the public space. Star sportsmen, artists and scientists are held in veneration by most decent people including those in high positions. So why do they not support successful ethical conduct in the public field? There could be an explanation for this. A successful cricketer, a chess player, an actor, an artist or a scientist has a skill, ethically neutral, which you and I cannot hope to develop at a mature stage in life. His success does not point to our own shortcomings. This skill has given us some enjoyment too and pleases the senses. But an ethical success teaches a more austere lesson and could be seen as a reproach to those holding powerful positions. It strips away their alibis for failures.



They too could have been ethical but chose not to do so. An ethical success does point to their shortcomings unlike a great match winning century or an exceptional artistic performance. It is easy to applaud the latter while turning one's face away from the former. Most of the powerful are fervent patrons of the arts and sports. It allows them to show their interest in areas other than their profession. But this selfless interest does not threaten them. The artists and players wear the logos of big money and the government. One can weep with sympathy for the heroine on the stage and yet be indifferent the poor huddling outside on the footpaths. Feel good is never do good.

Some could counter what I say by pointing out that considering the salary and perks of an IAS officer, I was amply repaid for my services. The salary paid to me did not entitle society to expect what I created for it. The same salary was paid to those whose services resulted in the organization's collapse. Those whose careers were dull and pedestrian were also paid the same salary. The salary and perks of an IAS officer does not entitle society to receive what is exceptional. In every field an outstanding performer must be repaid exceptionally. Such extra payment must be in the currency of public respect and honour and not with cash and material benefit. A recipient of such services, whether it is an individual or a government, should not walk away without acknowledging the exceptional benefits it has received. It is immoral to do so.

What is ethical management? My search for a success through morality led me to insights which, like parting clouds, revealed an incandescent reality above. What is described now are understandings which came to me over a period of years as I continuously groped ahead to win practical breakthroughs in my official tasks. But it was always practice which led to theory.

At this stage to hold the interest of the hard-nosed business reader, if he is still with me, I will clarify what is meant by ethical management in terms of the results which it will give. First, it is that practice which produces the best financial results and profits for the company. Secondly, these results are sustainable in the long run. Third, this practice will produce a high level of stakeholder satisfaction. To remove any ambiguity, here is the clincher. Ethical leadership will increase the share price of the company! So I hope the business minded reader will see ethics as giving a good bottom line! But there is one disadvantage. It will not allow the promoter and his friends to surreptitiously take out money.

It may not be so easy to convince the national leaders, top civil servants, business leaders, economists, and all the other thinkers 'concerned about the country's progress' but a similar effort must be made. Ethical management

would do wonders for national development too. The GDP would rise, so would employment, investment would increase, corruption would vanish, scams could not happen, agriculture would flourish, the poor would look to the future with justified hope, Naxalism would lose its sting, environment would be protected, there will be better health care, big projects would be completed in time and under estimates, the PSUs exhibit high performance, terrorists would find police waiting for them in well-laid traps, public transport would be world class, cities will be clean and human friendly, the forests will be protected and most important, the people of the country who are today divided on caste, religion, region, income and other barriers will be united by ethical striving. To cut a long story short, India would become a heaven on earth.

But something tells me that this sales pitch will not work. Those to whom it is addressed will personally lose much more than what the average citizen gains. The government and business leaders are most unlikely to be willing to sacrifice their personal interests. They are doing well right now, thank you, and will continue to do well relative to other Indians even if the country further weakens. It would be difficult for them to admit that the country's problems are ethical in nature and flow out of their ethical failures. The phalanx of experts behind them will point to 'complex policy issues which must be addressed', making the common man feel foolish and the ethical agent unwelcome. Our policy experts are skilled with words and analyses and it will be shown that as my experiences have been limited, such naivety is understandable. My thinking ignores the large canvass, they will assert and I do not have the experience they have. My answer to them is that there is nothing like the large canvass in organizational revivals and each one of us can act solo. A person who continuously looks at the large picture will fail in any specific task he is given. Only those who wish to shrug off their personal responsibilities point to the large canvass and inter connections. They are wrong. India can be lit up by millions of lamps each one of them individually and independently lit. And my experience in successfully reviving field organizations is far greater than what any one of our policy planners possess. But I do not have their habit and experience of looking at the large canvass and that is why I was successful in the real world of organizational revivals. They did well in meetings, committees, seminars, presentations, conferences and paper decisions which went nowhere. But it is these men and women who are running India and that is the cross this country bears. Their successful careers are built on stepping stones of failures.

While leading an organizational effort, success would come if one found a way to motivate one's employees and to align their energies with the goals of

the organization. Now this is quite common place and is stressed in most management theories. But motivating employees consistently was not an easy task. In the private sector it may be possible but only by some sort of appeal to their fear and greed. Help the management of the company to fulfil its purposes and we reward you monetarily and with higher positions; and we might make it difficult for you if you fall short of our expectations. But what lever did one have in the government where job security was built in and it was not possible to reward or punish employees monetarily? The private sector model had the weakness that it judged employees relatively. There were the bright sparks at one end, the majority who were judged capable enough for the job they did, and some were branded as duds who may not survive. To me this was unacceptable. Human beings could not be labelled this way. All labels are libels, Inge had said, because they deny your innate ability to change and depict you as some kind of mechanism whose working is known and could be controlled. I was not prepared to sacrifice a single employee. The threat to fire employees is one of the levers for controlling persons through fear. An imperfect understanding of psychology is also often used to categorize uncomfortable views without taking the trouble of countering it. If I say x, then instead of showing why this is not correct or why it is, the assertion is that I am saying this because I have such and such complex, using some term from psychology. No person should be judged through psychological analyses. Man's brain has evolved and we are capable of acting against blind desires and forces. Though, we can be reduced to a mechanism, we are capable of rising beyond it. It is the role of a leader to bring out the best in a person. It is a person's actions and their results that should be looked at for a true valuation. What is happening inside a person's mind is very often a mystery even to the person concerned so how can an outsider know it? A person's actions can be judged objectively so that is all one should look at. But as a organizational head it is my duty to create conditions so that the actions of those working under me continuously improve. Mine is the responsibility of improving their capability so that their actions improve. Without doing this I cannot judge them by their actions. It is I who would be found wanting.

I remember a conversation with a gentleman who considered himself an unemotional realist. His words to me were, Mr Luke, nobody is indispensable. It was a jab at me though to soften it he added that even Pandit Nehru was not indispensable as was proved after his death. This was queer logic but spoken with perfect assurance. I decided to deflate this obnoxious man. That is identical to saying that everyone is dispensable, I replied. It was a mean punch. He thought over it for some time and decided

he was not prepared to go so far. He left conceding my point that not everyone is dispensable. I would go further. For me, every person is indispensable. We enter this world with the same range of feelings, thoughts, emotions and physical capabilities. Persons are not born into this world to be a marketing manager or a machine operator. These are roles assigned to him by the organization which found him fit and selected him. It is up to the organization to get the best out of him and not stick a label upon him and thereby abdicate its responsibility to bring out the best in him. In my entire career I have not found one incompetent person working under me. Ethical management could bring out their best. Categorizing people is a way of demeaning individuals and controlling them. It is a tool of power. I will not claim that I was never let down by any employee. But doing wrong is uglier than suffering it, as Socrates had said two thousand five hundred years ago.

Could there be some way to motivate employees, both workers and officers, other than with money and promises of promotions? What was that element which was equally good for the company and also for each employee, whether an officer or a worker? It is generally believed that what the employee wants is at the company's cost—more leisure, more salary and less accountability. From the employee point of view, the company's goals of higher profit and dividends, and big salaries for the top executives are at their cost. Was there something that was good for the organization, its management and every one working there? And if there was could we agree on it and then unlock this vital substance?

There was such a substance and it was self worth. This discovery was not by analytical speculation but by what I could discern as I groped forward over the years. It was generated through the magic process called creativity which called upon the hidden reserves in every employee. Creativity is a process of seeking solutions by a pursuit of truth. The human worth (I dislike the term human resource) is the greatest wealth any organization has. Everything we call wealth is created by the mind. During one meeting I pointed this out to my officers. Everything you see or can think of in this room and outside was the result of a design which was imagined in the mind. The table, the chair, the paintings hanging on the wall, the electricity lighting and cooling the room, the chemical plants, the road outside and the vehicles plying on it, the aircraft in the sky and anything else you imagine, a song or a poem too, was the result of a creative act in some mind. Through human emotion, motivation and muscle and scientific laws it was converted into reality. The employees were not a cost to the company but its motor. The human mind could be taken to its peak performance only if the person felt a worthwhile goal to pursue, one

which called forth the best he had to give. This immediately ruled out unethical acts. If the employee is assured of a fair share of the fruits of his labour, the increase in self worth that he experiences when his capabilities are fully utilized, will give him all the motivation to align his efforts with the company goals. But this process will be contaminated if any wrongdoing is seen to be done or allowed by the management.

It is the increase in self worth that is the motivating factor in an employee. This is one increase both employer and employee can agree upon. The employer is looking for motivation and the employee is looking for self worth. It is the task of management to increase the self worth of employees and thereby produce motivation. All good things then follow.

Perhaps now can be seen the link between ethics and organizational success, a link which is created by truth. Truth is a complex term containing within it different meanings which are facets of the whole. Truth can mean what one learns from scriptures, from the lives of great men, from spiritual teachers or any internal feeling of righteousness, justice, fair play, or even some eternal essence which rules our lives. It could also mean those imperishable ideals that have sustained man through the long centuries of his struggle against darkness and oppression. In its more diffuse meaning it suggests that which is good, noble and pure and some kind of soul force comprised of these. All these are facets of truth. However, I prefer to see it in its basic form which is as a description of that which already is or can be created in the objective world that we live in and experience. It must be capable of being commonly verified by objective tests of measurement and by the normal rules of perception. It is not the subjective truth that is referred to here but those which all of us see and agree on. The transformative effects of truth can be seen in the way it is pursued in the organization. Truth is a description of the objective reality of all that exists or can exist in our world. It is specific to each situation and has to be discovered afresh at each instance by a search. Except where it is of little value, it cannot be learnt from authority figures or from documents.

Truth is seen at various levels.

1. At the first level is that which is known to most of us. It is just information which when it corresponds to what is objectively known would be called facts. The names of individuals and places, scientific and historical facts known, also facts which can be found out from the world's accumulated knowledge in its libraries or, to use a modern term, from its data banks. With the internet it is easy. These are just facts without value. Truths without value could be called facts.

