



### 'Padma Bhushan' for Rajashree Birla

Heartily congratulations to Ms Rajashree Birla, an Honorary member of the Rotary Club of Bombay, on being conferred the country's third highest civilian honour, the *Padma Bhushan*, by the President of India.

On January 25, the eve of the 62nd Republic Day, the government of India announced that the President had decided to confer the country's third highest civilian honour, the *Padma Bhushan*, on Ms Rajashree Birla for her outstanding work in the field of social service.

*The Gateway* joins the members of the Club in congratulating Ms Rajashree Birla and wishing her even greater honours in times to come.

### Club bags 6 Trophies and 12 Certificates at District Conference

The Rotary Club of Bombay has been awarded three District Trophies and will share another three with other Clubs for its performance during the year 2009-2010 under the leadership of IPP Nandan Damani.

Apart from the above Trophies, the Club has also been awarded 12 Certificates for significantly good work done during the year under review. Of the 12, 11 are known as "Golden Certificates" and one is a "Silver Certificate".

Information about the Trophies and Certificates has been received from IPDG Raju Subramanian and the actual presentation was scheduled to be conducted at the District Conference which was held at the weekend (on January 29 and 30). More information about the Trophies and Certificates will be published in a subsequent issue of *The Gateway*.

## Who says India can't compete with China? Suzuki in India (Maruti) has higher productivity and quality than in China

At a time when the country seems to be riddled with scams and enveloped in pessimism – with a bit of despondency thrown in – it's time to recall the "Maruti story" to believe that all is not lost and that things are not as bad as they seem to be.

This is the view of Mr. R.C. Bhargava, the Chairman of Maruti Suzuki India Ltd., who spoke at the last meeting on "Putting India on wheels". To prove his point he unveiled eye-opening statistics which showed that despite stumbling blocks, manufacturing activity in India was capable of overtaking the rest of the world, including the biggest competitor, China.

**When Maruti started producing cars in 1983, the value added (productivity) per employee was Rs. 2.50 lakhs. By 1997, when he ceased being Managing Director, it had gone up to Rs. 37 lakhs. At present the productivity per Maruti employee was a whopping Rs. 86 lakhs. This was higher than that for any other manufacturing industry in India.**

And the icing on the cake was the fact that the total personnel cost of the company, in spite of big increases in salaries, had been retained at just 2% of the sale price – this was the personnel cost of the company in 1984 and even today, in 2011.

**"It's the workers who continuously improve productivity... It's not the managers but the workers who do it. Suzuki tells us that productivity and quality at Maruti in India is higher than what it is in their Chinese operations. This means that the myth, that we can never compete with China, is just that, a myth. We can compete with the Chinese."**

Mr. Bhargava's assertions came in the course of his talk in which he admitted that the "Maruti story" would have been different had it not been "protected" from all kinds of outside



*It's a myth that India cannot compete with China, says Mr. R.C. Bhargava, the Chairman of Maruti Suzuki India Ltd., while speaking at the last meeting on 'Putting India on wheels'*

influences by the then Prime Minister, the late Mrs. Indira Gandhi.

Dolly Thakore, who introduced him, pointed out that from the time (in the 1980s) when cars were looked at as luxury products, things had changed to such an extent that India had now become "a car generation", with the middle class constantly looking for bigger, better and more beautiful cars – all thanks to Maruti which had put the country on wheels.

An IAS man who steered Maruti Udyog Ltd. (or MUL as it was then called) to become the "pride of India", he had helped establish new standards of quality, productivity, industrial relations and consumer care. Along the way, Maruti had proved that India could manufacture and export sophisticated engineering products to the demanding West even though her public sector units were maligned and characterised as inefficient and slothful.

Mr. Bhargava started by thanking "all of you, all good customers", be-

cause he believed that everyone in the audience had, at some stage of their lives, owned a Maruti car.

Giving the background against which MUL was started, he said it was rightly looked upon as a political project. It came into existence because of the unfortunate death of Sanjay Gandhi and his mother's emotional attachment to what he was trying to do. It started as a public sector company (PSC) under the government of India.

"I'm sure all of you are aware of the general belief that PSCs are difficult companies to manage and that they don't perform. (And) it is a fact that PSCs have a lot of restrictions which are partly the result of government rules and regulations specific to them and partly because of the role that the Ministry plays, the role that the Comptroller and Auditor-General (CAG) plays, the role that Parliament and various Parliamentary committees play and because of the role that the vigilance agencies and the CBI play in dealing with public sector activities. All of these put a whole lot of constraints on any company starting to work commercially."

*(Continued on Page 2)*

### Forthcoming meetings

February 1, 2011

"India and its position in global politics," a talk by Mr. Shashi Tharoor, a former Under-Secretary General of the United Nations, a former Union Minister of State and serving Member of Parliament.

