

ELDORADO

Exploring new horizons...

A magazine by the
students of PGDM
JIMS Rohini



The Vision

To be an Institute of Academic Excellence known for total commitment to superiority in management and IT education and research with a holistic concern for quality of life, environment, society and ethics.

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Our mission is to groom professionals of tomorrow by

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- Developing intellectual capabilities through a challenging curriculum
- Providing training and development services
- Fostering research
- Extending consultancy services to the industry
- Disseminating information through the publication of books, journals and magazines



ELDORADO

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Editorial

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Global meltdown, economic recession, shrinking markets, business downfalls, layoffs... have been the much talked about issues over the last few months. When economic integration of the big and the small nations of the world were considered as the mantra to prosper, the downturn affecting one and all was looked upon as the side effect of the same global integration. Insulation is remotely possible. But one thing is for sure- the bad time will not last forever! Change is bound to occur and the message from the dark phase brightens the prospects of a healthy revival and growth.

One critical learning that needs to be registered well is the unexaggerated importance of the signals to perceive environmental changes. Capturing and assessing these indicators can make or mar the growth charts of businesses. Contemporary business organization does not rely on intuition or rests on experiential decision making. Scientific and largely objective methods are available and availed for forming opinions and drawing out strategies in various functional areas of management.

The present edition of 'Eldorado' is an unconventional effort of our students who have thrown in a diverse array of ideas ranging from 'risk management of a public sector bank' to 'spirituality'. The strength of the ideas lies in their originality and the willful dedication involved in designing case studies. And the basis of this strength is the awareness generated among the students by the guided as well as voluntary exposure to the happenings around them.

The magazine is divided into various sections, each spinning a combination of knowledge and delight. 'Managing People' is all about human resources. It includes articles that talk of Employee Engagement, Emotional Intelligence and Six sigma. 'Money Matters' is the section on articles that relate to the financial aspects of business management. Keeping the current 'hot cake' in mind the articles revolve around the theme – reforming financial system to regain investor confidence in India. The next section 'World at Work' is an interesting mix of 6 case studies developed by the students. Market (king) is the next section that deals with brands, advertising, plunging sales and more.

The section 'Field Innings' is a collection of research based articles. They range from 'studying the behavior that involves choice making for a pre-primary school' to 'creativity in retail banking'. The following section 'Bookworth' is the book review section on two best sellers that make great reading for students of management studies. Students who show glimpses of AGK in the making may master the 7 habits (plus the eighth) prescribed by Stephen Covey to turn their dreams into a reality. 'Soul Food' is a section that sprinkles ether on managerial write-ups. The articles talk of higher needs and the route to their attainment. The last section 'Ideas Galore' is a bouquet of articles that touch upon a variety of dimensions of the worldly life – illiteracy, corporate social responsibility, learning from the movie 'Guru' etc. Also our students have tried to garnish the platter of articles with some thought provoking insertions of poems, one liners etc.

We are glad to present this issue of 'Eldorado' not only as an information generating tool but also as a platform to provide visibility to the efforts of the contributors with respect to specific areas of management study.

We would like to extend our thanks to the student editors and the supporting team for their efforts. A special thumbs up to Abhinav Kansal who worked tirelessly along with all the other encumbrances.

We would also like to thank the management of JIMS for their constant motivation and support.

Critical feed back on the magazine is welcome which will help us bring the future issues to a higher level of acceptance. Happy Reading!

Faculty Editors

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Knowledge

Knowledge is = creativity + righteousness + courage.

Creativity

*“Learning gives creativity
Creativity leads to thinking
Thinking provides knowledge
Knowledge makes you great”*

Righteousness

*Where there is righteousness in the heart
There is beauty in the character.
When there is beauty in the character,
There is harmony in the home.
When there is harmony in the home,
There is an order in the nation.
When there is order in the nation,
There is peace in the world.*

Courage

*Courage to think different,
Courage to invent,
Courage to travel into an unexplored path,
Courage to discover the impossible,
Courage to combat the problems
and succeed are the unique qualities of the youth!*

– Dr. APJ Abdul Kalam

(During the Inauguration of New Bal Bhavan, 2009)

Employee Engagement



Shitiza Gupta, Neha Malik, Esha Bhutani
PGDM (2007-09)

A positive attitude held by the employee towards the organization and its values is Employee Engagement. An engaged employee works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.

Employee engagement is a partnership between a company and its employees

Most organizations today realize that a satisfied employee is not necessarily the best employee in terms of loyalty and productivity. It is only an ENGAGED EMPLOYEE who is intellectually and emotionally bound with the organization who feels passionate about its goals and is committed towards its values thus he goes the extra mile beyond the basic job. Employee engagement is a powerful retention strategy. An engaged employee gives his company his 100 percent. When employees are effectively and positively engaged with their organization, they form an emotional connection with the company. Employee engagement is a barometer that determines the association of a person with the organisation. It is about creating the passion among associates to do things beyond excellent performance through recognition letters, profit what is expected from him.

EMPLOYEE ENGAGEMENT starts right at the selection stage:

- Choosing the right fit, giving a realistic job preview
- Strong induction and orientation program
- To keep up the morale of people and drive them towards sharing schemes, long performance awards etc.
- Regular feedback to all people
- Communication forums like the in-house magazine, and regular surveys and conferences
- By helping to maintain the quality of work-life and a balance between personal/professional lives, there are recreational activities like festivities, get-togethers, sports etc.
- An open and transparent culture to empower its people.

The result of these practices is evident through the regular feedback from employees collected through surveys.

Table 1: Diagnostic tools for Employee Engagement

Training	Pay
Development	Benefits
Career	Health
Performance appraisals	Safety
Performance management	Cooperation
Communication	Family orientation
Equal opportunity	Friendliness
Fair treatment	Job satisfaction

Table 2: Factors for Higher Employee Engagement

Understanding of corporate goals/mission	Clear communication of goals, expectations, directions
Job design	Job fit
Support and tools	Independence & innovation
Relationship with boss/direct reports	Clear feedback on performance
Recognition	Learning and development opportunities
Opportunities for advancement	Pride in organization
Employee input	Employee involvement in decision making
Work-life balance	Workplace culture/morale
Co-worker relationships/good team environment (enjoy colleagues)	Fair HR practices

Measuring the Impact of Employee Engagement



“While money in itself is not a motivating factor, the absence of financial reward can be a significant demotivator.”

Approaches to Employee Engagement

Employee engagement approaches for all employees beyond initial recruitment and induction, can be broken into a number of groups. These include:

- Communication activities
- Reward schemes
- Activities to build the culture of the organizational
- Team building activities
- Leadership development activities

1. Communications activities

These help employees find out what is going on within the company outside their immediate team. They also help to create an environment of trust and openness within the organization where they are able to talk openly. Employees who feel they are listened to are able to express dissatisfaction and work together to resolve their causes, without it affecting their performance. Good examples of communications approaches include:

- Communication forums to provide regular feedback to all people, including team meetings, conferences and “away days”.
- On-line communications, including discussion boards and blogs by company personnel including senior management.
- Monthly updates on corporate goals and directions.
- Regular employee opinion and satisfaction surveys.
- Active soliciting of employee feedback, including opinions and pet peeves.

2. Reward schemes

Reward schemes are an important part of a company’s overall employee engagement program. Studies have long shown that, while money in itself is not a motivating factor, the absence of financial reward can be a significant demotivator. Thus the role of reward schemes in boosting employee engagement is:

- To remove barriers to satisfaction in the organization;
- To provide a framework for rewarding everyone in the organization for their performance;
- To give those who are motivated by financial gain an opportunity to achieve this.

Typical approaches include:

- i. Compensation and benefit programs
- ii. Stock ownership and profit sharing
- iii. Recognition programs

- iv. Idea collection schemes linked to rewards for idea generation
- v. Long service and good performance awards

3. Develop the culture of the organization

Giving employees a feeling of belonging is crucial in creating a thriving organization that people feel committed to and others want to join.

