'Always invest in businesses of the future and in talent'

Mukesh Ambani, chairman, Reliance Industries Ltd. Photograph: Pierre Verdy/AFP/Getty Images

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If Dhirubhai Ambani was a larger-than-life patriarch and Anil was the public face of Reliance, **Mukesh Ambani** was an enigma. Those who knew him well credited him with leading Reliance's turbo-charged growth over the last two decades.

But very little is publicly known of his beliefs, vision and motivation. In his most expansive interview ever to *MoneyLIFE*, a personal finance magazine, Reliance Industries chairman **Mukesh Ambani** tells *MoneyLIFE* editors **Sucheta Dalal** and **Debashis Basu**, what drives him and his business decisions

A lot of details about your life are already known. But we don't know things from your end. Your life has changed dramatically in just about three decades; will you take us through that process?

From my point of view, very little has changed (Laughs). In terms of attitude to life, little has changed. There are important lessons I have learnt during my upbringing. It is important to share these, though these are tough to practise as a parent (smiles).

We were like a joint family and I was the first child of the family of that generation. There were advantages in being the first child those days. My father navigated through life from Aden in Yemen to Bhuleshwar (a congested commercial precinct in Mumbai), to Usha Kiran (Mumbai's earliest skyscraper) at Altamount Road to Sea Wind (an exclusive tower which is the Ambani residence).

My first memories are of the early '60s at Altamount Road which was then an emerging area. We were a close-knit family and the four of us -- Dipti, Nina, Anil and I -- were left to do what we wanted. There were boundaries, of course, but within those, we were not micro-managed. Things have changed so much now. When my kids, Isha and Akash, were in the third standard, we behaved as though it was our exam.

Our own childhood was totally different. I guess when you are left on your own, you find your true potential. I remember my father never came to our school even once. Nevertheless, he was hugely interested in our all-round development for which he did some amazing things.

Give us an example.

Imagine this. In the mid-60s, he put out a newspaper ad for a teacher, but specified that his responsibility would be non-academic; he would have to impart general knowledge. He interviewed several persons and selected Mahendrabhai Vyas who taught at the New Era School. Mahendrabhai used to come every evening and stay with us till 6.30-7 pm.

His brief was our all-round development. We played hockey, football and different kinds of games, watched matches at Cooperage, travelled in buses and trains and explored different parts of Bombay. We went camping and stayed in a village for 10-15 days every year.

- **Lessons from Dhirubhai Ambani**
- **Dhirubhai Ambani: A slide show**

These experiences have helped us a lot, but at that time, we were not very aware of all the learning that was going on. The two hours with Mahendrabhai every evening were great fun. A third track running at that time, apart from academics and the fun stuff, was that my father shared with me his passion for business and entrepreneurship from very early on. Even when I was in high school, I used to spend long hours at office on weekends.

So, these were the four components of my upbringing -- the academic stuff where I was left to myself, Mahendrabhai, my father's passion for creating Reliance and the last piece was his deep links with the family.

A lot of what I have learned from these influences has stayed with me. From the external perspective, my life may have changed a lot, but when I look back at myself in the 1970s, 1980s and now, I see consistency.

How would you describe this?

For my father, life was uni-dimensional. Reliance was his life. Yet, some of my most vivid memories are about spending time with him. However busy he may have been, whatever the pressure, Sunday was for his wife and kids. I try to do the same with my family.

And it has to be non-academic. It is easy to be with your kids and say let's do homework together. But we try to do things, beyond doing lunches and dinners. I learnt that from my father. He was a big nature lover and during our school days, we went to different places every Sunday -- we walked through the forest or had a bath in streams.

I have turned into a big nature fan as well. The change in my life that you talked about is that I can afford it more today. These childhood influences have shaped me into what I am today.

What about your choice of higher education, why did you choose chemical engineering?

In fact, the choice illustrates what I meant about academic decisions being left to us. Nobody asked me to do chemical engineering. I chose to study science and which college I would go to.

By that time -- the early '70s -- Vimal was a fairly successful textile brand. So everybody expected me to do textile engineering. I shocked them by saying that I would go to IIT. Interestingly, 4-5 of us friends studying together for Inter-science were all among the top 10. Ajay Parekh, who runs Pidilite, topped Bombay University. I stood fifth or sixth.