February 8, 2011

Mr. Kapil Sibal, Union Minister for Human Resource Development and Communications and Information Technology, to address the Club.

February 15, 2011

Rotary and Public Awards presentation.

# 'THE PUBLIC SECTOR IN INDIA CAN DO VERY WELL IF THERE IS NO INTERFERENCE WITH IT'

(Continued from Page 1)

Further, the company also had to contend with the fact that in those days cars were seen as a luxury product. People tended to forget the atmosphere that prevailed 20 to 30 years ago and as a result of which cars were at the bottom of the list as far as government plans and Central planning priorities were concerned.

Other drawbacks were heavy taxation rates (on account of being a luxury item) and a total lack of support from the bureaucracy and the Planning Commission because even they thought that cars were the wrong product to manufacture.

Tax laws changed every year and MUL never knew what the excise duty or the customs duty would be in the following year. Those who had started doing business in the last 20 years had no idea about how difficult it was to work in that kind of uncertain environment.

To top it all there was the infamous phased manufacturing programme that required a certain amount of localisation (or import substitution) to be done every year; if it was not done, the company would not get an import licence to bring in parts; the amount of foreign exchange granted was also restricted.

"In any case, everything had to be done according to the licence system; everything was licensed, nothing was free; getting even \$1,000 in foreign exchange was not easy."

And yet the company managed to survive, to grow and to prosper.

The single largest factor (or rather the one and only factor) responsible for this was the involvement of Mrs. Gandhi. Thanks to her, no politician dared to interfere in any decision-making process in MUL. The managers were able to exercise their judgment over what was best for the company.

They did not have to worry about Ministers or MPs telling them to give a contract to their cohorts, to give licences to their favourites, or even to employ somebody. None of this happened because they knew that if a complaint reached the ear of Mrs. Gandhi, they would be in serious trouble.

Mr. Bhargava revealed that when MUL was starting off, the Ministry had already chosen to tie up with Renault of France for the manufacture of 1,800-cc cars. But MUL was able to have the decision overturned because of the free hand given by Mrs. Gandhi and to select another partner, Suzuki of Japan, and to get the right product mix from it.

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**"The moral behind this is that if the public sector is not interfered with in its initial decision-making, things could be quite different."**

Another key factor that helped Maruti get off to a flying start was the trust that developed between the Indian and the Japanese managements. The president of Suzuki felt so confident in Mr. Bhargava and his colleague, Mr. A. Krishnamurthy, that he decided to invest in India even before doing a due diligence of the proposed project.

"Mr. Suzuki told me that it was an almost off-the-cuff decision he made because when he met us he felt that he could do business with 'these two guys' (Mr. Bhargava and Mr. Krishnamurthy). This shows the importance of having the right equation with your partner if you are going to make your joint venture succeed.

**"As a result of this, we could do a lot of things which were not listed in the agreement. For example, we could send about 1,800 people for training in Japan. This was never mentioned in the agreement and would have cost a packet if it were attempted with somebody else. And that helped change the work culture (at Maruti)."**

"Yet another aspect of the relationship... Mr. Suzuki told us, 'I can help you make cars in India which are of the same quality and productivity as in Japan, but you must listen to me'. We were quite happy to listen to him because we realised that we knew nothing about making cars; we were totally ignorant; and somehow, the normal ego associated with an IAS officer also didn't come into play... That helped us a lot in getting the correct systems and processes in place."

Mr. Bhargava said the biggest and most useful learning came in the area of managing people and building teams. In the India of that time, labour-management relations were characterised as being adversarial. Managements thought that workers were something that had to be managed and tolerated; and workers always felt that managements were out to exploit them.

But the Japanese made their Indian partners understand that to get the required results and to move towards achieving excellence, it was necessary to set in motion the process of continuous improvement in all areas of work.

This was something Indian bureaucrats never understood because the only "improvement" that they knew about was increasing prices every year based on the cost-plus basis, with scant or nil regard for improving quality, reducing cost or increasing productivity. These were alien concepts for them.

But Suzuki told them that they had to make improvements in all these areas – and attempt to make these improvements all the time. To do that, several practices and policies were explained by the Japanese and implemented in India.

As a result, the workers and management at Maruti developed a co-operative, inter-dependent relationship. The management won the trust and confidence of the workers and the workers came to believe that the management was actually concerned about their interests.

Workers realised that in the long term they would prosper more if they ensured that the company grew, became more profitable and competitive and made more money. They also understood that the unions, political lead-

ers and outsiders who approached them were actually acting in their own self-interest rather than in the interest of the workers.