Some of the common approaches include:

- Clear and humane HR policies.
- Pro-social corporate objectives and Corporate Social Responsibility.
- Equal opportunities policies and practices.
- Initiatives to maintain the quality of work life and a balance between personal/professional lives.
- Developing a safe, clean and inspiring work environment.
- Demonstrating a commitment to employees’ well being

4. Team building activities

Culture-building activities are great for generating a feeling of belonging, but all organizations are smaller teams who can get on and work together. Popular approaches include:

- Small team recreational activities, such as bowling, skating, trips to the cinema.
- Social activities, such as family gatherings and barbeques.
- Community outreach activities such as volunteering and fund-raising.

5. Leadership development activities

A great organization needs not just a great leader, but people with leadership skills. This stimulates good performance, boosts creativity and eases succession planning.

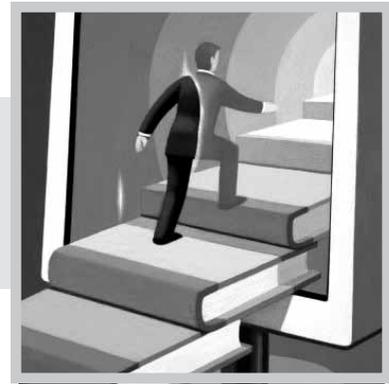
Good practices include:

- Effective Leadership.
- Effective Performance Management.
- Fair evaluation of performance.
- Empowerment through effective delegation.
- Coaching and mentoring activities to give honest feedback by supervisors and peers.
- An open and transparent culture to empower people and develop entrepreneurs

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Culture as a Vehicle of Change



Kriti Saigal
PGDM (2007-09)

At the core of each successful organization, you will find a culture that strives for better performance every day. Organizations that excel in their domain are nothing but the result of their leaders' painstaking efforts to inculcate a performance driven culture.

Organizational Culture is a framework within which the behaviors of the members take place. Organizational Culture has been defined as follows:

“Organizational Culture is a set of assumptions, beliefs, values and norms that are shared by an organization's members.”

Thus, organization culture is a set of assumptions that the members of the organization share in common. Such assumptions may be in the form of internally oriented characteristics like beliefs, values, attitudes, feelings, personality types and so on known as abstract elements of culture; or externally-oriented characteristics like buildings, dresses, etc known as material element of the culture.

Every organization being a social entity, develops within it a cultural system with some unique modes of behavior. These unique modes distinguish an organization from others. For example, while defining TATA House, JRD Tata, Former Chairman of TATA Group, said:

“I would call it a group of individually-managed companies united by two factors. First, a feeling that they are a part of large group which carries the name of TATAS, and public recognition of honesty and reliability – trustworthiness. The other reason is more metaphysical. There is an innate loyalty, a sharing of beliefs. We all feel a certain pride that we are somewhat different from others.”

A performance driven culture is deep rooted at all levels in the organization. Successful organizations have a focus on the performance of their employees. Here employees are rewarded based purely on their performance on a set criteria. Their performance goals and targets are clearly defined and communicated to them in a formal way. The employees feel motivated and accountable for their performance and strive to achieve/exceed the targets set for them. The only thing that pleases the managers and leadership is higher achievements and performance delivery.

Here performance management is not only an HR responsibility but all departments and managers take ownership of the performance management system. Employees at grass root level take self-initiatives to improve their individual and team performance and are often engaged in a die-hard competition with their peers; and raise the performance bars on a regular basis unless they have reached or exceeded the industry bench-mark.

CASE 1: Changing Work Culture

This is a real case that highlights how culture is a vehicle in institutionalization of performance management.

Mr. Singh worked for XYZ Ltd for 30 years. He was employed as an executive. Over the years he got promoted to the post of Area Sales Manager. Past records showed that the total sales target that were achieved by the company, 80 percent of them were because of Mr. Singh. He was a very hardworking and efficient employee and was a master of his field. He knew how to build contacts, how to retain customers in short he knew the trade well.

In 2007 XYZ Ltd was acquired by ABC Ltd, a multinational. Previously the employees of XYZ Ltd enjoyed flexi hours and were never under the stress of reporting managers. They enjoyed complete freedom as far as decision making was concerned. The acquisition brought a revolutionary change in the culture of the organization. One of the biggest change that employees of XYZ Ltd resisted was that of reporting daily to their head office that was located in Mumbai.

The employees have never known this and Mr. Singh had always given the freedom to his team to work as per their norms till the time the targets were met. Now Mr. Singh was supposed to report to the HR division even when he wanted to take a leave.

This sudden change in work culture was not acceptable. Eventually the productivity started decreasing. Number of employees started resigning due to the changes in policy and work culture as they found it difficult to get accustomed to the new culture. However, Mr. Singh kept on working in adverse conditions. Number of times he found himself out of place. He noticed that he was losing- his mental peace,

“People like technology and innovation are a source of competitive advantage at Siemens.”

satisfaction level, tie up with customers and moreover his focus.

One day Mr. Singh received a mail from the head office that informed him about the transfer of one of his team members to Lucknow. He found it difficult to absorb that the company that talked about transparency in work and decision making was not following the same. Before transferring one of his best member of his team, the management has not even taken his opinion. This was not acceptable for a person who has been a part of the company since its inception. He shot a mail to the management on 2nd September 08 laying down his resignation.

CASE 2: Creating A High Performance Culture at SIEMENS

The culture of an organization is the typical way of doing things in the organization. It particularly relates to behavior patterns and relationships.

The culture of an organization develops over time. It is created by the people that work for the organization – its managers and workforce. What the organization stands for (its values) and the dreams that it seeks to turn into reality (its vision) are fundamental in creating a dynamic culture.

This case study looks at how the Siemens organization is built on a high performance work culture. This is shared by everyone from the most senior executive to the newest trainee. A ‘high performance work culture’ exists when everyone in the organization shares the same vision and where they trust and value each other’s contribution.

Siemens AG is a global electrical and electronics business with a turnover of nearly £60 billion. The company employs just under half a million people around the world. It is based in Munich, Germany.

In the UK, Siemens has its headquarters in Bracknell, Berkshire and has around 100 sites across the UK employing 20,000 people.

Siemens’ products affect our lives in many ways. We can toast bread in a Siemens toaster powered by electricity generated and distributed by Siemens. Traffic lights are made by Siemens and people in hospitals have life-saving MRI scans using Siemens advanced medical imaging technology.

Delivering the human resource development strategy

Human resource development is all about helping people to fulfill themselves at work. Development is concerned with encouraging employees to identify ways in which they want to improve their careers and other aspects of their working lives. For example, they may want to attend training courses, they may want to do more interesting work, or they may simply want to have a better work/life balance.

Range Of Roles

An organization is nothing without its people. As an employer of one of the world’s most efficient and motivated workforces, Siemens is committed to its employees. Its half a million employees work as:

- information technology specialists
- mechanical and electrical engineers
- researchers
- new product developers
- managers and business executives
- administrators
- security guards and health and safety experts
- human resource specialists.

Siemens believes in the full engagement of people in the workplace. Excellent people need to be managed in an excellent way. It believes that engagement combines commitment and organizational citizenship. Engagement is another way of saying actively involved.

Excellent people need to be managed in an excellent way

A key pillar of the Siemens’ strategy, alongside performance and portfolio, operational excellence and corporate responsibility, is the way it manages, develops and motivates its employees.

For Siemens, people, like its technology and innovation, are a source of competitive advantage. To make the most of this advantage, Siemens makes sure that its employees work on developing the company’s heritage of innovation. Siemens believes that there are many ways to make people feel valued and engaged. These range from a pat on the back, a personal

“Almost without exception, people management theorists have shown that real motivation comes from within an individual.”

letter or a special mention in a meeting, to a promotion or a higher salary.