Facts which are widely known are unlikely to have any value. There is little value arbitrage there.

Truth is a fact which when known helps in releasing some benefit which could not be experienced otherwise. In other words truth is a fact with value. Fact can be described as an objective description of an event or entity that is perceived similarly by different observers.

2. At the second level are facts which exist but are unknown to us. These have to be determined by investigations including measurements and logical deductions from facts. The exact height of a person at a particular time can be known only by actual measurement. The amount of pollutants in the air I am breathing right now again will require measurements at this time. What exists ten feet below the ground on which I am standing will require excavation under my feet or some other form of measurement. The distance of the moon from the earth at a particular time can be known only by the use of sophisticated instruments. For a police officer, the identity of the person who stole the necklace is not known but can be proved by collecting many facts and witness statements, and human motives and psychology. This if intelligently applied can lead to the likely culprit. The actual composition of the cost per tonne of a finished product in terms of various materials, energy, catalyst, etc, will be known only after precise measurements of all the inputs that go into production. These are the truths which exist in reality but are not known at the beginning of our exercise. These are truths, that is facts with value, because we seek to know them with some purpose in mind. When it is known, the value behind the purpose is released and realized. For example, the policeman catches the real culprit and not some innocent person picked up from some list. Criminal justice is served and people are reassured. Knowing the various components of the cost of the finished product, efforts can begin to reduce some cost which is considered excessive.
3. The third truth is that fact with value that does not exist as yet but can be made to happen. The better design of a reactor vessel, substitution of an inefficient motor with a more efficient one, a better system of transportation saving money, searching for new market so as to better realization, a way to cut down effluents thereby also saving material cost. Even the design and launch of a rocket to the moon or mars is an example of this. Looking to the scientific laws and human needs and desires what could be made to happen is a potential unrealized truth, waiting for birth, which could deliver high benefits if

made real. A poem, a piece of music, a work of art, are also potential truths waiting to be born. But this kind of truth is the hardest to realize because it involves imagination, an adherence to material laws, and the ability to see a pattern in a complex mass of facts. It also requires boldness as what is being proposed does not yet exist and could face the scepticism of many. This sort of truth realization and transformation in an organizational setting needs team support and an organizational culture of risk taking. We are now looking at an act of creativity.

We will be successful in discovering these truths only in an ethical environment. If wrong means are adopted truth will slip out of our grasp. Truth is easily offended and walks away if the approach is wrong. A policeman cannot use third degree to find out the truth nor can bribes be paid to procure orders. Research results cannot be cooked up. A journalist cannot file a story which is not verified. When the result sought is truth, the means adopted to get there also have to be truthful.

This third kind of truth yields the most value. The value is not only in the benefits from the new way of doing things but also from the increased motivation of the team that uncovered this new way of doing things. As the feedback from these efforts is transparently known and continuously tracked, there is a very low likelihood of something going totally wrong. All these three are called cognitive truths, meaning that they can be objectively verified.

4. But till now we were talking of changes in the objective world. Let us come to the world of values. The greatest of these truth transformations is another event which has not yet happened but can come about. This is the acceptance of an ethical value system by more and more members of the team. Seeing the positive benefits of the second and third transformations they will be more inclined to adopt the ethical discipline and the process becomes then self-sustaining. Values are inherent in reality. When these values are seen to help in winning the practical tasks we have set ourselves, then all employees will accept the new value system. The entire team is largely guided by ethics. This is the greatest of the truth transformations within an organization.

The greatest truth is to combine ethics with practical success and show the fundamental identity of the two not only within the organization but also in more and more organizations. This is a truth that always existed in the world of values which through our

midwifery is now manifesting itself in the real objective world of our organization. It will happen on a grander scale with the blast of trumpets when men and women of power and influence, the country's elite, chose ethics and the welfare of the organization they serve rather than their own interests. It is then that millions of Indians will feel the country's independence palpably. Every organization that is run ethically and successfully strengthens the country. As the country is a collection of organizations I would go further and say that this is the only way the country can be strengthened. If one is at a decision-making level, giving our ethical best to our organizations should be the primary expression of our patriotism.

Thus these four levels of truth seeking, each more complex but also yielding greater benefits, are the tools we use to revitalize the organization on an ethical basis. Truth defines not only what is being sought but also how it is to be obtained. But truth is pure essence and by itself has no motive power, no powerful engines to take it forward. When we first glimpse it, it is just an embryo, nebulous and transitory, apt to perish unless protected and nurtured by human effort. There are no armaments to support it. As it can destabilize well-established arrangements of deception and injustice, it is mocked and reviled by the powerful. That is why it perishes so often. It is only when truth is aligned to human motives that it acquires an irresistible force. There is another requirement. It must be a truth that is armed. By this I mean that the truth must have as its champion the organization chief. If the head of the organization does not fight for it then truth will perish even if every other employee believes in it.

Symbolic and emotional assertions of 'Satyamev Jayate' are enjoyable and feel good. But it is nothing more than a make believe burlesque by those who are afraid of trying out the real thing. Once we get off the stage, in real life the imperative 'Satyamev Jayate' actually urges us to make truth prevail by staking our fortunes to it, an act that carries more danger than verbal assertions and is never feel good. We cannot sit back and assume truth will prevail. This can be twisted by those in power to assert that the force that has prevailed is for that very reason the truth. The fact that somebody made a lot of money indicates that what he stood for was right. Conversely what has not prevailed is therefore not the truth. If it had been the truth it would have prevailed. Those who lost deserved to lose. Many who succeed justify themselves this way.

History to the defeated  
may say alas but cannot help nor pardon.



A great poet had written these lines but later disowned them, calling it ‘a wicked doctrine’.

Organizational ethics is the effort to increase the truth of the second, third and fourth kinds continuously. An ethical person is one who devotes most of his energies in increasing these truths. He also tries to increase this capability in others. Merely gathering facts known to others is not ethical. Many academic pedants engage in this. Increasing the truth means making happen that which is intellectually perceived to be good as well as possible.

Intuition is the human faculty that leads us on to these truths. Certainty or confidence is not required; in fact they may vitiate the search for truth. Intuition will lead us to beliefs in excess of the evidence at hand. What is thus glimpsed at will need to be tested and verified in the workshop of the real world. But intuition arises out of great depths. It is often an essence of all our thinking and emotional needs as well as memory and logic. It must be treated with respect. It may have quantum connections with possible worlds. Another word for intuition is imagination. In fact poets, artists and philosophers assert that imagination is what will reveal to us a higher morality which would otherwise remain hidden.

As such, truth has to be discovered in each instance, it has to be generated by an autonomous seeking in each instance, in other words, through seeking directions autonomously. Truth cannot be generated by seeking directions from above. Autonomously, seeking of directions is another term for freedom. We have already shown that this approach leads to the most optimum results. Thus truth, ethics and freedom are the path finders to success in practical life. That is why freedom is so highly valued in human thought. But my freedom must also result in similar freedom for the others working with me. If the freedom I am seeking is the freedom to search for and realize those occasion specific truths which will help us realize the common objectives of the organization, then this process also gives the same freedom to all members of the team. It is a profoundly democratic and empowering process. An ethical CEO cannot function without making the other members of his team free to pursue the organization’s goals. Without such disaggregated but converging ethical goals, set by each employee for himself in his place of work and in the process of production, the employee is not free. Worker alienation has its root in the modern management’s determination to use him as an unthinking cog to increase production. The plant the worker stands in is huge and compresses within it tremendous mechanical and chemical forces. The growl of a large plant and the clanging of machinery can convince the worker that he is an insignificant slave of the

machines. This leads to an intense dislike of the place of work and the management which controls it. In an ethical organization the worker experiences freedom and a sense of purpose. Knowing the linkages of the machinery under him to the goals of the entire organization, the worker knows that it is his mind, will and nerve that are driving the plant. This empowerment makes him experience freedom. Freedom in the work place is not the absence of restraint but the capability of autonomous decision-making in the direction of a larger common goal. Arbitrary control over them by a person of power destroys freedom.

There is another ingredient which follows. It is the idea of meaning. Meaning is the understanding of the link between our actions and its results. If a human being cannot see the final results of his actions, then he loses self-motivation. Every organization must have an internal system of measurements and information feedback so that each employee sees that it is his actions, be they to a small extent, that are moving the organization forward. This is positive feed back. Negative feedback should also be allowed. This will enable corrective steps so that a positive feedback is seen.

So the pursuit of truth leads to the revelation of meaning and this increases self worth which brings about motivation. This in brief is the process by which an ethical commitment leads to practical success. This is scientific ethics which connects the world of values to the real world and transforms it for the better. The process is self reinforcing as in order to increase his self worth, the employee will seek the truth and through truth, meaning which adds to his self worth. The organization will then go on auto pilot. This understanding was not high philosophy but a working tool. Scholars may pick holes in it but it worked for my organizations. What we were doing was to see the real world around us with fresh eyes without the voice-over of authority and narrow self-interest.

The mechanism of ethical management could now be briefly described. When an organization takes up any task, the success in this must become the overriding goal of its each and every member.

As these goals are described in qualitative, descriptive, value laden, or money terms, these need to be deconstructed in such a way as to give each and every employee a goal to aim at. If we take profit as one of the primary aims, then the mechanism by which profit is generated should be made known to each employee. Profit is created by a number of actions such as higher production, lower costs etc. The daily generation of profits should be shown in detail so that the employee understands how each action of his can add or detract from profits. There should be a mechanism of transparently

showing every detail of the company's daily working to any employee who may want to know. He will see a link in each daily task and the goals of the organization. By the pursuit of truth as defined above the employees will seek out better ways of doing things and creating better results. It gives him a sense of meaning and dignity. It is his actions which are generating the profits. This is not a subjective feel good illusion because there is a reality feedback from the numbers which are generated rigorously. If meaning is defined as the perception of a link between our actions and a perceived effect on a larger good, then by such a mechanism the employees sense a meaning to their daily tasks. He will do things to improve the numbers because he is empowered to actually affect the outcome of the company. He becomes self-motivated and does things not because he is told to do it but because he sees his action actually result in improvement. At each step it is the lamp of truth which guides him forward. In our definition truth is an intensely practical essence. If profit is the goal of an organization, then working backwards from profit, down to the actions at the plant level, demonstrate to the employees from the lowest to the highest how profit can be generated by individual and group actions. With this understanding authority and decision-making gets diffused through the entire organization bringing in transparency and a kind of democracy of decision-making.