Since Inter-science results were announced after the IIT entrance, I joined IIT, Bombay. After the Inter-science results a few weeks later, I left and joined University Department of Chemical Technology (UDCT) along with my friends.

Did your academic choices help you in the process of self-discovery?

From the beginning, it was clear that we would have to find our own path. Along with that came the self-realisation that we would have to propel ourselves to achieve excellence. I am trying to learn how to do that as a parent. There is a trick somewhere; sometimes we do a lot. I feel that I am more ready for ICSE exams than my daughter. I know everything and I can beat any parent of my age in ICSE exam hands down.

How do you get the time to do it?

I am passionate about it, so one makes the time. My daughter says it is wrong. 'I will have to study it myself,' she says. The trick is to light a fire. It is not about pouring knowledge into the brains of kids but lighting that spark so that they learn by themselves.

With us, my father achieved it without trying as hard as we do. It also depends on circumstances, friends and luck. Probably, we were fortunate to have everything in place.

Many of your childhood friends are still working with you -- you clearly forged lasting bonds.

Anand and I have been friends since the sixth standard; he then went on to study commerce. I met Manoj at UDCT. (Anand Jain now leads the Reliance effort in SEZ and Manoj Modi heads the retailing venture). I have other friends as well from that period. Kiran Manelkar became a doctor; because of him, I have many friends who are doctors.

Why did you choose chemical engineering?

Nobody had anticipated that chemicals was the direction in which Reliance was headed. I did chemical engineering because it was supposed to be the future. Think of the line from the movie *The Graduate*, which was very popular in our times -- "There's a great future in plastics." (Laughs) I guess, it left a mark on my mind.

In a sense, it also reflected two of the tenets on which my father built Reliance: always invest in businesses of the future and invest in talent. We believe in these two principles even today.

When did you start working for Reliance?

Even when I was doing chemical engineering, I was working almost full time for Reliance. I finished college at 2.30 pm and went straight to the office. I remember, we were raided and my father was in the US.

I was literally in charge, handling the problem. I must have been about 16 or 17. After chemical engineering, everybody said, 'what would you do'? My friends and I wrote all sorts of competitive exams. It was mainly driven by a desire to prove to ourselves that we are no less than anyone in the world. That attitude has not changed either. We even took the civil services exams just to see whether we can get into the list. Then we said, let us apply to Harvard, Stanford and other colleges. I was lucky to get into the top 2-3 business schools. I joined Stanford.

Our class and faculty were outstanding. Nobel Laureate, Bill Sharpe was a professor of financial economics. He made a great impact on me. I hit it off with him on day one -- just as I did with Professor MM Sharma. These are the kinds of professors who make you think out of the box.

Prof MM Sharma's first lecture was on how you make money in the chemical business. Bill Sharpe started by asking 'how do you make a difference to the world.' It was my good fortune that I had a good set of professors and, of course, a great peer group.

While I was at Stanford, Reliance got a licence to make polyester. At that time (early '80s), the World Bank's Young Professional's Programme (YPP) was extremely prestigious. I was very keen to do it too. I had the choice of completing the Stanford graduate programme over the next six months, do the YPP for a year and then return to India. I planned to do this and return to work on the polyester plant.

But you didn't do that. What happened?

When I explained my thoughts to my father, he said, 'you are right in the way you have planned your things. I am starting work on the polyester plant.' I said, 'Oh you are not going to wait for one and a half years?' He said, 'No, I won't wait.' So, I decided to come back immediately.

This was in 1981. Rasikbhai Meswani, Nikhil and Hital's father, was my first boss. The management style used to be very open. We could walk into each other's cabin, join in a meeting or get involved in any discussion. My father encouraged it. But when I joined Reliance formally, he said you need to have a boss and I was put under Rasikbhai's charge.

He was running our polyester business, which consisted of importing polyester fibre, texturising it and selling it to textile mills. It was a new business compared to our own textile mill at Naroda (near Ahmedabad) that brought in almost 60%-70% of the profits.

When we started work on setting up a polyester filament yarn project, my chemical engineering and business school background helped me in organising the work, creating reporting structures, motivating people. . . in all this, my father and Rasikbhai were two steps ahead of me.

We worked liked a partnership; I was fortunate to be able to contribute from day one. One of my biggest obsessions today is that senior people must give bright 25-year olds the opportunity to contribute meaningfully.