Almost without exception, people management theorists have shown that real motivation comes from within an individual. Individuals develop such motivation when they feel that their efforts are valued and that they are doing something worthwhile. This is why People Excellence at Siemens is so important.

Creating a high performance culture

Siemens' operations are based on a teamwork culture. This emphasis on the team is set out clearly in a quote from the global Chief Executive Officer of Siemens, Klaus Kleinfeld: 'Many times in my life I have seen how one individual can make a big difference, particularly when working in a great team. The quality of our people and of our teams is our most valuable resource, particularly in today's changing world where knowledge flows round the globe with lightning speed and is easily available.'

Team and individual targets

Targets for individuals are related to targets for the whole business. Everyone plays their part in achieving great results. Siemens states that 'our business success depends on the performance of each individual, our teams and the total organization'.

A high performance team is one in which all members of the team work towards shared targets and have a sense of shared responsibility for the results the team achieves. As the team performance improves over time, the better the results.

People Excellence

People Excellence is the part of Siemens' global action plan concerned with human resource development

It consists of four main elements –

- Achieving a high performance work culture (HPWC)
- Increasing the global talent pool
- Strengthening expert careers
- Siemens' Leadership Excellence Program (SLE)

The high performance work culture is the way of working at Siemens and it involves everyone. The global talent pool is made up of all Siemens' employees. Within Siemens everyone has the opportunity to develop their own specialism and to acquire further expertise. The SLE provides the highest caliber leadership and management training.

Siemens' talent management philosophy involves making sure that every employee is provided with the guidance and support to achieve their full potential. This aids them to do their best, every day. Everyone works together to achieve the organization's objectives as well as meeting their own personal goals. Everyone shares the same vision and dreams. Within this culture they are able to progress and take on greater responsibility within the company. For Siemens, matching talent with tasks produces competitive advantage.

Siemens has created a standard process for managing the performance and development of all employees. This is referred to as the Performance Management Process. The process creates a direct link between the strategy of the whole organization and plans for each individual. Every individual is given targets based on their role and responsibility within the organization. It is through meeting personal targets that the individual is best able to help the organization to achieve its targets. Performance management in Siemens is the engine that drives Talent Management. It is the cornerstone of its high performance culture. When carried out in a consistent way, this system makes sure that everyone is told honestly about their performance.

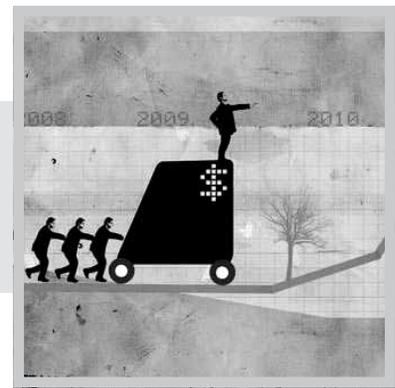
Employees are clear about the impact of their performance and what the consequences are for their development. Everyone within the organization is pulling together to achieve the business strategy.

People really matter. Organizational results stem from high performance. People only perform well when they operate in a culture which nurtures and supports them and helps them to work towards the achievement of their ambitions.

Siemens' high performance work culture provides the framework and support in which high performance people can show their commitment to a high performance organization.

Employee Potential

Supreet Kaur
PGDM (2007-09)



Potential management is part of performance management system which ultimately helps in identifying many other aspects as well. Identifying potential of an employee is crucial for an individual as well as organizational growth. Despite their fairly widespread use among large companies, little information is available to those interested in designing, managing, or evaluating high-potential (fast-track) management development programmes.

Potential Management

Potential management helps to identify an employee's potential for managerial success. Its aim is to identify training and development needs, provide guidance on possible directions in which an individual's career might go, and indicate who has potential for promotion.

According to Experts there are four types of information to develop a solid understanding of employees' potential:

1. Job challenges /Preparatory experiences (what one has done).
2. Organizational knowledge (what one knows).
3. Behaviorally defined competencies (what one is capable of).
4. Executive derailers and other personal attributes (who one is).

1. Job Challenges

Job challenges are descriptions of the kinds of situations that an individual entering top management should have experienced or at least had some exposure to.

Examples include:

- Carry an assignment from beginning to end.
- Solve a difficult problem.
- Assume a significant leadership role.
- Build and lead a team.

2. Organizational Knowledge Areas

Organizational knowledge refers to the understanding that managers have about how the various parts of the organization operate. There are four components of organizational knowledge: functions; processes; systems; and products, services, and technologies. Using this breakdown helps ensure that no important knowledge areas are left out,

although there is some overlap in the areas.

- **Functions:** To perform effectively, an executive must have at least a working knowledge of the company's functions as well as how they interrelate.
- **Process:** Activities that physically create a product or service that is of value to external customers. A key source of competitive advantage, core business processes interact with internal or external customers at the beginning and end of the process. For instance, the auto industry's core process might be new car design, manufacturing, distribution, sales, and service.
- **Systems:** The third component of organizational knowledge is systems knowledge, the degree to which a manager understands how the organization's internal systems work. For example organizational system includes Long range planning i.e. succession management.
- **Products, Services, and Technologies:** The fourth component of organizational knowledge is familiarity with core products, services, and technologies. Because senior managers often must deal with issues that cut across the total organization, they need a working knowledge of these areas of the company.

3. Competencies (also known as dimensions)

Competencies define clusters of behavior, knowledge, technical skills, and motivations that are important to job success. Here are some competencies:

- Accurate Self
- Building Organizational Talent
- Coaching
- Developing Strategic Relationships
- Executive Disposition

4. Executive Derailers

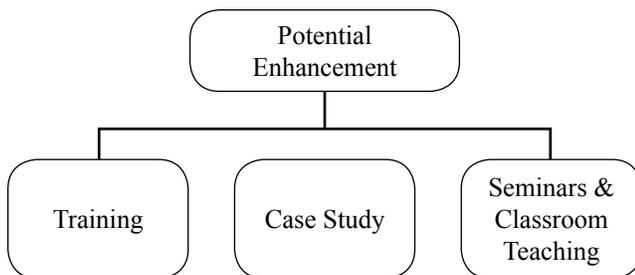
Executive derailers are personal attributes that can cause executives to fade even when they have all the other necessary descriptors.

- Argumentative (Defensive)
- Impulsive
- Risk Averse
- Volatile

“A smile, a ‘thank you’ or a well-deserved ‘Great Job!’ goes a long way in keeping motivation high.”

There are many ways to enhance the potential of employees:

- Training
- Case study
- Classroom teaching
- Seminars



Scale for evaluation

- Performs adequately in basic key actions but has significant development needs in several areas.
- Performs well in some key actions but has significant development needs in at least one key action.
- Performs well in the more important/critical key actions needs development in at least one or more subtle or complex key actions.
- Excels in some but not all key actions has no significant development needs in any key actions. Excels in all key actions, full mastery of all aspects of this competency.

7 Keys To Unlocking Potential

To open the doors and release the potential that each employee possesses, one should try these different keys:

Key #1

Reward People Differently; Just as performance differs between team members, so should the rewards you use. Reward the behavior you want to see! A smile, a ‘thank you’ or a well-deserved ‘Great Job!’ goes a long way in keeping motivation high.

Key #2

Ignoring It Doesn’t Make It Go Away; Dealing with a carrier? That person that “carries” their negativity around like a disease and tries to infect the entire workplace? Emotions are contagious and that negativity can quickly spread through an entire department. Don’t ignore it, address it - talk with your team member about what is going on and what you can do to help. Always remember to seek first to understand, then to be understood.

Key #3

Be Concise on What Warrants Rewards ; Let’s face it, clarity motivates! Team member empowerment and freedom come from knowing what needs to be done and what they get as a result. Don’t keep rewards a secret and let people know the WIIFM (What’s In It for me).

Key #4

Be a Coach, Not a Critic; No team member finds the act of failing rewarding. Walk along side team members - help them along. Team loyalty and mutual respect emerge from a collective effort. Root for the home team and WIN!