In this set-up, transparency is a must. Making available the details of the working of an organization to outsiders when specifically asked for is praiseworthy. But real transparency will come when the organization makes available all information to even the lowest level of the company employee, unasked. The daily details of the costing, sales, the price at which materials are purchased, at which they are sold, and all the other parameters of functioning, should be available to anyone who takes the trouble to look into the computer, access to which should be freely available to every employee. While negotiations are going on, there is no need for a ball by ball commentary. But once they are concluded and an agreement reached, then it must be made known to employees. Except during the process of decision-making, there should be no secrets in any institutions. There will be greater trust and cooperation if everything is known. The need to know rule should not be invoked to keep information away from employees, except where the goals and operations of the organization itself are clandestine or secret such as a country's intelligence services and international crime syndicates. Transparency is not obtained merely by senior officers frequently meeting the other employees. It will happen when the daily information which comes to the senior officers, including the CEO, is made available at the same time to each and every employee. It may sound extreme but this was my practice.

Whatever information came to me on my computer should be simultaneously available to the lowest level peon. I also frequently asked our union leaders to look at these figures and let me know their suggestions on how things could improve. The fact that I was asking them promptly convinced them it was not necessary! This kind of transparency was what enabled the extraordinary synthesis and the upwelling of the deep buried energies that transformed our organization. And none of the company's decisions were questioned on ethical or business grounds because all the questioning was done internally and the agenda was not being decided from outside.

This is unlikely to be accepted by most managements. Much of what is perceived as power in an organization is the power of knowing things which others do not. If such information is made known to all, then this aura of power would be stripped away from key functionaries. They would then have to be judged by their performance by which measure their limitations, weaknesses and wrongdoings may become apparent. My understanding is that in most organizations employees are actively discouraged from wanting to know about details of company functioning if these do not concern their own working. This is particularly so in the private sector. Even in the best run companies, for example the price at which materials are purchased or products sold with discount structure will not be made known to all the employees, say for example to those in the personnel section. 'Why do you need to know?' would be the frosty reply. The need, my dear sir, is that full transparency within your organization increases employee motivation and commitment; it also prevents wrongdoing, which is probably why you oppose transparency.

Because of this availability of information, the daily talk among our employees was centred on costs and ways to improve the company income. But we did insist on one thing. Any suggestion by an employee for improvement should concern his own working area and not of others. The officer making the suggestion should come forward and undertake the improvement himself for which the management would assure full support. This prevented needling criticism of others couched as helpful suggestions.

What are the ethical goals we pursue it in the running of institutions?

Every institution has a purpose for which it was set-up. It is, in essence, a moral purpose though it may take the form of objective goals which can be understood by all. There is only one moral purpose. It is to create a framework to bring out the highest capability and the best in every person associated with the organization. Ethical management grows from this moral purpose. Whatever achieves this is ethical management.

An educational institution has to open up young minds, by providing them a good education. A research centre is expected to stretch the boundaries of knowledge in a specific area of enquiry. A police station's objective is to bring down crime and provide a sense of safety to the common citizen by properly leading and motivating its men. Similarly, a commercial body must be profitable and grow by looking after the legitimate interests of its stakeholders, customers, employees, suppliers and other stakeholders and ensure the protection of the environment and the laws. The objectives which an organization must pursue are fairly clear and known to all. For an organization to be true to itself, it must be true to the goals for which it was set-up. A commercial organization must use all its assets to full capacity and by proper management of all its resources provide society with the products of its capability. It has to do it in such a way so that good profits are earned. For this to happen all its various components, production, marketing, purchase, finance, research, etc, have to work together to achieve full optimization. Profit represents the distillation of all management and risk taking abilities.

In a commercial organization another overriding requirement is that it should function in such a way that every stakeholder should feel that he has received his legitimate dues. First the shareholder must get a proper return on his investment. The dominant shareholder if it is the government must not only get a proper financial return on its investment but also an economic and social return in terms of benefit to the society which was anticipated when the company was set-up. The government should also be paid the taxes to which it is entitled. As the dominant shareholder is running the company, the test of shareholder satisfaction will be the views of the minority shareholder. The dominant shareholder, controlling the management of the company, whether a PSU or a private, could run the company in such a way so to maximize his benefits without rewarding the share holders. The assumption that the interests of the company and that of the dominant shareholder always necessarily coincide does not hold. That is why it is the satisfaction of the minority shareholders that testifies as to whether the shareholders are being fairly rewarded. The other stakeholders include employees who need to share in the company prosperity, suppliers who must be treated fairly, company dealers, the people living nearby who must not become victims of pollution and industrial accidents, the company bankers and all those who deal with the company. All taxes due to the government must be paid and there should be no fancy tax avoidance efforts. One other stakeholder in PSUs is the general public which through its government actually is the dominant shareholder. They will be satisfied if in addition to all these the company has

a clean ethical image and there is no corruption and patronage being doled out by the company management.

All these different constituents can be satisfied only if the company is both profitable and ethical and also transparent. This check list is the best measure of a company's ethical moorings. Please note that this check list does not include the personal advancement of the company CEO and the top officers. That depends on the dominant shareholder and how he chooses to reward the management that achieves such a result. It is possible that such a result may not please the dominant shareholder at all. The dominant shareholder, as amply detailed in this book, may be willing to sacrifice peak performance of the company so as to control the organization in ways which serves his interests. Such trade-offs happen frequently not only in the PSUs but also in the private sectors. The result will be a sub-optimum performance of the company. Most PSUs and I suspect, a large number of the private companies run this way. This is how the dominant shareholder wants it.

Thus it is these two characteristics that distinguish an ethical company. First is to align the company so as to realize its true objectives, including maximization of profits. Second is that it should rest on a commitment to a fair sharing of the benefits. These two conditions are necessary and sufficient for an organization to be called ethical. These are not conflicting but complementary. All management strategies and tactics will emerge from these two over riding commitments.

In the fair sharing of profits, we must also include executive remuneration. Excessive salaries and attendant perks to the top executives would violate the rule of fair sharing of benefits. Excessive salary differential demoralizes the lower paid employee. The top executive will be more susceptible to unethical and even illegal acts if he is highly paid. If you are sipping Scotch, playing golf and ingesting five star food two or three times a week with frequent business class travel in India and abroad, then you are not going to think of the public interest too much. You will have a lurking but justified fear that all these goodies could be swiftly withdrawn by its providers if you turned ethical. Conversely, an ethical CEO who has been successful should be given a much higher status and respect, though not a higher salary, than an honest person who may not have been successful. The ethical person achieves success taking personal risk for the benefit of the organization. If you treat both persons as equal or, worse, subject the ethical CEO to ill will, then bad money will drive out the good. The CEO's salary should not exceed 10 times that paid to the lowest paid employee. This need not put a cap on the CEO's salary as it can be increased by raising the salary of the lowest paid

employee. My take home salary of ₹ 30,000 per month in GSFC was about four times that of the lowest paid employee. I did not feel deprived but I could have done with some non-monetary status enhancers in return for what I did for the company. Such cost free acknowledgments would also encourage others to walk along the ethical path, thereby benefiting society. An intelligent society guided by an enlightened self-interest would do this. It would place an ethical outlier at a far higher pedestal than others. The ethicals are motivated by honour, respect and recognition—that last infirmity of the noble mind. Fulfilling this need will not cost the society anything materially but the material and other benefits will be enormous as others too try to emulate ethical conduct.

Only in such an ethical set-up will the stakeholders, especially the employees, respond to organizational challenges. The employee and other stakeholder will unquestioningly follow the lead given by the management if he feels the company is creating conditions which bring out the best in him, increasing his self worth. If he feels that there is the self-interest of the management and powerful outside forces in shaping the company decisions, or to put it another way, in the sharing of the benefits, then he will not cooperate and the company cannot achieve the results which will satisfy all the stakeholders as describes above. Once an officer left my room I had no control over him except to the extent of his self-motivation which had been generated in him. He will be motivated when he feels he is working in an ethical set-up that demands the best of him. A proper sharing as described here obviously means that a person who is not entitled to the benefits does not get a share. All predators are kept out, so no political interference. But along with proper sharing the company management must also be successful in creating surpluses to share. True success and ethics are two sides of the same coin. There is no conflict between them. I am stressing this point so often because there is a popular impression that the two are at each other's cost. This impression is spread by those who prefer to act unethically for their self-interest saying that the real world does not allow the ethical approach to succeed.

The ethics described in this book is fully compatible with and in fact essential to practical success in the public sphere. Success is defined here as that which gives proportionate reward to all stakeholders as mentioned earlier and not only to the top persons as happens now. Proper sharing of the benefits of work is another name for fairness and justice, for ethics. Without this ethics there will not be the commitment among the stakeholders to work together and create profitable results. Ethics is built into genuine success.

The profits achieved in such a set-up are the true, optimum profits of the company which are sustainable in the long term. Anything less would indicate an under-utilization of its assets particularly its human assets. Anything more than this would mean the company is breaking some of the ethical rules and grabbing what is not its due or just overestimating profits. This is at the cost of society's health.

A similar check list can be drawn up for a government department. I would request the reader to spend some time and ponder over this definition of an ethical set-up. It asserts the profound moral underpinning of any real success in the practical world, the kind of success which is acknowledged by all participants and observers, the kind of success all societies badly need, the kind of success which is sustainable in the long run.

This analysis should convince objective observers that the ethics described here is grounded in the real world of human striving. It is not an abstract ideal. It is scientific ethics.

We need to follow directional urges in pursuit of local truths, meaning that which is specific to a unique occasion and guided by that larger moral purpose which is common to all men and women. Other than this no beliefs are required as such beliefs prejudge the situation and get in the way of purposive action and prevent us from fully engaging with the present. There is no divine intervention in our earthly endeavours and hoping for any such thing will convince us that there could be short-cuts to the ethical approach. Visualizing a link between what one is doing now and what it may lead to will provide all the motivation that is needed. An induced emotional state of high expectations and brash confidence may make us take our eye off the ball. It may convince us to adopt unfair means or blame others. Sufficient and genuine emotion will be generated in the process of creative striving to provide all the lubrication necessary for continuing action. Hope and optimism that do not arise intrinsically from this effort will pollute the process. Hoping for the end result without developing and working on the linkages will lead to a belief in miracles. That will quickly result in disappointment. There should be no singing Kumbaya or its Indian variants.