The time was different. Reliance has been in the middle of so much of tumultuous growth. You did many things for the first time in India. Isn't it difficult to replicate your own experiences?

Well, I will share with you my perspective. Even before we went public, my father used to say, we need capital but we don't want to be dependent on traditional sources of capital. It was very difficult to convince banks about his ambitious plans.

In the journey of an entrepreneur, the most important thing is self-belief and the ability to convert that belief into reality. He believed that we could raise money from the capital market and return it with profits. His second belief was that India is a great opportunity.

While going public was relatively a new thing, he also wanted to change the status quo and unleash disruptive changes. May be he did not articulate all this then.

The actions were loud enough. For instance, for many years, Reliance was not part of any trade or business association. It also had nothing to do with the old established houses.

Absolutely. That was his belief. He said, 'let's build a different company.' This is my 25th year in Reliance as a full-time employee.

When I look back over the years, what did we change? We changed the mindset and we showed the way. Dhirubhai propelled the Indian capital market forward. We raised money only till the middle of 1985 and then in 1989. Then many others came along and raised money. That was a paradigm change.

The first 200-odd people who built Patalganga with me are still around, running different businesses. It has gone into their psyche that we do things differently here. We have taken money from ordinary Indians and we are their trustees. When this is drilled into thousands of people, you automatically get performance.

The other thing that is not visible externally is methods, processes, systems that moved Reliance away from a system that is totally owner-driven. We were among the last to put up a polyester plant. Before us there were Birlas, Modis, Singhanias, the multinationals -- everybody except the Tatas.

Mukesh Ambani on how Reliance was built

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Here is the second part of the interview:

You were first among the new crop of licencees for Partially-Oriented Yarn.

Yes, but whoever already had a licence, had a business advantage. So, what competencies did we build? One was to get a licence in a licence-permit raj. Getting a licence is nothing; you have to build a sustainable business. Raising the money is another competence.

In the '80s, when I came in, the ground rules were made clear to me. 'Build this business from scratch, without taking anyone from Reliance.' That forced you to be very disciplined. I looked around and figured out in three months that this industry runs on heroes.

Experts came in with their notebooks on which they had written down all the process conditions, temperatures, pressures and carried these readings back with them.

Are you talking of the consultants?

Even the managers. It was all a feudal style of management. If we had accepted that style, we would not have grown. It was simply not a scalable model. Of course, the easiest thing would have been to follow it. But we had a disruptive style of management. So we said, 'we don't want people carrying their wisdom in notebooks as if it is some kind of secretive operation.'

We tried to create an open environment. In today's language, we created SOPs and SOCs *(standard operating procedures, standard operating conditions)* so that everybody was on the same page. We wanted an organisation where everybody contributes but the business is not dependent on a few individuals.

When our competitors were buying licences for half a million and one million dollars, we agreed to pay DuPont $5 million, because we wanted to work with the best in the world. We had limited capital but our approach was different. We got a few experts from DuPont and put some 25-year-olds with them to learn how to manage operations and sustain chemical processes.

The vision of the top person, in deciding that this was the right path, was totally different from what existed in India. It was a big thing.

Reliance went through turbulent times in the mid-80s when there was this long battle with the government and the media. Then Dhirubhai suffered a stroke. From the outside, it seemed that Reliance would be sorely tested because the perception was that so much was built by "managing the system."

This is where investing in talent works. We had different sets of competencies in Reliance. If it meant getting licences to import something quickly to reduce the cycle time or to get steel from Steel Authority -- there were people with relevant competencies handling those things to ensure that the project is completed in time.

There was another set of competencies for the operational part -- how do you run things efficiently. That strength of Reliance was underestimated.

What went on in your mind during the crisis?

We lost Rasikbhai on 30th August, 1985. That was a huge blow. Then my father suffered a stroke in February-- two major events in five months. From three of us running the business, for some time, I suddenly became alone. But my father recovered reasonably by June-July.

There was no sense of panic. The whole picture was in my head. That was the strength of the open system. If I had kept everything close to my chest, it would have been difficult. We had excellent people across the company. The polyester business was institutionalised and there was a plan in place. We just kept our heads down and executed it.

When the economy opened up in 1992, there was a lot of apprehension about whether Indian companies would survive. What was your gameplan?