Key #5

Build Them Up Publicly ; Work to find people doing things right and let everyone know about it! Yell it from the rooftops! You’ll be surprised how it motivates the whole team! Conversely, negative “publicity” should never be given in front of ANYONE - it impacts the overall work atmosphere and all team members end up getting punished.

Key #6

Be Fair; Keep the balance of rewards in check with open communication and an atmosphere of collaboration.

Key #7

Have Fun! Enjoying what you do is a reward that goes far beyond the bottom line. 85% of Fortune 100 companies concern themselves with making sure that employees have fun and enjoy what they do. Play a game, have a contest or just share funny stories. You will find that it will boost loyalty, retention, and productivity!

Conclusion

The Potential management provides an informative summary that helps to guide employees regarding their career and personal growth. An evaluation of Marginal, Moderate, or Strong Potential plus interpretive data are provided to groom an employee for better life ahead. It also helps in achieving the balance between personal and organizational objectives. So, proper identification and evaluation of employee’s potential is very essential to raise level of organizational performance.

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Six Sigma and HR Practices



Nupur Goel
PGDM (2007-09)

An increasing number of executives are proving that a revolutionary concept called Six Sigma produces unparalleled results in meeting customer needs by achieving near perfection in the quality of products and services of all kinds. The Six Sigma process has become the new world standard for improving quality, reducing defects and cutting costs. A surprising bonus is that it also raises employee professionalism and job satisfaction to new heights for organizations of all types.

Behind this progress, of course, is the tremendous pressure on organizations to respond to international competition and developing technologies by restructuring, reengineering, downsizing, implementing various quality initiatives, and other actions to maintain leadership or just survive. In any event, one thing remains constant. A business strategy that focuses on customer satisfaction is still the most important issue to establish first before determining the direction and efficiency of any business.

What Is Six Sigma?

Six Sigma is a data-driven method for achieving near-perfect quality by using a traditional set of quality tools that have been evolving for years. In the 1980s, everyone had a different problem-solving method for improving quality. One of the most universally used was Juran's six-step method that provided a standardized way of achieving Six Sigma results. Today, thanks to many practitioners, the five-step approach to Six Sigma has become a standardized process. It is different from other quality efforts because it targets higher standards of quality and lower defects, which the customer defines. It catches mistakes before they happen. More specifically, it is a disciplined effort that examines a company's processes for product designs, production, suppliers and services very precisely.

Six Sigma's five-step process is:

1. Define by identifying, prioritizing and selecting the right project(s).
2. Measure key product characteristics, process parameters and performance.
3. Analyze by identifying key causes and process determinants.

4. Improve by changing the process and optimizing performance.

5. Control by holding the gains.

The process is a method of translating a customer's needs into separate tasks and defining the optimum specification for each, depending on how all of the tasks interact. Based on what the process reveals, the steps that follow can have a powerful effect on the quality of products, the performance of customer services, and in the professional development of employees. Six Sigma can reduce defects in products and services to unprecedented levels because of its strong emphasis on statistical analysis and measurement for product design, manufacturing and the entire area of customer-oriented activities.

The tools and techniques Six Sigma's process uses are the basic fundamentals of quality management documented by Dr. Juran. But Motorola gave the Six Sigma name to the process. Sigma is usually written as a small sigma (σ) in the Greek alphabet and used as a symbol to denote the standard deviation or the measure of variation in a process. The term also refers to a philosophy, goal or methodology to drive out waste and improve quality, cost and the time performance of any business. The greater number of sigmas within specifications, the fewer the defects. The smaller the variation, the lower the cost. The best of organizations are at about 3 to 4 sigma, which is about 6,200 defects per million. Six Sigma means defects occur in only 3.4 per million! That can translate into millions in dollars of savings after the investment of a fraction of that amount.

Six Sigma is a significant cultural change that takes time to complete. It is not free. It requires resources and training. But it delivers customer satisfaction, quality products and services; a healthy return on investment, and satisfaction that all employees have from being on a winning team and proud to be part of such a company.

The Role of Human Resources

Companies that hit the ground running with the Six Sigma process already have an internal environment that is without boundaries and encourages employees to communicate

**“Six Sigma is the ticket to a new culture
that opens the way to a common focus
whose target is perfection”**

openly. Six Sigma then becomes a culture that motivates people to even higher levels of professionalism with a teamwork focus that instills confidence and develops camaraderie and empowerment for every participant.

Technological developments have come a long way in making our society more efficient and productive. With that foundation in place, we are now in an era where human potential - intellectual capital—can provide the magic balance in moving all types of organizations to more lofty plateaus of performance in the quality of what they produce and how they serve constituents.

Successful leadership and navigation of these new directions require unwavering dedication and balance in making the best possible use of an organization, its processes and its employees - a company's intellectual capital. Heavy going? Not if the survival of businesses, management, employees and domestic or international competition depend increasingly on the kinds of competitive results processes like Six Sigma produce.

Human resource professionals, obviously, must play a key role in supporting any organization that adopts this process. They are a critical link to understanding Six Sigma and in working with management to find the right people to build and maintain a critical mass of talent. Human resource administrators must avoid becoming irrelevant in this process by being at their professional best in making Six Sigma work. It is the ticket to a new culture that opens the way to a common focus whose target is perfection.

Six Sigma in Human Resources

Six Sigma has been well applied in manufacturing through improving processes that use the DMAIC methodology. Some larger corporations have integrated Six Sigma so well into the corporate culture that it can be considered the DNA of the company.

However, even in such companies, the human resources department has been practically untouched by Six Sigma. In a recent conference of the human resources professionals in Chicago, it was clear that HR people are now looking to benefit from Six Sigma initiatives. Two of the questions that have been asked are, “How does HR implement Six Sigma?” and “What can HR do to help Six Sigma initiatives in an organization?” Businesses develop strategies for profit and growth. The strategy is driven down through action plans for execution. Most strategies fail to get down to the

floor level and get lost in the middle layers of management, but HR can help execute the profit and growth strategy through the use of Six Sigma. Figure 1 shows the important role of HR in driving business strategy through Six Sigma and in creating the Six Sigma culture. The HR department interacts with and influences every employee; therefore, it's the department best suited to facilitate management change. The figure shows that an organization needs HR to integrate Six Sigma methodology and a business scorecard to achieve growth and profitability.

When Motorola first successfully implemented Six Sigma from 1987 to 1992, its management program of setting goals, sharing savings, risk-taking and linking personal goals to corporate goals all played important roles. As a result, the company grew, made lots of money and rewarded its employees with bonuses. The challenge in implementing Six Sigma in HR includes questions such as, “What should I do?,” “What should I measure?,” “How would I improve the HR process?” and “How can HR be at 3.4 parts per million as it doesn't deal with a million people?”

It must be understood that HR isn't a huge part of any business, but it has a huge effect on every business. Human resources should be considered as human capital. HR must ensure that there's good return on investment in human capital. Typical HR functions include benefits management, compensation, recruitment and skills development. Innovation and change management must also become key functions in the HR department. In addition to managing these functions well, managing idea to innovation, improving HR functions, and accountability of employees and executives must also be implemented. One must create a process map for HR department to clearly understand HR functions and prepare for implementing Six Sigma. For the critical steps in the HR functions, one can answer the following questions to identify opportunities for improvement that can be exploited by applying the Six Sigma methodology:

- What is the purpose the HR function or sub-function?
- What are the expected deliverables (people, skills, services, value, reports, etc.)?
- What are the measures of goodness of key-deliverables?
- What are the error opportunities for key-deliverables?
- What improvement activities are carried out in the HR function?

Answering the above questions, one can identify output

“Six Sigma implies dramatic improvement through reengineering or innovation of the HR function.”