At one stage, when Mr. O.P. Chautala became the Chief Minister of Haryana and wanted to start his party's union in Maruti, he could get his union registered (because it required only seven people). However, he couldn't win the support of the workers despite strong-arm tactics and despite deputing his green brigade in jeeps with guns outside the factory to try and coerce the workers. Ultimately, he had to dissolve his union while he was still Chief Minister.

Such was the workers' commitment to the company that they started taking active interest in quality procedures, in Kaizen activities and even in making suggestions for improvements.

It was at this stage that Mr. Bhargava mentioned the value added per employee going up from Rs. 2.50 lakhs in 1984 to Rs. 86 lakhs today; as also the total personnel cost remaining at a steady 2% of sale price ever since inception.

"It's the workers who continuously improve productivity... It's not the managers but the workers who do it. Suzuki tells us that productivity and quality at Maruti in India is higher than what it is in their Chinese operations. This means that the myth, that we can never compete with China, is just that, a myth. We can compete with the Chinese.

"Of course, in India we have a whole lot of handicaps. If people succeed, it is largely despite the government and not because of the government. There are other obstacles of infrastructure and other such things. But if you can get your entire workforce aligned, that is the secret to overcoming the handicaps that exist, because the kind of creativity and the new things our people come up with is unbelievable.

**"The managers, the workers cannot do it alone. It requires the top management to set an example; you have to do what you want everybody else to do, you have to show the kind of commitment that you want workers to have, you have to run the company in such a manner that it is seen as being run for the benefit of everybody and not for a few individuals. If you do that, I think India can become one of the leading manufacturing countries in the world."**



*Maruti took off and got going only because of Mrs. Indira Gandhi's personal involvement, admits Mr. R.C. Bhargava*

**THE GATEWAY, The Bulletin of the Rotary Club of Bombay**

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Send your girls for an IB to Canada. Ms Karen Murton, Principal of Branksome Hall, a well-known International Baccalaureate (IB) World School for girls in Toronto, Canada, since 1998, makes a presentation at the last meeting. She invited parents in India to consider sending their daughters to her school. In the picture at right, Ms Murton looks on as Dolly Thakore commiserates with President-Elect Paul George, who suffered minor cuts and bruises on his face while trying to steal a single during the cricket match between the Club President's XI and the 'Bhavishya-Yaan' XI

## A contribution for Education

A donation of Rs. 25,000 for the Club's corpus for Education has been received through the good offices of Russi Jal Taraporevala.

President-Elect Paul George, who announced this at the last meeting, said that the contribution had come from the Maki Taraporevala Foundation and the Bomanji Furdoonji Pandey Charities Trust.

## Birthday donation

Ratan Tankha and Subhash Sagar have made donations of Rs. 5,000 each on the occasion of their birthdays.

President-Elect Paul George said at the last meeting that another birthday donation, of Rs. 2,500, had been received from Meera Kumar. He thanked the members for their generosity.

## Terry Fox run on February 27

The 13th annual Terry Fox Run will be conducted at the usual venue, along the iconic Marine Drive, on the morning of Sunday, February 27, to raise funds for research on the subject of cancer among children.

The Governor of Maharashtra, Mr. K. Sankaranarayanan, has consented to be the chief guest on the occasion.

According to Fellowship Chairperson Shernaz Vakil, who is assisting in organising the event along with the three institutions associated with it, viz., the Terry Fox (India) Committee, the Rotary Club of Bombay and the Oberoi Hotels group, the funds garnered would be utilised for research on the subject (cancer among children) at the Tata Memorial Centre.

Members are aware that the Terry Fox Run is now a global happening in which children help raise funds by participating in an athletic event. It

was initiated in memory of a cancer-stricken Canadian teenager, Terry Fox, who had the courage to "run" in order to collect funds to help other ailing children.

School and college students, individuals, families and groups get together in various parts of the world to take part in this non-competitive contest to raise money in Terry Fox's name. It has been held in Bombay under the leadership of PP Gul Kripalani and has become an important date on the city's philanthropic calendar.

As always, this year, too, the Terry Fox Run will start from Air India building, Nariman Point, proceed along Marine Drive till the Marine Lines station flyover, make a U-turn and end at the Brabourne Stadium of the Cricket Club of India (CCI).

Following the "Run" will be the usual brunch, which is also a fundraiser and invariably a sumptuous affair, at the Trident Hotel of the Oberoi Group. It will consist of fun, food and many "surprises", according to Shernaz. The brunch will begin at 12 noon and is likely to end around 3 pm.

Donor cards for the brunch have been priced at Rs. 2,500 for adults and Rs. 1,250 for children aged between 6 and 12 years. No charges will be levied for children below 6.

Shernaz has appealed to members to join the Terry Fox Run and the brunch that follows "in droves, along with family and friends, because there is a lot that happens there". All contributions made to the cause would be entitled for tax exemption under Section 80(G) of the Income Tax Act.