All truths are local and of that particular moment. They answer to the questions raised at that moment. They have to be sought at that point of time and place by a process of creative search and will be generated through this process. This has to be done each time and on each occasion. Before that we know nothing because what we know is an understanding of other occasions which may not answer questions which are asked here. This is what Socrates meant when he said that he was the wisest man alive for he was aware that he



knew nothing. Each time he sought the philosophic truth through the dialectic. We pursue the objective truth by a creative effort. So truth seeking is a continuous search as at every instant we face a new situation. The truth that emerges is different from what may have worked for us in the past and will work in the future. Seeking directions autonomously is identical to this search. It is truth seeking that is primary, not truth. The truth so found is local, particular and of that particular situation. It should not be sanctified beyond its local address. It is the process of truth seeking that is paramount not what it yields in a particular instance. In other words it is not Truth we are seeking but truth, no capital T. The local truths I found are of little value outside their context and I would urge the reader to disregard them. They are insignificant outside of the circumstances of that particular engagement. But please follow the method of truth seeking. This is the precious lodestar and will never let you down. What you find will be different from what others will discover in different circumstances. Others cannot tell you what you should do. You are forced to be free.

Man is a hungry being always conscious of his inadequacies. He sees the present as a transitional phase to something better. The tension between what is and what can be, what he is today and what he can become, goads him continuously forward. This is the force which urges us on from the actual to the potential. But it needs scientific ethics to get us there. Without scientific ethics it would be like seed on sterile ground.

Scientific ethics is seeking the truth continuously in one's professional work. For this one must put the highest value on freedom which leads to seeking directions autonomously. Freedom is not the overthrowing of social restraints. It is an intellectual understanding of the world around us and, using this understanding, the continuing effort of seeking to improve the material conditions of our life and of those whom we lead. But our striving has to be at the place where we professionally work and not after office hours in feel good activities. William James held that a belief in freedom comes from an assumption that our conduct can really make a difference to the course of events. If the future is foredoomed then there is no need for freedom. Apathy and resignation are enough. The need for freedom flows from the belief that we can determine our future. All thinking is for the sake of acting and man is 'a fighter for ends'. TE Hulme said man's primary need is not knowledge but action. But Janis Joplin called freedom 'just another word for nothing left to lose'. This is a bleak despairing view of the world. When you have lost everything then you can indulge in freedom as there is nothing more they can take away. Exercising the right to freedom results in what you have being snatched away from you by forces which give you material possessions

and security in return for giving up freedom. She was not entirely wrong as freedom comes with a price attached. But if ethical freedom is exercised by the organizational head and in general by those in power, then freedom brings a cornucopia of material and emotional benefits. Then freedom is just another word for everything to gain! That is why it is necessary for the power elite to be ethical. Those who wish to devalue this urge for freedom do so by pejoratively calling it ego or hubris. Without the power elite being ethical the common man or woman cannot pursue freedom. In fact I would go so far as to say that the purpose of the power elite being ethical is to give true freedom to the common person.

At the start I had made certain claims about ethical management. It was said that ethical management could achieve practical results which were better than the traditional management based on the usual bureaucratic and corporate methods; also that the organizations to which ethical management was applied would benefit enormously. I had also said that the practitioner of this method does not benefit materially and that he would face opposition but would emerge with his reputation enhanced. And in the process, the public interest would be served. It was also stated that the ethical management referred to describes a set of values that urges us to do what is right rather than abstaining from doing what is proscribed, because of which it is more risky to the practitioner but safer for the organization. Also asserted was that ethical management was not a feel good activity as it exposes you to hostility and forced you to walk alone. What I have narrated here in my professional life story bears out each and every one of these assertions. What is also seen is that ethical management works in a wide variety of fields. Not only in industry and business but also in fisheries, housing, agricultural extension, civil engineering, water management, tribal management, and labour administration has it been demonstrated in this book. However there is one field where it does not work. In the effort of climbing up the ladder of self-advancement ethics is a serious handicap.

As this ethics was demonstrated through actions and not by words, the common man understood it perfectly but those who had a vested interest in the present top down working found it difficult to accept it, pretended they did not understand it—in our country opposition is presented as inability to understand what we do not wish to accept. And I saw that man's real understanding of the world comes from the insights he gains through action. In India the common man has been kept in a state of passive torpor by being subject to a high intensity dose of verbal conditioning. Ethics, through actions, bridges the gap between the common man's understanding of the forces which shape his world and that higher order of ideals and values of which he

is aware but which he does not otherwise see manifesting itself in the world around him. The world today refuses him this comfort of seeing the good succeed. He is forced to turn to deities and superstitions because man must believe in some higher order, no matter how inscrutable and unresponsive. Otherwise this life driven by its cruelties and terror is unlivable. But with an understanding of an ethical and rational higher order and seeing how this order is realized in his actions day-to-day, the common man is freed from his blind beliefs. He realizes he is the master of his own destiny and must chart his own future. He is free to act ethically and improve his life. Great energies are released.

Ethical leadership works in every field. The ethical discipline shown here is a direction finder to truth and not a vocational skill. It does not replace the skills of an economist, an engineer, doctor or an army officer. It directs these skills in a direction which yields the maximum benefit to the common cause which is being served. To the extent that I fell short it was because of my personal limitations and not because of any imperfection in the working of the ethical framework spelt out here. Ethics is the missing ingredient, the vitamin E, which will bring success to all efforts. Among our stakeholders who witnessed these efforts particularly the employees both in Gujarat and in Kerala but also in Mumbai, there was a realization that what was done was qualitatively superior, both in the purity of effort and in results, to anything they had experienced till then. The fact that it was done by drawing upon their untapped human potential had the additional benefit of making them experience a greater self worth. It was the same team but playing with far greater motivation and focus. In addition to the company's net worth increasing so their own self worth too shot up. The only losers were those whose lucrative habits were checked. Those who thrive on obfuscation and mystification will also be nonplussed. Among these are professors and experts of all kinds who tell you things are not as simple as they look, so be careful. They saw my successes with an amused reserve suggesting it was not the real thing. Some of them provide intellectual props to the powerful and mess up the common man's thinking. They too have to make a living.

The organizational successes described in this book are objective and beyond doubt. But there may be other ways to achieve practical successes ethically. My method may not be the only correct one. Others could do what they feel is correct. But an ethical effort must have freedom and the pursuit of truth as its central axis. Without freedom and truth, you cannot have ethics.

One could go a step further and make clear the true goal that is being pursued. The organizational stage described in this book is only the setting for what one is really after. Organizational transformation is a side show; it is the

full development of each human being that is being aimed at. Through freedom and the feedback from reality and the coordinates of truth, each man and woman realizes his full potential and capabilities of becoming a self-directed moral agent. It is the liberation of man that is being aimed at. Organizational revival is only the means to the full realization of the potential of each person. It is the maximization of the human worth of each individual that is the real goal. Self worth cannot increase without going through the process of truth seeking in the objective world as described here. Many salesmen of feel good mysticism promise a short cut to increased self worth. This induced and hallucinatory self worth is built on false foundations and is likely to be swept away by reality.

So dear reader, this is ethical management as best as I could spell it out. The list of components is pretty large but I resisted the temptation to put it in some kind of bullet points in a box with tick marks, tables, graphs, quotations from other thinkers, or some geometric shape, etc, giving it a new name and breathlessly announcing to the world a breakthrough insight. Nothing that is said here is new. They do not need to be remembered as they emerge out of a moral sense natural to every human being. We are all born with it. Some would rubbish what I said pointing out that these analyses is so confused and flawed that even a philosopher could not understand it far less than the common man or the employee and so it is of no use. What is written here is not for the philosopher. But the common employee understood it perfectly in as in my organizations he never heard these words but took part in the action they describe. It is the words which may at times sound incomprehensible. Every worker and employee under me understood the reality behind the words instinctively and perfectly. Any incomprehensibility behind the words is the result of my limitations and not intrinsic to the concepts which are to the common man like mother's milk to a baby. It may be difficult to visualize a camel when it is described in words but even a child will recognize it when seen in real life. Things are never as complicated as is made out by the experts who insist on describing things in scholarly terms which we instinctively know. After hearing such experts we begin to doubt our native instinctive knowledge. These experts are the biggest destroyers of knowledge and more importantly, understanding.

Somebody recently said that all politicians are thieves. This is over the top but politicians do place a low value on truth. They are men of undoubted drive and energy. They can hold audiences spell bound with their rhetoric. Their wit will draw appreciative laughter, particularly if they play the rural bumpkin. But they use their skills to convince audiences to believe what is not true and make them feel good about it. At a gut level, they identify with the

country strongly and want it to prosper though the feeling does not travel upwards to their minds and into their actions. They think that without some illegitimate power and patronage, they cannot exercise their legitimate power either. Each leader wants a quota of illegitimate power through which they can repay their supporters, keep the civil servants beholden to them and, increasingly, build up their own nest egg. The trouble is that insistence on this quota contaminates the entire process and leaves nothing wholesome for the common wealth. It is like someone stealthily adding a drop of poison to the milk we drink every day. We will be dying but will not know why this terrible fatigue and that ominous heart beat.

But while we rightly point the accusing finger at politicians, he can do no wrong without the collusion of the civil servant. The minister or the MLA cannot take any executive step, which only the civil servant can do. The favour may either be in the government order or in how it is implemented in the field. Perhaps, the civil servant could favour the politician by just letting the sleeping dogs lie and allow the patronage generating field network already existing to function as it has been doing, as would have happened if I had not taken corrective action with the handloom societies. If the civil servant is determined to decide and implement government policies so as to ensure transparency and maximum benefit to the public interest, then patronage and improper benefits cannot be passed on and the deal making politician will be out of business. So, if India is seen as one of the most corrupt countries in the world, then the civil servant shares the responsibility with the politician. It is rarely that we see an open break between him and the politician. It is like the curious incident of the dog that did not bark as it knew the wrongdoer, in the Sherlock Holmes story. But the civil servant has escaped scrutiny. A large proportion of the key civil servants in the Government of India and the State Government are honest in not taking any benefits directly from the party that is favoured. In this sense and this alone, they are honest. Their payback is by political support that gives them suitable postings, promotions and other benefits. They provide a cover of plausibility for the unprincipled actions of the politicians. They are also a part of an incestuous network of diffuse and interweaving, cashless mutual help arrangements which grease the Indian establishment including politicians and the private sector. Membership of this exclusive club is reserved for those who are in a position of power, wealth or influence. The common Indian public need not apply.

But no individual has to wait till the moral calibre of the Indian politicians, bureaucrats and other powerful persons improves. It may never happen but the counter offensive against corruption and other ills in our public institutions cannot wait. I see no pleasure in elegantly analysing

problems, pointing out the great complexities and then implying there is no immediate solution or to state that it may require further study. No further study is required. The answer has been known for thousands of years. It is in the kind of morality that every child understands.