(unit), measures of reliability, and items and elements that can go wrong (opportunities for error). Having identified ‘what’ to measure, one can establish a baseline for key performance indicators, which may include one or more of the following:

Six Sigma and Human Resources

- HR Responsiveness
- Employee involvement
- Idea and innovation for improvement
- HR effectiveness in fulfilling its intended functions

Implementing Six Sigma in HR is no different than applying it in other functions. The key is recognizing gaps or opportunities for improvement by breaking down processes in manageable chunks. The HR function can take the following steps to implement Six Sigma in HR or to facilitate implementation of Six Sigma in the organization:

- Establish a clear and significant role of HR for institutionalizing Six Sigma
- Establish Six Sigma objectives and role in HR
- Seek customer feedback and identify opportunities for improvement
- Establish Six Sigma goals for HR function
- Formulate, prioritize projects and form teams
- Provide Six Sigma Green Belt training
- Implement DMAIC for breakthrough solution.

Examples of Six Sigma projects that companies’ HR departments have completed include reduction in overtime, reduction in time and cost to hire an employee, reduction in employee retention or turnover, reduction in safety violations, reduction in cost of employee separation, and HR response to internal inquiries for benefits, payroll, promotion and fairness.

Six Sigma implies dramatic improvement through reengineering or innovation of the HR function. HR involvement in achieving corporate growth and profitability must be defined. The HR role must support leadership and departmental activities, provide feedback, and intellectually engage employees in achieving their personal and corporate objectives. Customers expect better, faster and cost-effective solutions. Unless every department performs better, faster and cheaper, the company will be unable to meet customer expectations. HR is no exception to this expectation. It must

be set to perform better, faster and more cost-effectively by creating value rather than just rote support of management or training. Creating value could be accomplished through innovative solutions and employee innovation. This is a low-hanging fruit for HR.

Six Sigma Roles

As with any major organizational initiative, many factors contribute to success. Some of these factors will fall within HR’s area of responsibility, such as those discussed below.

Table 1: Six Sigma Roles And Responsibilities

Sponsor	Senior executive who sponsors the overall Six Sigma Initiative.
Leader	Senior-level executive who is responsible for implementing Six Sigma within the business.
Champion	Middle- or senior-level executive who sponsors a specific Six Sigma project, ensuring that resources are available and cross-functional issues are resolved.
Black Belt	Full-time professional who acts as a team leader on Six Sigma projects. Typically has four to five weeks of classroom training in methods, statistical tools, and (sometimes) team skills.
Master Black Belt	Highly experienced and successful Black Belt who has managed several projects and is an expert in Six Sigma methods/ tools. Responsible for coaching/mentoring/ training Black Belts and for helping the Six Sigma leader and Champions keep the initiative on track.
Green Belt	Part-time professional who participates on a Black Belt project team or leads smaller projects. Typically has two weeks of classroom training in methods and basic statistical tools.
Team Member	Professional who has general awareness of Six Sigma (through no formal training) and who brings relevant experience or expertise to a particular project.
Process Owner	Professional responsible for the business process that is the target of a Six Sigma project.

“HR professionals can help the Six Sigma Leader tackle the challenge of establishing the right rewards/recognition.”

Leaders and Champions usually receive high-level training on the technical aspects of Six Sigma and specific training on how to lead an initiative. At the “Belt” level, each candidate is assigned an initial “training project” that he/she will work on during the formal training period. Candidates attend classroom training for a week, work on their projects for three weeks, return to class for another week, and so on until they have acquired all the skills appropriate to their role.

Black Belt selection and retention

Having the right people in the Black Belt role is critical to the success of a Six Sigma initiative. The training investment is substantial for this pivotal role. Further, Black Belts are the visible “face” of Six Sigma. They help shape the organization’s impression of Six Sigma, and, consequently, the willingness of many to embrace the initiative. Therefore, you want to pick Black Belts very carefully. (Some organizations only select Black Belts from among those who have already been identified as “high potentials.”).

HR professionals can help the Six Sigma Leader find the right people for Black Belt roles and ensure they remain in those positions for the typical two-year rotation. Potential HR contributions in this area include:

- Building a competency model that will help identify candidates with the right mix of technical, team, and leadership skills and abilities.
- Creating job descriptions that help candidates fully understand the position and expectations prior to signing on.
- Developing a retention strategy that will help ensure Black Belts complete their rotation and the organization recoups its investment in training and development.

Rewards and recognition

Rewarding and recognizing Black Belts and Six Sigma teams is more complex than it may appear. Black Belts join the Six Sigma initiative from various places in the organization where they are likely to have been at different job levels with differing compensation arrangements. Determining whether and how to make appropriate adjustments in level and compensation now that all these individuals are in the same role is both tricky and critical.

Similar complexities are involved at the project team level. Six Sigma projects led by Black Belts typically result in

savings in the hundreds of thousands of dollars. Deciding how the team should be rewarded and recognized and who should get credit for what is not easy. Yet ignoring these issues can result in resentment, reluctance to work on Six Sigma projects, and the potential failure of the overall initiative.

HR professionals can help the Six Sigma Leader tackle the challenge of establishing the right rewards/recognition. Potential HR contributions in this area include:

- Analyzing existing compensation arrangements to identify the extent to which those arrangements will support the Six Sigma initiative.
- Creating a strategic compensation plan that will better support Six Sigma.
- Developing a non-monetary reward program for Six Sigma teams.

Project team effectiveness

The work of Six Sigma is done mostly at the project team level by a Black Belt leading a small team through the steps of the DMAIC method. If the team itself does not function well or does not interact effectively with others in the organization who ultimately have to support and carry out the process changes, the project probably will not be successful. Given the typical project’s potential payback, failure can be expensive.

HR professionals can help the project teams work together more effectively. Potential HR contributions in this area include:

- Ensuring team leaders and members get training and/or coaching in teamwork, conflict management, communications, dealing with difficult team members, and other team effectiveness skills.
- Providing teams with tools that allow them to diagnose their own performance and identify when and where they need help.
- Acting as a resource for Black Belts who encounter team-related challenges they cannot surmount.

Creating a Six Sigma Culture

Many Sponsors, Champions, and Leaders look to Six Sigma as a way to change an organization’s culture to one that is more data-driven, proactive, decisive, and customer-

“HR professionals can help executives approach culture change in a way that addresses the underlying business goals without creating organizational resistance.”

oriented. But they often have little idea about how to achieve successful culture change.

HR professionals can help executives approach culture change in a way that addresses the underlying business goals without creating organizational resistance. Potential HR contributions in this area include:

- Working with Six Sigma Sponsors, Leaders, and Champions to identify elements of the culture that might hinder the achievement of Six Sigma goals.
- Advising on change plans that will target those specific cultural elements.
- Identifying how Six Sigma can be rolled out in a way that works with, rather than against, the current culture.

Change Management and Communications

Introducing Six Sigma into an organization is a major change that will have a profound effect on a broad group of stakeholders. Managers and employees at many levels of the organization will be asked to engage in new behaviors. In many cases, those leading other initiatives will see Six Sigma as a source of competition for resources, executive attention, and organizational power. Others may see it as an indictment of their past performance. Many will be confused about how Six Sigma fits with the large number of other ongoing organizational initiatives.

HR professionals can help reduce the uncertainty and anxiety surrounding Six Sigma and increase the levels of acceptance and cooperation in the organization. Potential HR contributions in this area include:

- Drafting a change management/ communications plan that addresses the people side of the Six Sigma rollout.
- Helping create a “case for change” that describes:
 1. The reasons for and benefits of Six Sigma.
 2. How the organization will help employees succeed in new ways of working.
 3. How Six Sigma fits with other ongoing initiatives.
- Counseling Six Sigma Leaders and Champions on how their behavior can help or hinder Six Sigma’s acceptance throughout the organization.

Being Included in Six Sigma

Just because HR professionals can play a role in the success

of Six Sigma, it doesn’t automatically follow that they will be asked to participate. Unless you are in an organization that views HR as a partner in all business initiatives, you may have to push to be included in Six Sigma.