## Tennis Fellowship on February 6

This is a call for those interested in the fast and furious game that begins with "Love All".

After golf and cricket, the Sports Committee has turned its attention towards the robust racquet game of tennis.

It is organising the annual tennis tournament and fellowship at the Willingdon Sports Club on the morning of Sunday, February 6.

While tennis aficionados will slug it out across the net on the courts,

the non-players will enjoy some wonderful Fellowship in each other's company on the sidelines.

Those interested in playing the fast and furious game that begins with "Love All" are requested to register their names with Homi Katgara and to indicate whether they are members of the Willingdon Sports Club. The event is open to members as also their families and friends.

Players are requested to reach the tennis courts by 7 am. Non-players,

spouses and family members are also invited to enjoy the Fellowship. The proceedings are likely to be wrapped up around 9.30 am.

All queries regarding participation in the tennis tournament have to be directed to Homi on his email hkatgara@jeena.co.in.

The tennis matches will be followed by a brunch at the home of IPP Nandan Damani which will be hosted by him along with Arvind Agarwal and Nirav Shah.

Members are requested to note that the brunch will begin at 12 noon.

(See invitation card alongside.)



## At the last meeting

(Held on January 25, 2011)

VICE-PRESIDENT Paul George called the meeting to order and welcomed the guest speaker, the Visiting Rotarians, Rotaryans, guests and others.

### BIRTHDAYS

Members and spouses celebrating their birthday during the week were felicitated.

### ATTENDANCE

Members	131
Visiting Rotarians	3
Spouses/Rotaryans	5
Guests	3
Total	142
Svc. box collection	Rs. 5,500

February 1 to February 7, 2011



Look closely and you will see the logo of the Club's 'Bhavishya-Yaan' project printed on the back of the T-shirts worn by the runners. A contingent of over 155 persons representing HDFC took part in the Standard Chartered Mumbai Marathon 2011 sporting T-shirts with the project logo

## ***HDFC team, led by Honorary member Deepak Parekh, runs the Mumbai Marathon for 'Bhavishya-Yaan'***

**M**r. Deepak Parekh, Hon. Member of the Rotary Club of Bombay, has been so enamoured of the outstanding work being done under the Club's *Bhavishya-Yaan* project, that he has sponsored some of its activities by financing the acquisition of several required items of equipment.

But his interest in the project has not been limited to just sanctioning funds or signing cheques. He has, at the first available opportunity, helped propagate this pioneering project among the citizens at large.

When the annual marathon event conducted in the city came along re-

cently, he decided that his team at HDFC would take part in it in order to raise funds for the Rotary Club of Bombay's *Bhavishya-Yaan* project.

Interestingly, Mr. Deepak Parekh's "team" consisted of not five or ten colleagues and staffers but a full contingent of 155 persons!

The following is a report on the event (reproduced from *The Economic Times* dated January 17, 2011):

"What's your time?" that was the question on everybody's mind – of athletes, corporate chiefs, celebrities and the common man alike who participated in the Standard Chartered Mumbai Marathon 2011.

Although everyone was keeping a close watch on their timing, it really didn't matter in the end. What stood out were the causes for which they all ran and a sense of solidarity. In its eighth year, the event saw 38,400 participants against 22,000 in its year of inception.

Mr. Sajjan Jindal, Vice-Chairman and Managing Director, JSW Steel, along with his team, was among the first few corporate leaders to finish the 6-km "Dream Run". He was satisfied with his 39-minute timing but added, "I could have done better. Next year, my target will be 30 minutes". He ran in support of the Maharashtra Dyslexia Association.

Ms Neerja Birla, Aditya Birla Group Vice-Chairperson for education projects, completed the "Dream Run" in an hour and ten minutes but was hopeful that in the next marathon she would be able to finish in around an hour. She was happy that four and 25 members of her team completed the 42-km. and 21-km. run, respectively. Around 125 employees of the Aditya Birla Group, including Mr. D.D. Rathi, Director, Grasim Industries, participated in the event.

Several expats of multinationals and foreign nationals from the overseas arms of various Indian companies also ran the race.

Mr. Anil Ambani, Chairman of Reliance Anil Dhirubhai Ambani Group, Mr. Anand Mahindra, Vice-Chairman and Managing Director of Mahindra & Mahindra, and Mr. N. Chandrasekaran, Chief Executive Officer of Tata Consultancy Services, were among other major business leaders who participated in the marathon.

The Reserve Bank of India Deputy Governor, Ms Shyamala

Gopinath, in her third consecutive year, clocked a little over an hour to complete the "Dream Run". She was happy to participate in the event along with over 200 team members.