We were clear that we had to be internationally competitive and were passionate about building competencies that were the best in the world even when the tariffs were very high. It was an obsession with me to beat the Taiwanese and the Koreans who dominated the polyester business in the '70s.

That was possible only when all aspects of the business were better than them. One critical factor is scale. We understood that, unless we had scale, we won't be world-beaters. Remember, with enormous effort and all the limitations of the licence-permit-raj (between 1981 and 1991), we had built a polyester capacity of 75,000 tonnes. But we had also built a different mindset by looking outside India.

So, when the deregulation came, we were ready. By the middle of '95, we were producing 1 million tonnes. A spring was released. Tariffs also fell sharply from 150% to 30% and later to 10%. We wanted to be internationally competitive even when the tariffs were 300%, but being based in India became a competitive advantage when the tariff level fell to 30%.

By that time, we had developed superb project execution capability. We had more than 300 top quality people to execute the projects. From the '80s till today, we have not struggled to start up any plant. The biggest companies in the world do not have this kind of record.

How did Reliance develop this mindset? There was hardly anything, except some public sector companies as a reference in India.

My reference points were US companies. We were hugely influenced by large US chemical companies, especially DuPont. It was a very open company and we could take advantage of their learnings. The US is also a very open society. I could to go the US Association of Chemical Engineers and get the standards, data, etc.

It was not the Internet age, but it was easy. It sometimes cost us money to buy what we needed but the investment was worth it to put the right thought process in place.

Critically, some of the leadership came from public sector managers. For instance, KK Malhotra, who was with us for 15 years from 1985, made a fantastic contribution. He was my guru. He ensured that we imbibe all the best practices.

You see, all the right things are written in books and research papers. The trick is to ensure that there is no gap between what is written in the books and your vision; from what is happening on the shopfloor and what is going on in the marketplace. That is execution. That is what makes the difference.

So, in short, we had a huge US bias and great public sector talent. It was not a large group, just 5-6 outstanding people. I always believe that so-called ordinary people can achieve extraordinary results as long they are given a sensible framework. We have been able to do it in industry after industry.

Till 2000, Reliance always said it wanted to capture the entire value of the oil and petrochemicals chain, but after 2000, you have gone in different directions. What caused the change in thinking?

We had three thoughts. One was the fundamental belief that we will invest in businesses of the future and we will invest in talent. We clearly saw that from oil to fabric was a value chain of opportunity and it will remain so for many future decades.

We executed that well and created enough disruptions in the polyester, plastics, refinery and the upstream business of oil and gas. We had very good cash flows. In late '90s, we had two options. One was to make the current business more global, bigger and better. The other option was to use our cash flows to do something else.

We were sitting right in this room and my father said 'now it is your call, what you would like to do.' I said, 'we must use the competencies and cash flows to make a difference to millions of Indians'. He said, 'that's exactly what I had mind. Let's do it.' The strategy was: while we strengthen our current business, we will use our cash flows to invest in the businesses of the future. That's how Infocomm was born.

There is a sense that, in the early 1990s, you missed the bus on the biggest opportunity of the future -- the IT business.

We saw the IT business coming. I lived in Silicon Valley. I knew it was a big opportunity. I mentioned it in a speech in 1995 -- the clear arbitrage opportunity for software development. But for us, it was a question of focus and trade-off.

I was very focussed on building various competencies in Reliance and we were not ready to do two things at the same time. It was a big risk for us to get into IT, especially because it was hugely effort-intensive. In my language, I said we have too much soap on our body and we need to take a bath in the chemicals business.

We had signed a JV with Microsoft, but decided to pass up that opportunity. To my mind, I was right. We still needed to build that focus.

So, in the late '90s, you zeroed in on telecom, life sciences and retailing. . .

Actually, my father was very keen on the agri-business. He said, that is the real big business in India. We looked at three or four businesses. We got into life sciences as a defence mechanism in the late '90s. In 1996-97, we were big in plastics already when Dow announced that they would make plastics from E Coli.

It looked like our business would be ruined because we would buy naphtha and these guys would make plastics from salt and water. We quickly put four or five guys together to understand what Dow Chemicals was doing. That is when we started the industrial biotech business.

Then, we stumbled on human and plant biotech. We were fortunate to have some good people and decided that Reliance can build this business over 5-10 years without any great revenue pressures. In the mainstream business, there was telecom or what I call infocomm.