HR can greatly increase its chances of being included in the Six Sigma initiative by:

- Ensuring HR professionals have the right skills and knowledge.
- Marketing its potential contribution early in the initiative.

Gaining the Right Skills and Knowledge

In addition to HR/organizational development-related areas, HR professionals need a familiarity with Six Sigma itself. Without a basic knowledge of the DMAIC method, supporting tools, roles, jargon, and even simple statistical methods, HR will not have the credibility it needs to be considered a potential contributor to the initiative.

The time to get this knowledge is now. Even if your organization is not rolling out--or even considering -- Six Sigma today, there are two reasons why it’s worth a HR professional’s time to become familiar with the concepts now. If the organization does decide to implement Six Sigma, there won’t be enough time to catch up. HR has to be involved at the very beginning of the initiative. In addition, there are many applications of Six Sigma to HR’s processes themselves, e.g., the payroll process, benefits administration, selection, and recruiting. HR might even consider setting an example for the rest of the organization by adopting Six Sigma techniques to enhance its own processes.

Marketing HR’s Potential Contribution

The marketing challenge is twofold. First, senior executives may not believe that the people issues are just as critical to Six Sigma’s success as are its many technical components. In that case, HR will need to sell the importance of the people side. Second, executives must perceive HR as being able to make a significant contribution on the people side of Six Sigma. Besides ensuring that it has both the required skills and knowledge described above, HR can also meet these challenges by:

- Gathering data that supports the need for attention to the people side of Six Sigma. Potential sources include Six Sigma publications, case studies, conference sessions, and

“HR needs to understand what the executives care about and pitch HR’s services in relevant terms.”

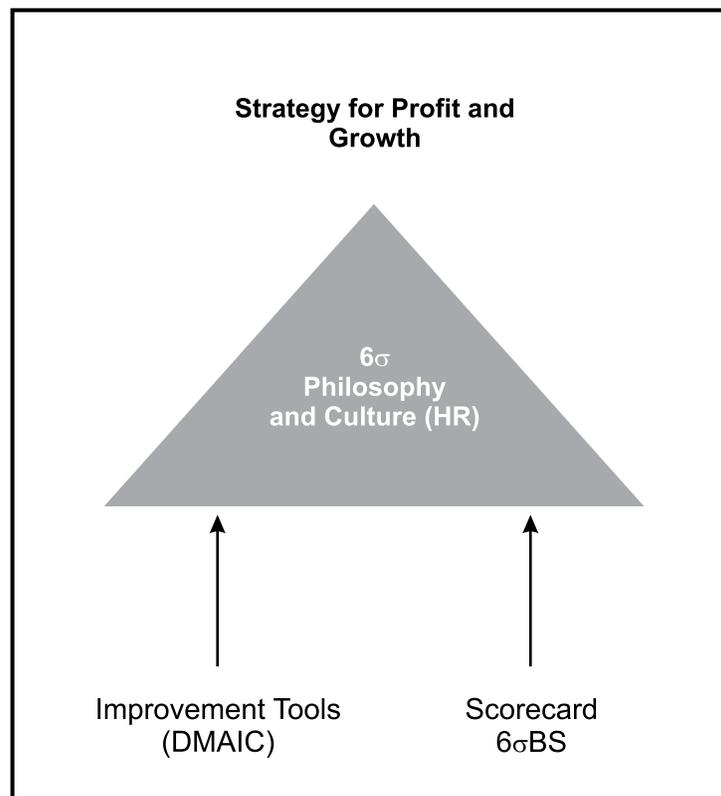
executives in companies that have already implemented Six Sigma.

- Deriving lessons from previous organizational initiatives in which people issues and/or HR actions played an acknowledged role in success or failure.
- Meeting with senior executives to discuss their business/ Six Sigma goals and then identifying areas where HR could provide very specific and measurable help.
- Speaking to Six Sigma Leaders and Champions in the language of Six Sigma, not the language of HR. These executives are typically interested in improving

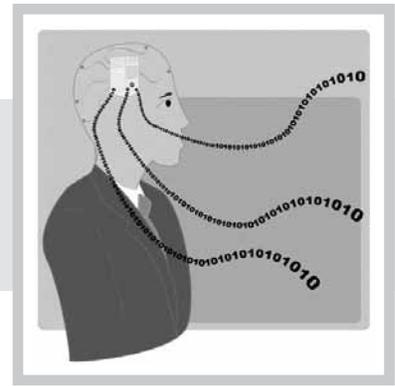
efficiency (i.e., internal cost) and effectiveness (i.e., what the customer sees as “defects”). HR needs to understand what the executives care about and pitch HR’s services in relevant terms.

- Taking the lead and applying Six Sigma successfully within the HR function.

HR has a substantial role to play in the success of a Six Sigma initiative. But it will have the opportunity to contribute only if its professionals have the right skills and knowledge and are able to show Six Sigma executives the value they can add. Gain those skills now and make sure senior leadership knows how HR can help support the success of the initiative.



Emotional Intelligence



Nidhika
PGDM (2007-09)

The term “Emotional Intelligence” was first coined by Peter Salovey and John Mayer in 1990.

Emotional Intelligence (EI), often measured as an Emotional Intelligence Quotient (EQ), describes an ability, capacity, skill or (in the case of the trait EI model) a self-perceived ability, to identify, assess, and manage the emotions of one’s self, of others, and of groups. It is a relatively new area of psychological research. The definition of EI is constantly changing.

EI is important in shaping one’s personality, behavior, style and abilities. It has been studied scientifically in the past decade. Goleman’s book “Emotional Intelligence” (1995) substantially added to the popular interests in accumulating knowledge regarding EI.

Business organizations have used EI for organizational development and for enhancing organizational effectiveness (Lowe, Kroek, and Sivasubramaniam,1996). EI improves managerial practices as well as helps in leadership development (Druskat and Wolff, 2001). EI is often used to motivate employees and to create a culture of high performing work place.

It also plays an important role in helping organizational leaders make good decisions about new products, markets, and strategic alliances. It influences organizational development in a number of areas such as emotional recruitment and retention, development of talent, teamwork, employee commitment, morale, innovation, productivity, efficiency etc.

Defining Emotional Intelligence

According to Goleman (1998) “Emotional intelligence is the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships. EI describes abilities distinct from, but complementary to, academic intelligence or the purely cognitive capacities measured by IQ”

According to Bar-On (1997) “Emotional intelligence reflects one’s ability to deal with daily environment challenges and helps predict one’s success in life, including professional and personal pursuits”

According to Freedman (1998) “Emotional intelligence is a way of recognizing, understanding and choosing how we think, feel and act. It shapes our interaction with others and our understanding of ourselves. It defines how and what we learn, it allows us to set priorities, it determines the majority of our daily actions”

According to Peter Salovey and John D. Mayer (1990) “EI is the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions.”

There are three main models of EI

- Ability EI models
- Mixed models of EI
- Trait EI model

The ability-based model

The ability based model views emotions as useful sources of information that help one to make sense of and navigate the social environment. The model proposes that individuals vary in their ability to process information of an emotional nature and in their ability to relate emotional processing to a wider cognition. This ability is seen to manifest itself in certain adaptive behaviors. The model proposes that EI includes 4 types of abilities:-

1. Perceiving emotions — the ability to detect and decipher emotions in faces, pictures, voices, and cultural artifacts-including the ability to identify one’s own emotions. Perceiving emotions represents a basic aspect of emotional intelligence, as it makes all other processing of emotional information possible.
2. Using emotions — the ability to harness emotions to facilitate various cognitive activities, such as thinking and problem solving. The emotionally intelligent person can capitalize fully upon his or her changing moods in order to best fit the task at hand.
3. Understanding emotions — the ability to comprehend emotion language and to appreciate complicated relationships among emotions. For example, understanding

“Self-management—involves controlling one’s emotions and impulses and adapting to changing circumstances.”

emotions encompasses the ability to be sensitive to slight variations between emotions, and the ability to recognize and describe how emotions evolve over time.