**The HDFC Chairman, Mr. Deepak Parekh, summed up almost everyone's view when he said, "The marathon experience is always overwhelming for me. It is heartening to see such huge crowds come together and support causes of their choice. It leaves one with a feeling of having achieved something just by being part of such an enormous event".**

**This was HDFC's seventh year of participation in the Mumbai Marathon with its team of 155 runners. The team pledged support for *Bhavishya-Yaan*, a project looking into the overall development of children in municipal schools.**

Colonel Shanthakumaran and Captain Dinesh Desai flew in from Hyderabad specially to participate in the marathon as an extension of Army Day celebration on Saturday.

Govind Parab, a 92-year-old, was among the eldest to participate. This was his fifth consecutive year. For him the reason to be ecstatic was that he was with his friends from the Andheri Progressive Senior Citizens Association.

Girima Assefa, an Ethiopian athlete, won the 42-km. full marathon or "Marathon Elite" for men, while Koren Yal, another Ethiopian, won the women's full marathon. B.C. Tilak from the Army Sports Institute, Pune, and Priyanka Singh Patel from Indian Railways won the men's and women's 21-km. half marathon, respectively.



The team ran the marathon in order to raise funds for and to spread awareness about the 'Bhavishya-Yaan' project. They were led by their energetic Chairman, Mr. Deepak Parekh, who is an Honorary member of the Rotary Club of Bombay. Thank you for running for 'Bhavishya-Yaan', Mr. Parekh

# JINGLE ALL THE WAY

They call it a project with a difference, but actually it is a project that makes a difference – to the lives of the poor, the destitute and the forgotten.

Members of the Rotaract Club of H.R. College climbed atop their fancy “Dream Come True” bus recently and went out on their annual visit to several homes for the aged, for the orphans and for the destitute located in different parts of the city in order to spread goodwill and cheer in the festive season.

The Rotaractors took up the difficult task of playing Santa Claus and tried their utmost to inject joy and cheer into the lives of the underprivileged, the deaf-mute, the intellectually challenged, those afflicted by cancer, senior citizens and orphans.

The programme was called “Jingle All the Way” and was executed over two days, December 23 and 24, 2010.

But preparations for the programme started well over a month in advance. The Rotaractors visited or called several welfare institutions, co-ordinated with them and also started raising funds through donations and contributions. They mainly approached their families and friends, selling to them the concept of sponsoring a “goodie bag” for Rs. 100 each to help one underprivileged person to celebrate Christmas.

They called institutions all over the city, including in the distant suburbs of Malad, Borivli and Bhayandar. The managements at these institutions were pleased to learn that the students of H.R. College in South Bombay wanted to bring some sunshine into the lives of their wards.

Asked what they wanted the “goodie bags” to contain, they were told about the really pressing requirements such as soap, rice and, above all, *tur dal* (the protein-rich lentil).

Twenty institutes, all of them in the suburbs and beyond Dadar, were covered on the first day of the programme. Teams of three Rotaractors each went there along with the “goodie bags” as requested and distributed these to the residents.

They offered them compliments of the season, wished them good cheer

and then got down to the serious business of engaging them in some party games. They left after giving them some happy moments and a lot of memories to cherish.

But that was not the end of the day’s programme as far as the Rotaractors were concerned; in the evening a Christmas party was arranged at the Manav Seva Sangh institute in Sion and was attended by a large number of children.

It was only on the morning of the second day, December 24 that the programme was formally launched with a traditional inaugural ceremony.

**The open bus, called the “Dream Come True” fancy bus, was decorated with festoons and bunting and was soon ready to take a big group of Rotaractors to various institutes in the city to celebrate Christmas with them.**

A total of 110 members went out on that day (of course, more than half accompanied the open-air bus in other vehicles). On board the bus was one member who had dressed up as Santa Claus, complete with a fake beard and a red cap.

The bus went from one institute to another along a pre-planned route, covering about a dozen by evening.

At each place the residents were offered warm greetings and presented with Santa caps, cakes and “goodie bags” filled with their requirements. And “Santa Claus” took on the responsibility of distributing sweet and chocolates.

Interestingly, the Rotaractors did not forget the teachers and staff members at the institutions, for it is they who lovingly look after their wards all through the year, Christmas or no Christmas. They presented mementoes to the teachers at all the institutes.

That was a tender, touching gesture that surprised both the teachers and the students (of H.R. College).

Well done, boys and girls.