In all my assignments as CEO I functioned as the de facto CVC, CAG, Right To Information activist and CBI of the organization. Today there is impassioned talk of a life and death fight against corruption. The organizations I handled were among the most cash rich in Gujarat and Kerala. I tackled corruption and, frankly, it was not much of a fight. Corruption headed for the exits the moment we rolled up our sleeves. And I used no anti-corruption law to root out corruption. Contrary to the popular impression, the corrupt are not very intelligent. In fact they are quite stupid. They are also apt to scare easily no matter how tough they appear when not under scrutiny. The present national upsurge against corruption leaves me a little uneasy. It assumes that the senior officers in the government, like me, can do nothing to fight corruption under them with the existing laws. This, as I have shown, is a false. Raging against corruption in general provides a vicarious satisfaction but we are hitting out at a straw man. The real failure in Indian society which contains within itself all other all other failures is the intolerance towards ethical action in the public field. Corruption is like the disease causing bacteria which thrive in a locality which is not kept clean. Instead of trying to destroy all the bacteria while keeping to the same standards of hygiene, it would be more effective to maintain the area in a state of constant cleanliness and not allow dirty gutters and access to flies and other predators. In the same way an ethical management would not allow the bacteria of corruption to thrive. This would be a by-product of its drive to improve the organization working. But the power elite are not willing to wipe out all bacteria; it would like some kinds, its friends and supporters to thrive. They all want a quota of wrongdoing to be allowed to them. The real crime against the Indian people is not corruption but the intolerance towards ethical action in the public field. Corruption is nothing. As CEO, I could remove it as easily as swatting a slow moving fly. Making such a big thing of it, like ordering CBI enquiries and criminal prosecution, while ignoring the role of ethical action by the organization leadership, is misleading the people. The CBI will be weighed down with enquiries while the ethical approach is studiously ignored. 'The law must be amended! Stringent punishment should be meted out to wrongdoers!!' The Indian people need to be saved from such faux indignation. It is suspicious when everybody says it. Nobody is asking civil servants to be ethical and independent. This is understandable as such a cure is considered worse than the disease!

Let me give a logical demonstration of this seeming absurdity. If removing corruption, but without bringing in ethical functioning, saves the organization X amount, then ethical functioning would create an additional benefit of 10X, with a bonus of zero corruption thrown in free. Yet everyone froths at the mouth against corruption but no one is championing ethical leadership. They prefer a benefit of X to 11X! It appears illogical beyond belief. It is not illogical but a very carefully thought out reaction of those in power. The benefits of ethical functioning go to the organization but it would stop their cash flow and leverage completely and that is why they oppose it.

The punitive approach towards corruption in the absence of support for ethical leadership may be a cure almost as bad as the disease. The present decision-making in the government is top down for the big and important decisions. All decisions are not corrupt. As the cries against corruption grow shriller, decision-making will slow down. Good decisions too will come to a halt. This slowdown could be deliberately engineered so as to discredit and blackmail the anti-corruption movement. The number of ethical decision-makers who continue to take decisions even amidst such hysteria is very small. The worst decision may not be a corrupt decision but could be not taking any decision, a tactic which comes naturally to the bureaucracy. Paralysis is worse than any motion. Buying a gun for the army with corruption, like Bofors, is better than not buying any gun, provided the corruption is hidden and does not demoralize the troops and the nation. Of course the best is to take an ethical decision transparently. So the anti-corruption crusade, while essential, should also champion ethical decision-making within the official establishment. There is a world of difference between an honest decision and an ethical decision. Honest decisions are not necessarily good decisions. Ethical decision-makers will continue to take the best decisions even when under scrutiny. They will drive out corruption from the roots even while improving the working of the organization. In Kerala where such scrutiny is most intense, I continued taking decisions under my signature and at my initiative. The real answer to corruption is not anti-corruption laws but inculcating respect for the ethical decision-maker. This is lacking in India today.

There is another danger in the anti-corruption movement. It is directed only against the government and official agencies. The spotlight is not being shone on the wrongdoings of the private corporate sector and wealth. Only the wrongdoings of the ministers and officials is targeted. I have yet to see the leading lights of this movement target any big corporate chief or businessman. As the partner in all corruption is the private sector, one would expect that those who read out the names of corrupt ministers would also mention the

wrongdoings of named industrialists. The Right to Information is not invoked against the private sector whereas the shareholder of a company has as much right to demand documents from the management as the voter has against the government. No industrialist is badgered the way a Minister is. If they were, many of them would have a nervous collapse. But those in the government are fair game. Against this sustained attack the top levels in the government are losing their nerve and confidence. But the fight against corruption is being guided by a moral sense and that is why I support them. If they do hold on to this moral sense, then definitely after a time the great private wealth and corruption will also feel the prosecutor's torch shining on them. It is a curative process but very soon the fight against corruption must be joined with the fight supporting ethical action in the public sphere. Otherwise the Indian people will be forced to choose between a well-oiled regime of corruption which, as the chambers of commerce and business will say, "gets things done"; or on the other hand an anarchy with a destabilization of government functioning. Given this choice the Indian people will turn away from anarchy. Then many will say that a corrupt government is better than a non-functioning one. Indians have a long historical memory of local marauders, thugs and despots ruling their own fiefdoms with no protection to the citizens in a Hobbesian state of nature. They would prefer a corrupt but strong State. But there is another choice and that is ethical functioning of its official organs. If there is even a little wisdom within us as opposed to clever self-interest, then it is this turn we will take in the cross road we are now on. We want neither a corrupt nor a weak government; we want a good brave government.

The far more cost effective, morality enhancing way to fight corruption is to reward and honour ethical leadership which has been successful in reviving organizations. Even at the risk of sounding immodest and ridiculous, let me sketch an imaginary set of circumstances. Someone like me, personally honest and a reviver of organizations, and creator of great public wealth and who in this process had incurred the enmity of powerful figures in the land, was nevertheless honoured publicly in recognition of the great benefits to public interest wrought by his actions. He has wiped out corruption in his organizations. By this recognition his motivation will increase and he will contribute more to the public interest. But the real benefit is many times more. Seeing the honour accorded to him, many more would walk on the path he did, in the process not only improving the functioning of their organizations but wiping out corruption under them. When these are also honoured, many others will repeat their actions. Corruption will vanish everywhere not by a central law but by the exertions of organization heads



everywhere who are prepared to face the opposition of the powerful. But the end of corruption is an insignificant benefit compared to the positive gains of a creative direction seeking. This approach could be called a supply side strategy to increase ethics, our most valuable resource, in the public life. Let the ethical person know that if he is successful in ethically reviving the organization under him, great honours and non-monetary benefits await him. This is the supply side strategy which will increase the availability of this society strengthening tonic called ethical leadership.

My scepticism of many who are seen as ethical in public life is that though they handled economic and monetary decisions, they seem to have had excellent relations with everyone powerful, never taken a stand against the powerful in their own camp (opposing those in the other side does not count) and never vacated any chair consequent to taking a stand, in fact had long innings in every office they held. So we will have to guard against the phony men of principles who like bogus priests will come forward to claim this honour, keeping their hands clean but allowing others to indulge in wrongdoing. The essential mark of the ethical leader is conflict against the powerful. Without this the person is not what he claims to be. It is not possible to be ethical in India without coming into conflict with the powerful. It is the powerful who one way or the other, whether crudely or with greater sophistication, fix things so that they benefit at the cost of public interest. The ethical leader will dismantle these arrangements and revive the organization so as to serve the public interest. Without an iota of doubt, he will come under attack from those who are thus shut out, those who are the powerful. This conflict is the necessary but not sufficient test of an ethical leader. It is possible for an incompetent crank also to have conflicts with the powerful. What is further essential is that this leader must have revived the organization under him. Personal honesty is such a trivial requirement that I am not even mentioning it.

There is a strong belief in our society that the way things are, no matter how bad, is the result of some inevitable process and therefore has some sort of historical and even divine sanction. The present is an expression of an unchanging, underlying reality. Even the way the existing institutions are run claim to share this legitimacy. Therefore, any attempt to actually change the existing reality and ways of working and challenging authority is pushing against what is natural and fundamental. Change must come everywhere or not anywhere, from the very top or not at all. It is presumptuous to think that, merely because one has some powers, these should be used and that too without taking the advice of one's superiors. To attempt to exercise one's free choice is egoistic, it is nothing but hubris.

We must be realistic, is what one officer told me with humility when I was asking for some quantum improvements. The answer I gave him encapsulated the core of what I was striving for. I said I did not believe in being realistic in the common meaning of the term. This meant accepting today's reality and vested interests as legitimate and permanent. I rejected some of the things that had happened in the past in our company—the huge losses, the ways of working, our timidity and lack of faith, the mood of denial and collusion with the powerful. If I was a realist then the turnaround of the company could not have taken place, only a slow and painful convalescence with huge infusions of cash or a terminal decline which would have caused great suffering. All arrangements we experience today, what we call reality, were set-up by human agencies in the past and each one of them can be changed today for the better. There was nothing permanent in the ways of our working and thinking. What is real and unchanging are the scientific laws and human aspirations. What are constant are not the contours of material arrangements we experience but the underlying correlations between the processes of change. If we grasp these then what we see around us is only a momentary pattern in a kaleidoscope which with human will and imagination can be changed in an eye blink. A true realist will also recognize other realities which can be visualized and made to happen even if they do not exist today.

The same thing can be put in a more prosaic language. When you start from a *tabula rasa*, a clean slate, and design something better, there is a term for it both in bureaucracy and corporations. We have heard of zero based budgeting and re-engineering the organization. Zero based budgeting was a sham and re-engineering was an immoral theory to destroy employment. But these terms meant a new start in their original meaning. A new start is possible any time. What man has set-up man can dismantle and rebuild. The only requirement is that the new structure must meet human needs better. By a new start I do not mean demolishing physical structures but by managing them differently.

A new start! Lovely words, the most beautiful in the language, so full of hope. But we all do it.