We got into telecom in the '90s by bidding for cellular licences. But I felt that the real value is in the convergence of information and communication; pure communication will not deliver a sustainable value; that is why we called ourselves infocomm. It was learning a whole new domain. We brought in experts from the outside but we essentially did it with proven Reliance people.

Mukesh Ambani on retail and SEZ plans

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Here is the third and last part of the interview:

And then you got into retailing. . .

Within organised retailing, we are really talking of agri-based retailing. For a variety of reasons, our economy did not get a chance to develop a sustainable value chain in the foods business.

The US and Europe saw large players in foods by the '50s and '60s; but in India, food has always been a disorganised, fragmented value chain. We believe that India's purchasing power will be food-dominated. The first thing we need is safe to eat food that will, in turn, meet many other needs.

But all kinds of mindless legislation remains in place and other players like Hindustan Lever have tried to get around it without real success.

True. But we are in a different era. It is easier for people to see the value proposition -- 28% of our GDP comes from agriculture, but 60% of the people depend on it. So, if we want to make a difference to this 60%, we will have to bring agriculture to its true potential.

Having looked at it obsessively for the past year, I feel that we can convert all our disadvantages into an opportunity. We have fragmented landholdings; but we can integrate that with technology. With proper inputs, there is no reason why Indian farmers cannot become world-class. What is missing? It is distribution.

We now have an opportunity to straightway catch the next wave of distribution logistics. We don't have to go through what the world went through and we can build what even the US will not have by 2010. That is possible today. In terms of sheer money, it may take Rs 25,000 crore (Rs 250 billion).

In the earlier days, it was impossible for corporates to think of this. Today, it is possible for the world to finance it and for you to execute a distribution network. We are not big believers in contract farming. So we have removed the 'r' out of cont(r)act farming. I believe that everyone should be able to relate to market economy. If you produce something, you should be able to sell it at a market price.

What is the model that will deliver your vision?

We are working at putting the most modern technology in farms at Indian costs. I always say whatever the US implements in dollars we should be able to do it at exchange rate of Rs 10, then we would be globally competitive.

When we start off, this looks impossible. Then we think through it, value-engineer it and come close to it. That is the cost part. Then comes the quality issue. While we are working at improving the offering to the Indian consumer, we are ultimately interested in connecting the Indian farmer to the global market. Global consumers have to accept Indian agricultural products.

We all know India has a huge competitive advantage -- we have the largest arable land, focused sunshine, sensible utilisation of water in 30%

of land. The question is what should we do to make the US market -- the most difficult market in the world -- accept our produce. For that, we need traceability. It is a simple technology, which we are giving the farmers. It needs certification and verification processes -- to us it is like a process plant. You can then get the output, sort it and grade it.

At what point to grade is a decision that Reliance will make, at the farm level or at the intermediary's level. . . what is least-cost, what works, what everybody is comfortable with.

Coarse products are easy, the problem with fresh produce is perishability -- it becomes worthless in seven days. That is why farmers are not producing fresh. That is the tallest mountain for us to climb. . . to put in place distribution and logistics to handle fresh. If we can send fresh produce through technology and distribution from any farm in India to anywhere in the world at their quality standards, then imagine the arbitrage.

What is the arbitrage? Can you give us an example.

We talked of IT. What is IT? It is the arbitrage between the per hour rate in the US and India. We have gone from zero to $20 billion in exporting software, employing about 1 million people in 10 years. These million people changed the brand of India, consumption pattern and gave us the confidence that we can do everything.

The arbitrage has narrowed but is still there. It will disappear in a few decades by which time our software exports may be $100 billion. From a million people, it will benefit 10 million people. If that is what has happened in software, imagine what will happen in agriculture.

Is there this kind of arbitrage in agriculture?

Let me give you some numbers. Take potatoes, the most common food across the world. From Bill Gates to my driver, everybody eats potatoes. Now, plot the prices. Farmers in Uttar Pradesh and Bihar get about Rs 4-5 a kilo; in the Middle East, the wholesale price is about Rs 25-30 a kilo. In the US, Sam's Club, it is Rs 90 a kilo. In Europe, it is Rs 110 a kilo. The arbitrage is 1:20. If we get our produce right, and if the US market is opened up, you will be surprised how quickly we reach $20 billion.