**For the record, the two-day “Jingle All the Way” programme reached out to exactly 3,213 persons in 29 institutes all over the allegedly heartless city of Bombay.**



At a home for indigent widows. The ‘Jingle All the Way’ programme touched 29 different institutes over two days in December in a bid to spread goodwill and cheer on the festive occasion



The smiles on their faces tell the story. The Rotaractors of H.R. College reached out to 3,213 persons on December 23 and 24 and wished them a Merry Christmas and a Happy New Year



Santa Claus is coming along! One of the Rotaractors dressed up as the jolly purveyor of cheer and distributed sweets and chocolates to all after he alighted from the ‘Dream Come True’ bus

(Dr.) Indu Shahani addressed a meeting of the Rotary Club of Bombay North at Hotel Ambassador on January 20 (right). Speaking on ‘Youth and education’, she said colleges should train students to become responsible citizens sensitive to society and to the community. She was welcomed by Ravindra Somani, the President of the Rotary Club of Bombay North. (Second picture) Indu was chief guest at the launch of ‘The Adventure of Toto the Auto’, Books I and II, published by FunOKPlease Publishing India at Landmark Bookstore, High Street Phoenix, on January 21. Ms Preeti Vyas, CEO of FunOKPlease Publishing India, welcomed her and introduced the author, Ms Ruta Vyas



# *The belief that capital and labour will always be in conflict is a thing of the past, says the Chairman of Maruti Suzuki*

(Continued from Page 2)

Mr. Bhargava then turned to the Indian automobile component industry which had developed alongside Maruti. Maruti had done things differently. It started on the basis that it would treat all suppliers as partners. This required the company to go out of the way to provide them with all kinds of help, whether technical, managerial or financial. Even on pricing, Maruti told them that it would ensure that their pricing was such that they made a reasonable profit.

On a lighter vein, he said, he had told a recent meeting of top vendors that he wanted all of them to prosper – and to cut prices by 3% in the following year! But he had assured them that he would help them save more than 3% a year, so that they could keep something for themselves, too.

Developing a supply chain and supporting vendors was the key to almost every manufacturing activity because the quality and cost of what one produced depended in most cases on what the suppliers did in terms of their quality and costing. Most people could manage their own factories, but it was very difficult to see that one's suppliers actually did what one wanted them to do.

Mr. Bhargava said Maruti approached its dealer development programme in a similar way. Though there was no competition then, the dealers worked more as distributors rather than as dealers or marketers. Efforts were made to help them devise systems and processes and to ensure that they did not become consumer-unfriendly and that they looked after the consumers properly.

Maruti did many other things that ensured its passage to success, but the most important thing it did was to concentrate on teamwork and reinforcing the team's belief in the company, in the management and in itself.

"You have to constantly talk with and educate people and help them change some of their old, traditional beliefs which have been inculcated partly because of tradition and partly because of what they have been told by different vested interests, though it may not really be in their interest.

"If you keep talking to people you will find that, invariably, the first to change are the workforce. I don't subscribe to the belief that many people hold, that workers can't change and that unions can't change. If you talk to your workforce sincerely, if you mean what you say and practice what you say, the workers will change and will be far more  
*February 1 to February 7, 2011*

loyal to you than any manager. Today, you see attrition rates at 20%, so where is loyalty? It is the working force that you have to build up.

"Let me add that India can be as competitive as any country, even China, in manufacturing, despite all our handicaps. If some of those handicaps go away, we can go far ahead. Public sector units can become productive but they require a certain amount of freedom and motivation. Manufacturing can become a much bigger part of our GDP if we are going to provide employment to the 12 to 14 million people who are entering the workforce every year."

Finally, Mr. Bhargava pointed out that the most important area of reform was education. The current system was not keeping pace with the growth of the economy. It was becoming more and more of a bottleneck and it was necessary to focus on improving it.

When the floor was thrown open for questions, PDG Manibhai Doshi said although the Japanese method of working was fine, their royalty appeared to be high when compared to other countries. Why were they taking so much money from India?

Mr. Bhargava said if a company invested money on developing technology, it was fair for it to charge royalty for sharing it. India had not worked on any comparable technology and so had to pay royalty to those who had spent millions on developing it.

Yet, despite the royalty that Maruti paid Suzuki, it had grown from the original 100,000 cars to 1.7 million cars with the help of the earnings that it had retained. It had not sought any further investments or borrowings. The Japanese had not taken away their profit; they had kept it here to enable the company to grow.

"And that is the last test of whether or not the partners are working in the interest of India. Of course, they must take some money, otherwise why would anybody invest? They must earn something out of it. But the real growth has been of the company in India."

Chetan Shukla asked about the Corporate Social Responsibility and other sustainable programmes undertaken by Maruti.

Mr. Bhargava insisted that right since its inception Maruti had tried to do everything in as sustainable and environmentally friendly a manner as possible.

In 1983, when the plant was being erected, it was the first to install a water

treatment plant to ensure that all the treated effluents measured up to the then prevailing Japanese standards of effluent discharge.