4. Managing emotions — the ability to regulate emotions in both ourselves and in others. Therefore, the emotionally intelligent person can harness emotions, even negative ones, and manage them to achieve intended goals.

Mixed models of EI

The Emotional Competencies (Goleman) model

The model introduced by Daniel Goleman focuses on EI as a wide array of competencies and skills that drive leadership performance. Goleman’s model outlines four main EI constructs:

1. Self-awareness—the ability to read one’s emotions and recognize their impact while using gut feelings to guide decisions.
2. Self-management—involves controlling one’s emotions and impulses and adapting to changing circumstances.
3. Social awareness—the ability to sense, understand, and react to others’ emotions while comprehending social networks.
4. Relationship management—the ability to inspire, influence, and develop others while managing conflict.

Goleman includes a set of emotional competencies within each construct of EI. Emotional competencies are not innate talents, but rather learned capabilities that must be worked on and developed to achieve outstanding performance. Goleman posits that individuals are born with a general emotional intelligence that determines their potential for learning emotional competencies.

The Bar-On model of Emotional-Social Intelligence (ESI)

Bar-On (2006) developed one of the first measures of EI that used the term Emotion Quotient. He defines emotional intelligence as being concerned with effectively understanding oneself and others, relating well to people, and adapting to and coping with the immediate surroundings to be more successful in dealing with environmental demands. Bar-On posits that EI develops over time and that it can be improved through training, programming, and therapy. Bar-On hypothesizes that those individuals with

higher than average E.Q.’s are in general more successful in meeting environmental demands and pressures. He also notes that a deficiency in EI can mean a lack of success and the existence of emotional problems. In general, Bar-On considers emotional intelligence and cognitive intelligence to contribute equally to a person’s general intelligence, which then offers an indication of one’s potential to succeed in life.

The Trait EI model

Trait EI is “a constellation of emotion-related self-perceptions located at the lower levels of personality”. In lay terms, trait EI refers to an individual’s self-perceptions of their emotional abilities. This definition of EI encompasses behavioral dispositions and self perceived abilities and is measured by self report, as opposed to the ability based model which refers to actual abilities, which have proven highly resistant to scientific measurement. Trait EI should be investigated within a personality framework.

The trait EI model is general and subsumes the Goleman and Bar-On models discussed above.

The following 19 points build a case for how emotional intelligence contributes to the bottom line in any work organization:

1. The US Air Force used the EQ-I to select recruiters (the Air Force’s front-line HR personnel) and found that the most successful recruiters scored significantly higher in the emotional intelligence competencies of Assertiveness, Empathy, Happiness, and Emotional Self Awareness. The Air Force also found that by using emotional intelligence to select recruiters, they increased their ability to predict successful recruiters by nearly three-fold. The immediate gain was a saving of \$3 million annually. These gains resulted in the Government Accounting Office submitting a report to Congress, which led to a request that the Secretary of Defense order all branches of the armed forces to adopt this procedure in recruitment and selection. (The GAO report is titled, “Military Recruiting: The Department of Defense Could Improve Its Recruiter Selection and Incentive Systems,” and it was submitted to Congress January 30, 1998. Richard Handley and Reuven Bar-On provided this information.)
2. Experienced partners in a multinational consulting firm

“Research by the Center for Creative Leadership has found that the primary causes of derailment in executives involve deficits in emotional competence.”

were assessed on the EI competencies plus three others. Partners who scored above the median on 9 or more of the 20 competencies delivered \$1.2 million more profit from their accounts than did other partners – a 139 percent incremental gain (Boyatzis, 1999).

3. An analysis of more than 300 top-level executives from fifteen global companies showed that six emotional competencies distinguished stars from the average: Influence, Team Leadership, Organizational Awareness, self-confidence, Achievement Drive, and Leadership (Spencer, L. M., Jr., 1997).
4. In jobs of medium complexity (sales clerks, mechanics), a top performer is 12 times more productive than those at the bottom and 85 percent more productive than an average performer. In the most complex jobs (insurance salespeople, account managers), a top performer is 127 percent more productive than an average performer (Hunter, Schmidt, & Judiesch, 1990). Competency research in over 200 companies and organizations worldwide suggests that about one-third of this difference is due to technical skill and cognitive ability while two-thirds is due to emotional competence (Goleman, 1998). (In top leadership positions, over four-fifths of the difference is due to emotional competence.)
5. At L’Oreal, sales agents selected on the basis of certain emotional competencies significantly outsold salespeople selected using the company’s old selection procedure. On an annual basis, salespeople selected on the basis of emotional competence sold \$91,370 more than other salespeople did, for a net revenue increase of \$2,558,360. Salespeople selected on the basis of emotional competence also had 63% less turnover during the first year than those selected in the typical way (Spencer & Spencer, 1993; Spencer, McClelland, & Kelner, 1997).
6. In a national insurance company, insurance sales agents who were weak in emotional competencies such as self-confidence, initiative, and empathy sold policies with an average premium of \$54,000. Those who were very strong in at least 5 of 8 key emotional competencies sold policies worth \$114,000 (Hay/McBer Research and Innovation Group, 1997).
7. In a large beverage firm, using standard methods to hire division presidents, 50% left within two years, mostly because of poor performance. When they started selecting based on emotional competencies such as initiative, self-confidence, and leadership, only 6% left in two years. Furthermore, the executives selected based on emotional competence were far more likely to perform in the top third based on salary bonuses for performance of the divisions they led: 87% were in the top third. In addition, division leaders with these competencies outperformed their targets by 15 to 20 percent. Those who lacked them under-performed by almost 20% (McClelland, 1999).
8. Research by the Center for Creative Leadership has found that the primary causes of derailment in executives involve deficits in emotional competence. The three primary ones are difficulty in handling change, not being able to work well in a team, and poor interpersonal relations.
9. After supervisors in a manufacturing plant received training in emotional competencies such as how to listen better and help employees resolve problems on their own, lost-time accidents were reduced by 50 percent, formal grievances were reduced from an average of 15 per year to 3 per year, and the plant exceeded productivity goals by \$250,000 (Pesuric & Byham, 1996). In another manufacturing plant where supervisors received similar training, production increased 17 percent. There was no such increase in production for a group of matched supervisors who were not trained (Porras & Anderson, 1981).
10. One of the foundations of emotional competence, accurate self-assessment – was associated with superior performance among several hundred managers from 12 different organizations (Boyatzis, 1982).
11. Another emotional competence, the ability to handle stress, was linked to success as a store manager in a retail chain. The most successful store managers were those best able to handle stress. Success was based on net profits, sales per square foot, sales per employee, and per dollar inventory investment (Lusch & Serpkeuci, 1990).
12. Optimism is another emotional competence that leads to increased productivity. New salesmen at Met Life who scored high on a test of “learned optimism” sold 37 percent more life insurance in their first two years than pessimists (Seligman, 1990).

“Those who were primarily strong in emotional intelligence were more likely to succeed than those who were strongest in either relevant previous experience or IQ.”