It will be argued by some that it is not possible to achieve whatever we wish for and to suggest this is to mislead the young and the gullible. But the point is that what is wished for seriously is always something incremental and within grasp. Nobody wishes for things which his intelligence tells him are impossible. A poor widow does not hope her son or daughter will become a billionaire. She only wants them to study hard, be honest and bring joy and pride to her when they grow up. In GSFC what we aimed at was incremental

improvements which engineering logic told us was possible that day. As long as one is not day dreaming but thinking and working on one's feet, what is aimed at is always within our reach though it may require a number of efforts as we fine tune our actions looking at the feed back. Sometimes in pursuit of one goal we may find other opportunities not before visualized. But over a period of time with this day-to-day incremental movement, we may end up achieving something we would not have dared to aim at in the beginning. In the GSFC we never dared to project a profit of ₹ 437 crore in the third year or a share price of ₹ 251 after three years. A mountaineer takes one step at a time with full concentration, the only requirement being that each step is at an upward gradient, going down only where he sees a better climbing route ahead. Only when he looks down after a few hours does he see the plains far below. The feet are always on the ground but the eyes look up and far ahead.

I recently read something similar in a very different field. Bertolt Brecht, the great playwright, was talking about drama. He was seeking to make the audience see the events on the stage with fresh eyes. He used the concept of estrangement. According to him "to estrange an event or a character means simply to remove from that event or character that which is self-evident, known, apparent and to induce amazement and curiosity about it; estrangement means presentation of events and persons as historical, transient. He seeks to remove from socially modifiable incidents the stamp of trusted familiarity which today protects them from our intervention." The de-familiarization of events and characters in the dramatic world allows Brecht to "show the world as a result of and alterable through human action." This has some similarity to the truth seeking process described earlier. If I see the world around me in amazement, as if for the first time, then I see it can be changed. But every day, we are seeing it for the first time. Yesterday the world was different, we experienced something else. What our senses tell us today is absolutely brand new, never before felt before.

But my ability to change the objective reality around me is confined to the perimeter of my control. A school teacher can bring out the thrill of discovering new things among the children in her class but she cannot do it for the whole school. A principal can improve the entire school but cannot do it for all the other schools in the district. I could improve and change the reality of GSFC and KMML but had no power to bring any change in the working of the Gujarat or the Kerala Government. A gardener can improve his garden but cannot make the flowers bloom elsewhere. But that is not a limitation as what happens outside is not what I am expected to do.

And equally important what happens outside does not in any way hamper or help me in what I am trying to do. There are those who say that what can one do, the system is like this. Everything must change together, there must be a change everywhere, there must be a systemic change, an attitudinal change among employees, etc. I alone cannot change my organization even though I head it and have all necessary powers. This is a frequently employed dodge, an alibi to cover one's fear of taking independent decisions.

This ethics as practised by me was understood at the gut level by our employees, from the senior most officers to the plant worker. Much of what is called philosophy, spiritualism and morality is abstract and drained of life. The common man and woman do not understand it except as compensation and a retreat from the disappointments of the world. I was looking for an ethics to which the common people would respond as they see it transforming our practical lives which are lived from nine to five every day. Many, who are unethical in their professional sphere, are admirable in other ways. The best of them are good family men, pious and religious, respectful to their parents and elders, go for pilgrimages, undertake fasts, have spiritual guides, help slum children during weekends, give to charity and are polite to others and are soft spoken. In the evening, they are witty, poetic and hospitable. But during nine to five they withdraw from the ethical life, are deferential to power and success and are contemptuous of the unarmed truth. But society is not interested in how ethical you are outside your professional work place. It needs ethical action during 9 to 5, the working hours, in your daily business of work from where you earn your living. In other words the stakeholders in your organization are looking for public virtues, not your private virtues. Only then will the stakeholders experience a reality based sense of hope, a hope which emerges from their own empowerment through a practical day-to-day ethics. There is danger in this definitely but do not call yourself ethical if you are not willing to face it. The employees and others who worked with me had no difficulty in understanding the ethics we practised because they were experiencing and doing it themselves and not hearing about it in speeches. They knew their chief would stand and fight for what was right for them even at his personal cost. Without such a commitment from the chief there will be no ethics in that organization. They realized that this ethics was identical to justice, fair play, courage, trust and all that was good but that this ethics would have to be defended and fought for if necessary. Success in business became identical to the pursuit of the good life as described in the scriptures. This could be the Ram Rajya or The Kingdom of Heaven on earth for which they had been spiritually thirsting. This ethics, which is the continuous search for new truths as described in some detail earlier, can never fail. Everything

that troubles man, every obstacle in his path can be turned into victory and success.

Ethics can only be demonstrated in a real organizational setting over a period of time by the actions one takes. It can never be taught in a class room or in seminars and group discussions. This is why experts of the advisory and professorial kind damn it with faint praise. They would find the demand for their services dwindling. Most experts one now sees are of this type. In none of our turnarounds did we use any management consultants. The bureaucrat whose authority flows from a centralized structure would also see it as a threat. The practising expert would recognize and support the 9 to 5 ethics as he sees it as an ally in the field. The advisory expert necessarily deals with a large canvass on which there are at play innumerable actors and mechanisms. To see some pattern in it requires the use of increasingly complex analyses whose practical utility becomes more and more dubious as the days go by. Centralized bureaucracy also finds it essential to see complexity in field situation so as to exercise their power to interfere and control.

There is no complexity when we deal with a specific instance in the field. The solution is obvious. It is hard but not complex work and analyses and symbolic logic do not help. Ethics gives the controls to the common man in the field who understands that a job may be difficult but can be solved by taking concrete action day-to-day action, learning as we go along and that one need not understand a situation perfectly before acting. What is required are the old fashioned virtues of strength of character and grit. The experiences in fish and prawn production perfectly illustrate this paradigm. The Malaysians and the Bengali fishermen were the practising experts who complemented our efforts without any conflict. Gangwal too was a practising expert with whom we could work in the GSFC. We kept away management experts as they were of the advisory kind. There is no complexity in real life situations. This perception of complexity deters most persons from acting and enables centralized control. When we see a small piece of the world around us, it is very clear what is to be done. If we try to decide on a specific response only after an understanding of the big picture and follow policy guidelines, then action becomes difficult and we seek guidance from the top. We seek directions in the subordinate mode. Our capacity is drastically eroded.

The world around us is complex but if we were to act only on the basis of a full understanding, man would be paralysed. One does not need full understanding to act. A rough idea of the link between action and the likely result in that particular context is enough. This and a constant follow up and feedback is all one needs. This is how most of us act in real life. When I ride

a bicycle I do not understand how the motion and balance is maintained. A similar approach is necessary during 9 to 5 too. But during nine to five we abandon common sense and use levers which are not connected to anything real and play elegant and complex video games on a screen that is not linked to the outside world. We are pushing on a string. We prefer to do this as it is in well-lighted and air conditioned rooms that we sit. The real world outside greets us with the sun, rain and heat, where we rub shoulders with living, breathing people and real time doubts, where we nevertheless have to decide. This is a little more unpleasant and so we prefer to avoid real life and sit indoors and either look at a paper or a screen or attend meetings and conferences, all of which leave us convinced that the real world is very complicated. Nothing could be farther from the truth.

In every society, it is a minority that necessarily rules. But it must rule only through ethics, otherwise it has no right to rule. Without ethics it will be rule by force, deception, fear and greed, and helplessness of those being ruled. The understanding that the majority has with the small minority that rules is that the rulers would be bound by a nine to five ethics, which is ethics in the work sphere. Today, this minority has clearly forfeited the right to rule. Those sitting in positions of leadership in the country are very loath to show true leadership. It is not even my contention that the decisions taken under the present dispensation are completely wrong. If that were so none of the roads, airports, industries and all the other material manifestations of India's progress would be visible. When you spend ₹ 10,000 crore, something has to come up, which to the common man looks very big, shiny and impressive. That cannot be claimed as an achievement.

What is happening is a culture of compromise and opting for what is not the best possible. This is done to accommodate various interests who gain venally, interests that are not legitimate. At times the option other than the best may not even be to any person's advantage; it may be the result of a lack of any commitment by the person implementing the executive action. As I have repeatedly said, corruption accounts for only a very small portion of what is lost by a weak and compromised management. What would be the indications of such a process? A project which ends up costing ₹ 10,000 crore instead of ₹ 6,000 crore—corruption may be only say ₹ 50 crore, the remaining ₹ 3,950 crore was because of general slackness; which took 5 years instead of two and half; or a project whose quality of construction was not satisfactory, an organization which was running with a small profit instead of a big profit, a company whose effluent was polluting the nearby land; a scheme where the benefits were not entirely going to the intended beneficiaries but was being lost to wastages and into the pockets of those implementing it. And

worst of all, the number of possible projects and initiatives which were not taken up at all but which were required. Those who defend the present system of governance will point to what has been achieved. The true social auditor will show how much better it could have been done with the money and human resources used.

Those who are unethical are not necessarily pursuing falsehoods. They are trying to maintain relationships with the critical few who can help them or harm them. Now and then they repudiate this dependence but this defiant phase does not last long. This leads them to supporting falsehoods, very often without conscious intent. Most persons would never dream of cheating, lying to or stealing from a real person. There would be personal unpleasantness. When you do it to the public interest of millions of faceless people, particularly when it is packaged in the respectable cover of official decisions, in the name of the government, then the organization man can and does commit deception and gets away with it without feeling any guilt. Sitting inactive when the situation cries out for action is the most widely practised deception in India. When you reduce a human being to an abstraction or a category, then justification can be found for doing or not doing things which would otherwise be distasteful. Hannah Arendt had referred to this as the banality of evil. All bureaucracies exhibit this capability. The small man is not likely to walk into the office and demand an explanation. Even if he does he will get an answer which will make no sense to him. The poor man may not even know his pocket has been picked. He will only know that things are getting more difficult and that he does not have much strength left. He will feel that it is somehow his fault that his world is collapsing all around him. The market is proclaiming that India is striding ahead. Some whom he knows are doing well. So it must be his fault that the lights around him are dimming. Then he begins to think whether his life is worth living. Today, millions of Indians are asking this question. Many farmers have decided it is not. Some may reach for that pesticide bottle. Many will be shouting on the streets. But others could be picking up the gun.

We need persons within the government who will implement programmes in the field as per the publicly stated objectives of the government and its leaders and not follow whispered suggestions. Can such a change begin with the entire Indian official establishment reforming itself by policy diktats? It is unlikely and only those who are averse to acting individually will believe this. But each member of the higher civil service can begin by seeking directions autonomously without waiting for anybody else or for any signal. This will begin the process or reform in that small area of the Indian establishment that each individual controls. There are hundreds of millions of Indians yearning

for a government which sympathizes with their aspirations. What they ask is not much. They are a Greek chorus imploring us to act. No further sanction is required. Those inside the government must begin the work of overturning the tables of the money changers who have established themselves inside. But they must begin today by acting independently and without seeking sanction from above. One by one the points of light will shine. These innumerable luminosities will brighten the land.