"We put in gas turbines to generate captive power and we have been using the waste heat from that for air-conditioning, for steam generation and so on. We were the first to put in catalytic converters into cars to reduce emission, long before it became mandatory to do so. We spearheaded the move towards lead-free petrol. We have been ahead of any regulation or any requirement in many areas."

Roda Billimoria came up with a brilliant question: "If you could do for Maruti what you have just told us, and which was fascinating, what can be done for Air-India?"

Mr. Bhargava referred her to what he had said at the outset, viz., that as with most public sector companies, it was necessary to ensure that there was no interference in management from people who were not in the management.

Another problem with Air-India, as per his own observations, was that there was a pronounced disconnect between the employees and the management. Employees never made suggestions because nobody listened to them; some believed that the management did not even respect them.

As in any service industry, the employees would be motivated if they believed that they were respected in the company; that their views would be heard and respected; and that if the company did well, then they would also gain. This kind of atmosphere just did not prevail in Air-India.

Trilochan Singh Sahney said he had been associated with Maruti since its inception and complimented Maruti and Mr. Bhargava for setting new benchmarks of quality. Earlier, it was said that if one supplied to Telco, then one was at the top of the quality charts. But Maruti had rejected many items on quality grounds and set the bar higher.

"The biggest contribution that Maruti has made in the automobile industry is to make it world class in terms of quality, processes and costs. Consequently, it has become a big hub for global exports. And all thanks to Maruti for that."

Mr. Bhargava thanked him for the compliment.

The last question was asked by Burjor Poonawala and pertained to labour relations.

In his experience, there were two kinds of unions, the corrupt one which

was only interested in getting money for itself, and the one that was for the welfare of the workers. However, his labour adviser had opined that "there is no such thing as a loyal worker".

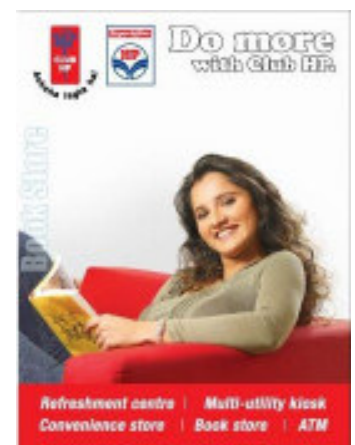
Mr. Bhargava said it was necessary to honestly analyse what the employer had done to build loyalty and to earn the trust of the workers.

"Why should they trust you? Why should they be loyal to you? Let's look at what we do ourselves, let us honestly analyse how we run our industries. We have an industrial relations manager. What does that mean? The mindset is that there is something called industrial relations which have to be managed. Why industrial relations? They (the workers) are part of the same company. Why should they be different?"

"The historical belief that capital and labour will always be in conflict is a thing of the past. In today's competitive, comparatively flat world, only those companies who can make continuous improvements will emerge as winners. Any company which has a conflict between its management and its workers will never be as competitive as the others.