The food market is much bigger than the software services market. And the money goes straight into the hands of millions of farmers. The spinoffs are enormous -- jobs, houses, durables, a whole new consumption boom will start in rural areas.

What about the front end -- the retailing sector?

The most employment-intensive industry in the world is retail and our next generation needs these jobs. India has a strategy for the next generation of doctors, engineers and biotech graduates, etc. But for the country as a whole, what we need to resolve is how to create sensible jobs for undergraduates and or those even less educated.

Organised retail alone can absorb these people in large numbers. We estimate about 1.5 million jobs from this sector over the next three years. In the process, we will reduce the cost to consumers by 20% and increase the efficiency of farmers thrice over. Farm incomes can go up 600% to 900% over the next few years from the current base.

By higher prices or higher output?

Higher output. The country produces 150 million tonnes of fresh produce today. We can go to 300-400 million tonnes fairly quickly over a few crop cycles, as long as we can move those millions through the system and have world-class quality.

This means that when you go to the market -- doesn't matter whether it is Reliance or Bharti -- you should have the confidence that you are buying quality and it is safe to eat. After meeting the needs of Indian consumers, how do we take advantage in fresh through exports and value added industry such as processing?

It's really a yield-productivity-distribution story that we are involved with right now. Our strategy is fundamentally different from the others.

In what sense?

Most other retailers come in when purchasing power has developed. That's what Wal-Mart did in China. India is also at that inflection point, so retail chains would come in and start in the urban areas and move backward.

Ours is a diametrically opposite strategy. We are driven by creating purchasing power first. The farmers will have purchasing power and their staff will have purchasing power. Today, the farmer with two acres of land has five people in his family. It is like running a factory, but one that is only running 20% of the time because 80% of the time he cannot sell his products.

He doesn't have the inputs to produce the right quality. What we have to do is win his trust and bring him to his true potential so that he can run his two acres at 90% and increase his income by nine times. Once we do it, it is such a big market that there is a place for at least 5-6 players like us. We can't do it all alone. But we can show the way.

It is like in telecom; when we said we will get 10 million phone users, a lot of people laughed. Today, there are 3-4 guys who are getting a million customers a month. We think exactly the same needs to happen in farms. When that happens, we will have created purchasing power.

We will start at the bottom and sell them their first cooking range, first washing machine, first bed -- whatever is needed to improve quality of life. All this will create sustainable employment. That is really retail as we see it. We need to execute it well and prove some of these hypotheses. We might be wrong in some of them so we will have to fine tune, adjust and learn.

We only have a superficial knowledge about the true rural India -- the power structure, how to operate in tehsils, what are their true concerns, etc. But we think we can significantly change purchasing power and how we live. That's what motivates us.

How far have your progressed in your plans?

We have pilot projects in Andhra Pradesh, Punjab and West Bengal. In all three places, we are very encouraged. There will be some big learning involved but the potential undoubtedly exists.

You also have massive plans for SEZs. What is the thought process there?

The logic of SEZ is simple. India is long on talent and we need to create as many jobs as possible in manufacturing and services.

India's land bank is about 750-800 million acres. Out of this, 500 million acres can be potentially farmed, but today only 300-350 million is arable and used for agriculture. We need to bring the remaining 150 million acres into productive use. More than 100 million households rely on this land base. India is creating 800,000 engineers a year and 400,00-500,000 semi-professionals. So we will bring in about 2 million professionals into the workforce annually over the next 20 years. We need to create jobs for them.

Government jobs and self-employment in manufacturing are not enough. It is large companies that create employment. That's the reality. So we have the supply of talent that can potentially be of the highest quality and lowest cost for 10 years and we also have large markets here.

What is missing? It is integrated infrastructure and a reasonable assurance of facilities that are good for at least 10 years. My target company would want to come to India but operate near the big metros. This is the example that you learn from Shanghai or Shenzen. That is where our SEZs with integrated infrastructure come in -- they provide an integrated airport, seaport, transportation, power and housing -- all at sensible costs.

When I put out a comparative chart, I should be able to tell big employers: this is how we compare with Singapore, Dubai, Shenzhen or Malaysia and Korea. On every parameter, I should beat others in cost and quality of infrastructure. India might be short of infrastructure but here you have guaranteed infrastructure and talent.