I would like to make two assertions which underpin national resurgence:

1. The first is that each successful change is led by a vanguard which functions as ethical elite willing to face more danger than others who follow. It is demanded of the vanguard. They are the ethical pathfinders. A country's greatness will be determined by the number of persons from the power elite who join these ethical elite, and practice 9 to 5 ethics, prepared to suffer some serious discomfort. What claim can a country have to greatness if even a small number from the power elite refuse to join this vanguard, this spear head on behalf of the many? In essence this is the only measure of a country's greatness. It is not in the streets and forests of our vast country but in the great official establishments of the Government of India against the ruling orthodoxies and by its own officers that the fight for a better India will be successfully waged. These ethical elite must have a critical mass, say 2-5% of the power elite. The ethical person is defined as one who has a record of practical successes in the field, preferably against the opposition of vested interests. Anyone who gets along with powerful persons consistently; or dresses up failures as official successes or what is more common, presents a failure positively as having averted a complete collapse because of his and the government's efforts—"we were not able to achieve success but had we not done what we did, then things would have been much worse": an assertion that is impossible to refute—such persons cannot be ethical. In addition, these ethical elite must be respected by the ultimate decision-makers of the system and also the general society. At present, an ethical elite do not exist in India. And far from respecting the few who pop up now and then, they are subject to an unremitting hostility by the powerful and neglect by the society. Talking objectively and not being judgemental, it is clear that at present the country does not want ethical elite leading it. Without such a pre-eminence being given to the ethical, the country will never realize its potential greatness. Individuals, groups, corporations, organizations and others



will do very well, but in the absence of ethics, their success will be at the society's cost. The mass of the people will be steadily impoverished. This will be an explosive mixture ever ready to ignite at a spark.

2. Second, and equally important, the people are out on the streets protesting but they cannot bring about change though they can seriously slow down government decision-making. It is only an ethical elite occupying key position within the edifice of power that can do so while the voiceless many urge them to act. There must be a partnership between these two, the ethical elite and the people of the land. Not a formal political partnership but a silent one based on principles. These ethical elite must act as a fifth column to bring about change and become traitors to the class of the privileged. I repeat that the people on the streets can demand but cannot bring about change. That can only be done by those within the power structure each of whom can act independently, without anyone else's support. The role of ethical elite in a country's resurgence is crucial. But the members of this group act independently of each other and do not join any movement which would be fatal to their independence. And they are ethical in their professional field during 9 to 5. What they do after office hours is irrelevant. Society advances by the paradigm setting efforts of its noblest members. They are the ones who bear the torch, leading others into uncharted paths. The ethical person fight for the many but he fights alone. He forms no alliances with others. Such alliances will poison his ability to seek directions autonomously.

Let me put it in stark terms. A country that does not respect those who work ethically and successfully in the public sphere will remain second rate. Demand equals supply. If there is no demand for successful ethical action in a country or if it is opposed and ridiculed, then the light of ethics will weaken and die. That nation will perform far below its capabilities and will witness constant and bitter quarrels and accusations among its ruling elite. The people's energies, capabilities and potential will remain unutilized. Not enlightened intelligence and courage but guile and verbal fluency will shape our decisions. The message to all will be that we do not want ethical action in the public sphere; in your private life it is admirable. This is the condition of our country today. A country that turns away its ethicals denies itself the best. Borrowing from Blake,

The ethical turned away at the gate,  
Predicts the ruin of the state.

Unlike the traditional conflicts, the enemy we have to fear has infiltrated our own ranks and is so well-disguised that he is practically invisible. They are those who have prospered with the present set-up and will see any real reform as a danger. They may be our friends and acquaintances, decent persons who may want to help us and will do so in the future too if we do not upset the apple cart. They look far different from the common film caricature of devious public servant. They are cultured, courteous, polite and well-read. The ethical person will necessarily face conflict which will be foisted on him by these elements. He will be called egoistic, rigid and unhelpful. But they are weaker than they look and I was able to overcome them during thirty years in the field. A similar imperative is open to anyone who is in a position of some authority. But it is a duty cast on us which we can escape only by fleeing the field.

This was the message that has come down to us through the millennia guiding everyman toward a virtuous life. The divine voice had whispered it to the warrior hero as he flinched from battle recognizing his kin among those he had to fight. Every Indian is aware of this great lesson on duty. Similar conflicts confront every person in position of some power.

In a vast country like India can a few people bring about lasting change? In Margaret Mead's words,

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed it is the only thing that ever has.”

The ethics described here is not a check list of dos and don'ts or a dogmatic set of instructions. There are very few management terms used in the book. ‘*Ars est celare artem*’—“Art is the concealment of art.” This applies to management too. Today, much of management thinking uses symbolic logic, allegories, analogies and images from sports, hunting, warfare, physics, geometry, etc. Such artificial interest boosters are not necessary. Real life ethical action provides all the excitement and motivation needed to move us forward with full understanding. The truths described here are not spelt out. They are specific to each person, each occasion. Each one of us is condemned to search for them all the time. This quest elevates man and the human factor to the highest level. It repudiates all ideologies and whatever dehumanizes us, it tells us we are masters of our own destiny in that little circle of enlightenment that we reclaim from the surrounding darkness.

Many will say that what I propose is unrealizable in practice as human beings are selfish individuals who will always try to pursue their own personal interests. They are selfish. But along with the baser impulses of fear, greed,

calculation and mendacity, every human being also wants to do what is good, noble, selfless and creative. Altruism too is a human need. Every person is trying to increase his self worth. This too is selfishness. At the lowest level, it can be generated by security, and material possessions. But unless these are constantly replenished such self worth is quickly lost. This inevitably happens. But the higher needs can be continuously replenished as they can only be achieved by increasing the self worth of others. So in our search to fulfil these drives, we will have the support of many others. In any situation there will never be a dearth of challenging things to strive for. If a person can be given a choice to work in an ethical set-up then he will take it though not everyone may be in a position to create such a system. It is the task of leadership to create such ethical organizations where all the employees and other stakeholders can work with motivation through a continuous increase in their self worth as they see their basic needs of security and also the higher needs being continuously fulfilled.

A person who does not accept this is exhibiting a profound lack of understanding no matter how intelligent he looks or how successful he has been in his professional career. It is a sort of blindness which hides behind banter and fluent talk. The desire to increase one's self worth is the most selfish human need. Self worth can be increased by material selfishness as well as altruistic selfishness. The enlightened leader will create conditions where the self worth of the organizations stakeholders can be increased by working for the organization. He is appealing to their altruistic selfishness. All my actions during my career were deeply selfish as I was trying to increase that which was most precious to me which was my self worth. And that is why I was successful.

As everywhere else in the world, in India too the people are wiser than their leaders. Their spirit can be harnessed only in the pursuit of uplifting goals, goals which an ethical approach alone can identify and steer us towards. India can be governed ethically or not at all.

Almost all the major issues that confront modern society are ethical. They may look like problems which are technical, economic, administrative, and political, in nature but they arise because of ethical weaknesses in the power elite. Their solutions are ethical. What the economists, management professors, sociologists and other wise men identify as the causes of India's weaknesses are not causes but effects. The real weakness is ethical, the failure to act ethically, and the nine to five ethics. Poor programme implementation in the field, delay in decision-making, absence of new investment and innovation, corruption, lack of commitment among government employees,

buck passing, weak research, corporate greed, absence of foreign fund inflow, fiscal deficit, lack of accountability, judicial delays and a host of other factors may be identified as the reasons for our failures. That is a misreading of what is happening. These are not the causes but the effects of an abandonment of ethics, the nine to five kind.

Take the fiscal deficit. It is commonly assumed that this is a matter which can only be dealt with by government planners and finance mandarins at the highest level. But the fact is they are not responsible for it and there is little they can do about it. This deficit is something which a common man can understand if it is described in simple language. It is the amount by which government's expenditure is more than its income. Both the income and expenditure arises in the field. If there are ethical civil servants in the field, expenditure would come down. The cost of roads would be less, scams like handloom and health would not happen, wastage and pilferage in the grain godowns would be reduced, the government's financial support to sick units like Air India would become unnecessary and so on. There would be no opposition because with more efficient management, the benefits to the people would improve. Income too would go up. GSFC type revivals will yield more corporate tax collection. The income tax collections would rise with less evasions and Swiss accounts. There will be no unnecessary recruitment. An ethical civil servant would have stopped the 2G scam dead in its tracks. So, it is ethical civil servants and managers in the field who can deal with the fiscal deficit and not the Finance Minister or the Chief of Reserve Bank. Fiscal deficit is the counterpart of the ethics deficit. My efforts spanning the last twenty five years would have marginally pushed back the national fiscal deficit. One thousand ethicals like me, occupying positions like mine throughout the country, would wipe out India's fiscal deficit permanently.

Let us look at a more weighty issue. Capitalism is under critical questioning and at times under attack even in the West. What is capitalism? It is in brief, taking people's monetary savings and putting it to work by investing it in productive assets. The person who provides a major part of the funds or capital is called the promoter, majority shareholder or owner and the others are the minority shareholders. The criticism is that those who manage this capital, the professional CEOs and the senior management under him, are either not managing it well or are paying themselves too much leaving little for the providers of the capital and for the ordinary employees. Or it is a combination of both. Driven by greed to take home high salaries, they show high profits by cutting ethical and even legal corners. The promoter in league with the CEO and senior management, could take out funds surreptitiously and the show low profits. They may bribe government agencies to enable such

behaviour. The minority shareholders may not be rewarded. It is capitalism that is criticized though the wrongdoing is of the capitalist promoter and senior managers. As a result not only are the customers, shareholders and society cheated, but new capital formation does not happen as providers of capital do not trust the company managers to play fair. Investment comes down. What would happen if the company leadership, both the owners and managements, were ethical and creative? The return on investment would go up and it would be fairly distributed to all the stakeholders including the employees. The faith of the investing public would rise and we would see greater investment in the country. So, we see that good ethics would lead to higher investment.

The problem is not capitalism but the absence of ethics in those who run the capitalist enterprises. I would be able to show this positive correlation between ethics and economic indicators in every activity. Capitalism is the best system if run by ethical persons. Their organizations will show higher profits than those with CEOs drawing high salaries. But lacking great wealth and the support of the powerful, such ethical CEOs, like me, are vulnerable to attack. In its own self-interest, society must support and protect them. These ethical are defending society's interest.