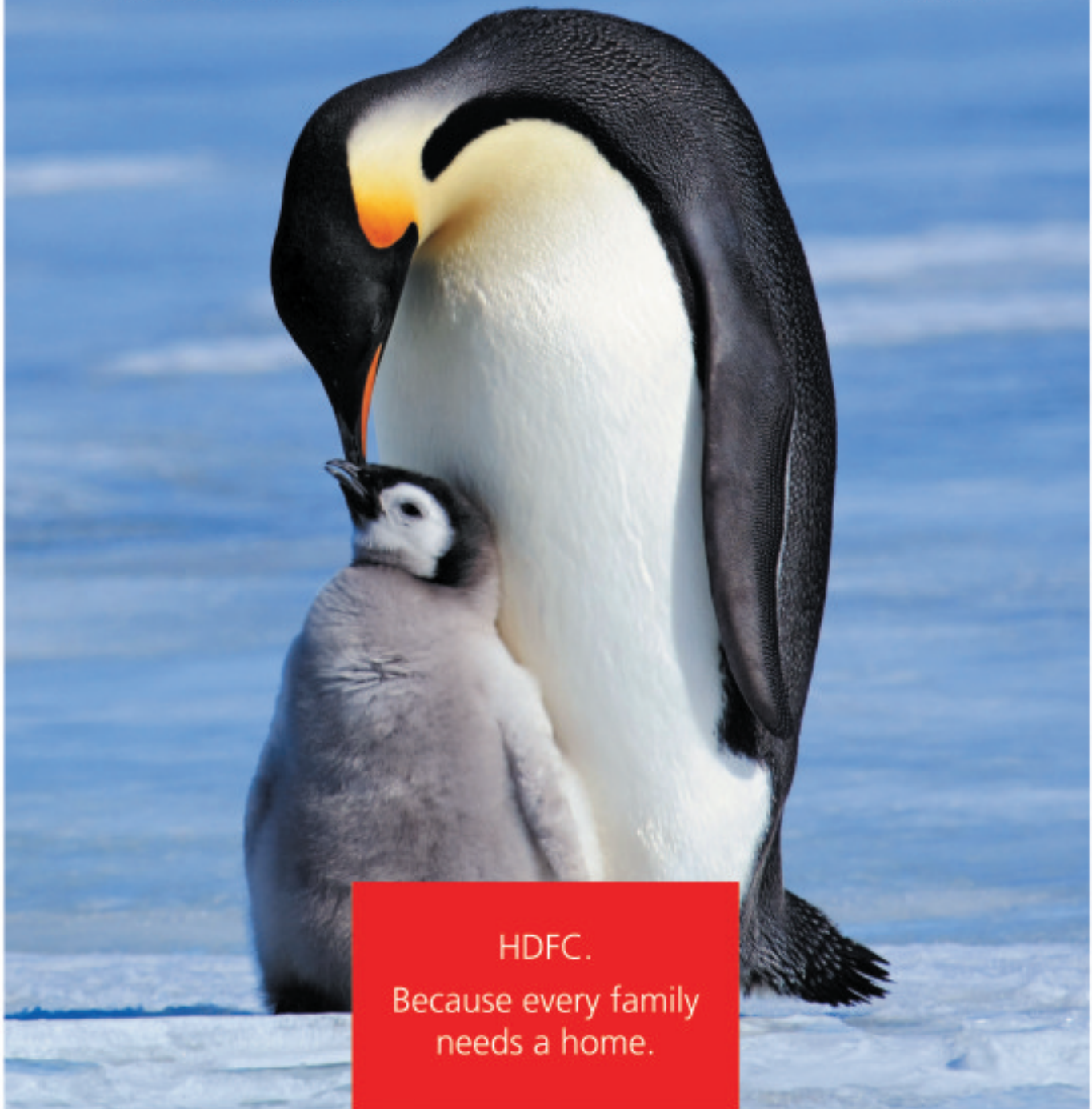
"In those days, when there were limited areas, when there was no international competition, when there was no free movement of capital or of goods, it was perfectly all right. But not anymore. There is hardly any barrier today to international trade or movement of capital. So how do you compete with the rest of the world if you do not adopt measures which will continuously improve and make you more competitive, with lower cost and better quality, than your neighbours and neighbouring countries? I think all our industrialists need to think of the future in those terms," Mr. Bhargava added.

The vote of thanks was proposed by Nandan Maluste.



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# SHASHI THAROOR AND KAPIL SIBAL SET TO ADDRESS THE CLUB

Members are in for a rare treat in the first half of February. Programme Chairperson Dolly Thakore has lined up an outstanding duo of speakers for the first two meetings of the month.

On Tuesday, February 1, the handsome and eloquent Mr. Shashi Tharoor will address the Club. He will speak on "India and its position in global politics".

Mr. Sibal, 62, a renowned lawyer, politician and Minister of the Union of India, was elected to the Lok Sabha from the Chandni Chowk constituency in Delhi.

He has served his party, the Indian National Congress, in various capacities, including as spokesperson, MP and Minister, and is a regular participant in the debates that take place on television news channels.



Mr. Tharoor, aged 54, is a former Under-Secretary General of the United Nations; he has served as a Union Minister of State (for External Affairs); and is at present a Congress Member of the Lok Sabha elected from Thiruvananthapuram, the capital of Kerala State.

He resigned his Cabinet post following uproar over some tweets about the Kochi cricket team.

On the following Tuesday, February 8, Mr. Kapil Sibal, Union Minister for Human Resource Development and Communications and Information Technology, will address the Club.

Ever-smiling and articulate, he possesses a friendly disposition that enables him to tide over difficult situations as and when they arise.

As trouble-shooter for the Central government, he has attempted to deflect criticism away from it. Although he has been criticised for some of his statements, he remains unfazed by it.

**Members are requested to remember their date with the dashing diplomat Mr. Shashi Tharoor on February 1.**

**And their date with the combative counsel Mr. Kapil Sibal on February 8.**

## Happy Birthday



Dr. Marek Dziki  
February 1



Rajnikant Modi  
February 1



Kekoo Gandhi  
February 2



(Dr.) Dasharath  
Mahadevia  
February 2



Mukul Dalal  
February 3



Madhusudan Daga  
February 4



Dr. Hoshung  
Mobejji  
February 5



Ravindra Fotedar  
February 7

## Spouses/ Rotaryanns

Phiroza Contractor  
February 1

Nirmala Banaji  
February 2

Sangeeta Mansharamani  
February 4

Umme-Haani Bagasrawala  
February 6

Zarine Davar  
February 7

Honey Harish  
February 7

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