You are near Bombay and Delhi and have access to the Indian market and global markets. So ours is an employment-led SEZ. The strategy is first to get the employer. I think we can create 5 million jobs in each of the two 25,000-acre SEZs. But we need many more just to make sure that most of our educated youth is occupied.

The criticism is that SEzs are really land plays. . .

Most people don't understand that the residential commercial piece is also a big cost element in SEZs. For employers to attract and retain talent, India has to be almost as attractive as the US. So I have to provide for the cost of living -- housing, shopping environment and everything else exactly like the US, but at an Indian cost.

We have a big talent pool in the US and they are coming back with huge enthusiasm. For our agri-business, we are now bringing back a lot of talented Indians from the US who have worked in Wholesale Foods, Kraft, etc.

We offer to protect their savings in a job here. If you earn $100,000 a year there, you also spend $80,000 and save $15,000-$20,000. We say, if you work for us in India, we will ensure you save $15,000 dollars a year and are part of something exciting without a loss to you.

But this doesn't work without a scheme. If you ask me to build a power plant, I cannot give that power at 3 cents or 4 cents, unless I put up a 2000 MW project. It's the same for an airport, seaport and all the other stuff. You need to spread costs over a sensible size to keep unit costs low.

These projects will take time to fructify. When do you expect to start getting returns?

Both agri-business and SEZs will make a sustainable return in the long run and we have a strong enough balance sheet to sustain these. At the end of the day, it will leave us with the satisfaction of having tried to show the way. The easiest thing for me is to go to London and New York, sit in a hotel, talk to investment bankers and buy 10 companies.

Are you going to do that too?

(Laughs) Depends on the value we get and what excites us. But that's the easy stuff. What does it take? It's deal-making followed by a PR pitch to justify it. That doesn't give me the same satisfaction: of saying that we tried our hardest to blaze a new trail or change the status quo. There are 300 to 400 of us who think the same way.

Young people want to go to Punjab and stay there for a month to figure out what works. In telecom, when we said we would go into six lakh villages, a lot of our friends thought it's all talk. Even the regulator was sceptical. Today, it is rural areas that are making more money.

I have noticed that talent is automatically motivated by larger goals and some of the brightest people want to do things that are different. After we hire from the IIMs and IITs every year, we run them through a six-month induction programme where we teach them the Reliance way and let them choose where they want to work through a competitive framework.

Each business makes a presentation. In the '90s, finance and treasury was the in-thing. Then, it was marketing. In the last two years, most bright young people want to work in rural areas. This is a big mindset change.

In retailing, they are saying, we don't want to do merchandising; we want to create those rural markets. In that sense, it is great fun. I always tell my young guys, we are going on an expedition together. When you do that we need to support each other because we can get lost quickly.

In this wide canvass, aren't you looking at the education sector?

Education is one of the many services we aim to offer. I personally worked for three months on education and healthcare as part of Prime Minister Vajpayee's advisory. It is a tougher mountain to climb.

Education is the first aspiration of Indians, no matter what the prosperity level. In that sense, you have a ready customer.

(Laughs) To learn what you said, we spent crores of rupees. After our restructuring, we wondered what we should be getting into and got the best brains together to visualise where the big opportunities are. We studied what people want to spend their money on at all income levels and in different geographies.

People first want to spend money on food -- that is common across the world. The second, in India, is education. In many parts of the world, it comes way down the list of priorities. So, there is a huge opportunity.

What has been your best investment so far?

Our best investment has been in technology and in developing skills. For instance, we invested Rs300 crore in technology that gave us unparalleled transparency and accountability within the organisation.

It allows us to spend Rs 40,000 crore (Rs 400 billion) a year and sleep in peace. We were among the first to introduce videoconferencing in India. In the 80s, we invested in helicopters to go to Patalganga to save time. People saw it as flashy lifestyle. For us, it was facilitating investments.

The other big investment we are now making is in talent. We are developing a culture of creativity that will, in turn, create critical productservice differentials. You must see our life sciences business to appreciate this. Another way to say this is that we are investing to build the skills and experience of our people so that they can then believe in their conviction, take risks and deliver results. Let me also answer the flipside.

We have not invested well in marketing ourselves. It is partly because of my trait. I believe that if my conviction is right, I will not need to go and explain myself to anyone. I believed that ultimately everyone will figure out what you are. We are changing this approach.