The understanding of this link is the key to our revival as a society. It is high time we demystify our language of public discourse. I leave it to the reader to show similar ethical solutions to other seemingly macro problems. Things are not so complicated. The wise policy experts must be booted out from their comfortable chairs. The language of these co-opted committee men is keeping the common Indian from understanding reality. Once he understands how simple it all is then his energy will burst forth and men and women will realize what they were capable of.

What appears as major issues in Delhi and State capitals are the combined effects of a large number of field level failures. Those wise and thoughtful men who sit in the centres of power are helpless to solve these problems. Only field level ethical leadership can do this. Yet they go through the motions of trying to 'find solutions' as this is where their personal interests lie. They can begin by respecting field level ethical leadership when it is successful and not treat it as a lethal enemy. And they could start disbanding some of the elaborate paraphernalia of power and patronage they have built up. If they are confident they should offer to take up the executive leadership of some field agency about which they suggest improvements.

None of these failures would have happened if the decision-makers had the 9 to 5 ethics. The financial meltdown in the US happened because of

ethical failures, not poor judgement or even structural factors. Even religious fundamentalism arises because people see those in power behaving unethically and turn to a religious awakening to rekindle our long forgotten ideals. In an ethical society, religious preachers would have a hard time finding an audience. Religion would retreat to the purely personal space of man and his God, which is his inner voice urging him towards truth. When a citizen is rebuffed in the secular world and promises made to him are broken, then he turns cynical, resigned and suspicious of all authority and is capable of sudden violence. Almost all religious myths are stories of the fight of truth against power. People instinctively know that ethics will show them the path to a better life. The need for freedom, truth and fair play is hard wired in the human brain. It is the key to releasing whatever is god like in us. The devotee singing to the divine in an ecstasy of love is pleading for that which is within him to emerge. Today, we are paying the price for having abandoned ethics. Good ethics, the 9 to 5 kind, will lead to good government, good politics, good economics, good management and industry, good environment, good medicine, good science, good education, good art, poetry and music, and all those countless day-to-day needs the fulfilling of which are activities not totally devoid of a moral purpose. Good ethics will give us a good society. Ethical victories are victimless. Everybody gains and even the wrongdoers are only prevented from further wrongdoing but not otherwise punished.

Under ethical leadership and ethical path seeking, situations of peril, hardship and struggle will not be seen as failures by the team, the stakeholders and the public at large. If the leadership is seen to be doing everything it can with creative courage and without corruption, then no matter what the outcome, their effort will be seen to have been a success and the outcome also defined as success. The people are wise and understand and will give their thumbs up to an ethical effort. That is why I said elsewhere that with ethics success is certain and failure impossible. I refer the reader to the GACL episode where we were seen as successful even though profits could not be achieved.

But the ethical solutions in any field will emerge only when an ethical person occupies the position of the head of an organization. Ethical solutions cannot be prescribed from outside by an expert. If you ask me what should be done to revive any particular sick unit, say Air India, I will be unable to give an answer. Only if you put me at its head will I find the way forward through a painstaking effort with hundreds of transactions working day-to-day, but in the process facing the fierce hostility of the powerful. Experts sitting outside can never guide a company out of its distress. Anyone who claims he can do it, and if he has an impressive record of achievement,

should be asked to take over the organization and to run it as he sees fit. The solutions are so specific to that company and to that particular mix of circumstances prevailing day-to-day, that only a CEO sitting in a position of power can see these and take corrective steps on a continuing basis. At the time of taking over any of the companies I revived, if you had asked me what my prescription for its revival was, I would have been at a loss to answer. These answers came to me only in the coming days and months. What Socrates said two thousand five hundred years ago about being the wisest man in the world is still true. We know nothing of a situation till we face it.

We have often heard of some new technology or a system which will change the world. Many such new technologies have delivered what they claimed to do but our sense of unease and injustice did not become less. The internet made communications easier but the resulting scramble for the rare minerals required is spawning new wars, environmental damage and unimaginable cruelty. The techno prophets continuously talk of the next big thing. Cheap energy from the sun or biomass is the next holy grail on which billions money and the finest brains are working. A cure for cancer or drastic reduction of pollution could be possible. A reduction in global warming may result from a scientific breakthrough. Cold fusion could forever solve both our energy needs and remove pollution and so could the hydrogen fuel cell. It could be something unanticipated. So the world looks to science and technology to solve our misery. But science and technology did not create the cruelties and horrors of this world. That has come from the absence of ethics among our power elite. That is where we are failing. I would suggest that the real world changing breakthrough is well within our grasp right now. No new technology or investment is needed for this. It can come from ethical direction seeking by every person who is in a position of power. The greatest world changing force will be the adoption of ethical leadership by the world's power elite. All other transformations in world history will pale in comparison. The technology breakthroughs will follow but will be used for increasing human welfare and not for satiating obscene greed and domination.

The successes narrated in this book are all ethical. They cannot be explained otherwise. My academic record was modest, presentation capability limited, I was verbally challenged on stage, my personal networking was atrocious and left me with no friends, my ACRs showed me as a mediocre officer, and I had a habit of getting into scraps with influential people. I was impulsive and prone to emotional excesses. If there was a person marked for failure, it was I, ticking all the wrong boxes. Ethics overcame all these. Those who are more naturally gifted than me in the civil service, as most are, will do even better than me if they adopt ethics in their official life. Ethics has a

multiplier effect on every person's motivation and capability. If ethics could do this for me, then think what it could do for the country. The gap between what the country is today and what it could become is very large. This is the ethics gap. The knowledge that their power elite are ethical would release such an overwhelming surge of ecstatic energy among our people that we would see amongst us a material prosperity worthy of our historical, cultural and civilization greatness.

The mass of Indian people are decent. They work hard, look after their families, and do not cheat. Their dreams are modest. Nothing more can be demanded of them. Today, they are being made to move to a Kafkaesque dance in their daily struggles, their lives robbed of meaning. Their lives hang by a slender thread. They cannot be expected to risk ethical confrontations with the powerful. The call to a hazardous ethics is not to them but to a few among our power elite. We can afford professional setbacks. If we fail to answer this call then history will judge us to have been unworthy of the great offices we hold. What we have now may slip through our fingers; our children may face an uglier, more dangerous world. Take care; it is later than you think.

Mine was an unimportant life but my story is important because it contains within it the experiences common to so many Indians all over the country. This is the only reason that justifies this book. Today, India is at an impasse. The easy pickings are over. The momentum is lost. We are experiencing increasing hopelessness, contempt for law and a slowing down of our growth and in some parts of the country authoritarian models, posing as efficient, are emerging. Our present growth rate is based on an unjust and unfair exploitation of human and natural resources, it is run on the groaning backs of 500 million people who slog for the others and on the unsustainable exploitation of the environment. This rate could slow down. Sand will be thrown into the machinery by those who are short-changed. The present growth rate fuelled through corruption, raw material exploitation and pollution cannot be maintained. It is creativity, innovation and research that will drive future growth. These can flourish only in an ethical environment. By an imperfect subjective calculus I will say that the ethical annual growth rate would be 10% higher than what it is now. Yes, I am talking of 15-20% growth for our country, not of GDP but of human welfare. Human welfare means GDP growth which rests on fairness and justice and which is sustainable.

In all my assignments removing corruption in the organization was the easiest part. The creative revival of it through ethical truth seeking was complex but always felt as something we could do. What was disenchanting



was the opposition of the official stakeholders who had benefited so much by the organization's revival. In a society more intelligently pursuing its own self-interest, it would have been different, I told myself. We did win some famous victories and lightened many burdens; I did good but never well. In personal advancement, I was a serial loser and often stood 'where thought accuses and feeling mocks'. No one will blame you if you, dear reader, decide not to make the choice I did. But if you listen to the voice of the pilgrim within you and decide to walk the ethical path in search of truth, then you can't look away or turn your back. You are a member of a select band but it is a burden you have chosen to carry. You are responsible and by the very act of taking up an office you gave a promise to those who looked up to you, a promise that you would work for the many. The control I had over my organizations was far greater than what was possessed by even the most powerful person in the land—the Prime Minister or the Chief Minister. They cannot be blamed for my reluctance to act. There was no excuse for not acting. And it is our task to make this world more enlightened, organization by organization. It cannot be left to others. Neither victories nor failures are permanent. One must be constantly renewed and the other overcome. It is this struggle that is permanent. This is the task of the country's ethical elite. Self-appointed from among its power elite, a handful of them can light creative fires that will illumine millions of lives.

But do not be heedless of the dangers on the way. This book describes them. Most Indians are decent and honest personally. But the official establishments, government and private, which the citizen has to deal with are unethical and exploitative. Truth to tell, all the political parties from extreme right to the left today see corruption as a lesser threat than an ethical agent acting successfully in their midst. So would most private sector corporations, and other structures of wealth, privilege and power. One is a nasty animal they can easily handle, camouflage and even domesticate for their use; the other is invariably successful but resistant to any control. This creature, a sprite—a free, wild and untamed spirit, an Ariel forever dreaming of freedom, has been hunted almost to extinction in our country. It now finds a sanctuary in the realm of pure thought. Here, guarded by our better selves, it survives. A good society would coax it out into the real world where so many ask its healing. But we do not have such a society and this liberating spirit remains in hiding. Many would follow it if they could but sight it in their daily practical business of life. The young and the hopeful, the weak and the vulnerable, search lifelong for ethical paths. They thirst for that future which lies in our power to create. As long as they believe this future can be realized on this earth in this lifetime, their eyes, lit up by this inner hope, will remain

bright. This flame must never go out, otherwise the future is lost. That is your task. You will have to take the risk and undertake the ethical journey for them. But you will not be alone. Call to it and this sprite will take wing and hover over you as a guide on those uncertain paths. Part flesh and part spirit, flying high but always sighted by those who look for it, it is the guardian angel of all pilgrims searching for the truth.

In spite of all that appears mean and ugly, the world is moving continuously in a creative flux. Each one of us is constantly called upon to follow this ethical guide. Our lives acquire a purpose by answering this call. This is the way we escape to freedom. We lose by not acting, there is no other defeat. Life itself is an unearned gift and it can and must be lived fully. This is the only innings we will ever play, a brief glow in an apparently vast and indifferent darkness. To live it intensely, with meaning, in pursuit of truth and all that is good, and continuously increasing the self worth of others—this is the only path open for the rational man seeking directions.

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