13. A study of 130 executives found that how well people handled their own emotions determined how much people around them preferred to deal with them (Walter V. Clarke Associates, 1997).
14. For sales reps at a computer company, those hired based on their emotional competence were 90% more likely to finish their training than those hired on other criteria (Hay/McBer Research and Innovation Group, 1997).
15. At a national furniture retailer, sales people hired based on emotional competence had half the dropout rate during their first year (Hay/McBer Research and Innovation Group, 1997).
16. For 515 senior executives analyzed by the search firm Egon Zehnder International, those who were primarily strong in emotional intelligence were more likely to succeed than those who were strongest in either relevant previous experience or IQ. In other words, emotional intelligence was a better predictor of success than either relevant previous experience or high IQ. More specifically, the executive was high in emotional intelligence in 74 percent of the successes and only in 24 percent of the failures. The study included executives in Latin America, Germany, and Japan, and the results were almost identical in all three cultures.
17. The following description of a “star” performer reveals how several emotional competencies (noted in italics) were critical in his success: Michael Iem worked at Tandem Computers. Shortly after joining the company as a junior staff analyst, he became aware of the market trend away from mainframe computers to networks that linked workstations and personal computers (Service Orientation). Iem realized that unless Tandem responded to the trend, its products would become obsolete (Initiative and Innovation). He had to convince Tandem’s managers that their old emphasis on mainframes was no longer appropriate (Influence) and then develop a system using new technology (Leadership, Change Catalyst). He spent four years showing off his new system to customers and company sales personnel before the new network applications were fully accepted (Self-confidence, Self-Control, Achievement Drive) (from Richman, L. S., “How to get ahead in America,” *Fortune*, May 16, 1994, pp. 46-54).
18. Financial advisors at American Express whose managers completed the Emotional Competence training program were compared to an equal number whose managers had not. During the year following training, the advisors of trained managers grew their businesses by 18.1% compared to 16.2% for those whose managers were untrained.
19. The most successful debt collectors in a large collection agency had an average goal attainment of 163 percent over a three-month period. They were compared with a group of collectors who achieved an average of only 80 percent over the same time period. The most successful collectors scored significantly higher in the emotional intelligence competencies of self-actualization, independence, and optimism. (Self actualization refers to a well-developed, inner knowledge of one’s own goals and a sense of pride in one’s work.) (Bachman et al., 2000)

The Importance of Emotional Intelligence at Work

Emotional Intelligence Quotient is defined as a set of competencies demonstrating the ability one has to recognize his or her behaviours, moods, and impulses, and to manage them best according to the situation.

An employee with high emotional intelligence can manage his or her own impulses, communicate with others effectively, manage change well, solve problems, and use humour to build rapport in tense situations. These employees also have empathy, remain optimistic even in the face of adversity, and are gifted at educating and persuading in a sales situation and resolving customer complaints in a customer service role.

This “clarity” in thinking and “composure” in stressful and chaotic situations is what separates top performers from weak performers in the workplace.

As managers and business executives we have often asked ourselves the following questions: Why do certain employees get into accidents more often than others? Why do they violate company ethics and policies? Why do they ignore the rules of the organization? Why do they use illegal drugs while on the job?

Why do some people cause conflict while others are so gifted at resolving it? Why do they put self-interest ahead of the organizational values? Why do some salespeople build large books of new business with ease while others struggle to do

“This ‘clarity’ in thinking and ‘composure’ in stressful and chaotic situations is what separates top performers from weak performers in the workplace.”

so even though they seem to be putting forth the required effort?

In many cases the answer to the above questions lies in “emotional intelligence” rather than the individual’s “personality type.”

“Unmet emotional needs cause the majority of problems at work.”

—EQI.org

The following outlines a set of five emotional intelligence competencies that have proven to contribute more to workplace achievement than technical skills, cognitive ability, and standard personality traits combined:-

1. Intuition & Empathy: Our awareness of others’ feelings, needs, and concerns. This competency is important in the workplace for the following reasons.
 - Understanding others: an intuitive sense of others’ feelings and perspectives, and showing an active interest in their concerns and interests
 - Customer service orientation: the ability to anticipate, recognize, and meet customers’ needs
 - People development: ability to sense what others need in order to grow, develop, and master their strengths
 - Leveraging diversity: cultivating opportunities through diverse people
2. Political Acumen and Social Skills: Our adeptness at inducing desirable responses in others. This competency is important in the workplace for the following reasons.
 - Influencing: using effective tactics and techniques for persuasion and desired results
 - Communication: sending clear and convincing messages that are understood by others
 - Leadership: inspiring and guiding groups of people
 - Change catalyst: initiating and/or managing change in the workplace
 - Conflict resolution: negotiating and resolving disagreements with people
 - Building bonds: nurturing instrumental relationships for business success
 - Collaboration and cooperation: working with coworkers and business partners toward shared goals

- Team capabilities: creating group synergy in pursuing collective goals
3. Self Awareness: Knowing one’s internal states, preferences, resources, and intuitions. This competency is important in the workplace for the following reasons.
 - Emotional awareness: recognizing one’s emotions and their effects and impact on those around us
 - Accurate self-assessment: knowing one’s strengths and limits
 - Self-confidence: sureness about one’s self-worth and capabilities
 4. Self Regulation: Managing one’s internal states, impulses, and resources. This competency is important in the workplace for the following reasons.
 - Self-control: managing disruptive emotions and impulses
 - Trustworthiness: maintaining standards of honesty and integrity
 - Conscientiousness: taking responsibility and being accountable for personal performance
 - Adaptability: flexibility in handling change
 - Innovation: being comfortable with an openness to novel ideas, approaches, and new information
 5. Self Expectations and Motivation: Emotional tendencies that guide or facilitate reaching goals. This competency is important in the workplace for the following reasons.
 - Achievement drive: striving to improve or meet a standard of excellence we impose on ourselves
 - Commitment: aligning with the goals of the group or organization
 - Initiative: readiness to act on opportunities without having to be told
 - Optimism: persistence in pursuing goals despite obstacles and setbacks

Emotional Intelligence’s Impact on the Bottom Line

Till date, many companies have focused their selection criteria and training programs on hard skills (e.g., technical expertise, industry knowledge, education) and the assessment of personality traits.

“One study of 44 Fortune 500 companies found that salespeople with high EQ produced twice the revenue of those with average or below average scores.”

Topics including competencies like stress management, assertiveness skills, empathy, and political/social acumen were never measured in the selection process or focused on in training and development programs. In reality, these are critical success factors that should not be dismissed or ignored, and have a direct impact on the bottom line.

For example, the Hay Group states one study of 44 Fortune 500 companies found that salespeople with high EQ produced twice the revenue of those with average or below average scores. In another study, technical programmers demonstrating the top 10 percent of emotional intelligence competency were developing software three times faster than those with lower competency.

One recent study conducted by a Dallas corporation measured that the productivity difference between their low scoring emotional intelligence employees and their high scoring emotional intelligence employees was 20 times.

A Texas-based Fortune 500 Company had utilized personality assessments for candidate selection for years with little results in reducing turnover in their high turnover sales force. After turning to an emotional intelligence based selection assessment and EQ training and development program, they increased retention by 67 percent in the first year, which they

calculated added \$32 million to their bottom line in reduced turnover costs and increased sales revenues.

A large metropolitan hospital reduced their critical care nursing turnover from 65 percent to 15 percent within 18 months of implementing an emotional intelligence screening assessment.

A community bank that reduced staff by 30 percent due to the sluggish economy assessed the remaining workforce for their emotional intelligence competencies, placed them in the right role for those competencies, and the bank is now producing more with less people.

Lastly, through a series of recent studies conducted by ZERORISK HR, Inc., a correlation was found between low emotional intelligence and theft and shrinkage.

One other study in the construction industry yielded results showing workers with low emotional intelligence had a higher likelihood of getting injured while on the job.

All of these cases are starting to prove the value of having highly emotionally intelligent employees make up your workforce if you want a competitive advantage in this highly competitive business world.

“The air is full of ideas. They are knocking you in the head all the time. You only have to know what you want, then forget it, and go about your business. Suddenly, the idea will come through. It was there all the time.”

– Henry Ford (American industrialist and pioneer of the assembly-line production method)

“Freaking out does not fix businesses. Learning from lessons, coupled with a laser focus on finding solutions, does.”

– Karen Post, Founder, Oddpodz

*Source: Shifting Gears at 105 mph
Without Flying off a Cliff*

Feasibility and Desirability of Regional Stock Exchanges

Rashi Chaudhary, Himanshi Sachdeva
PGDM (2008-10)



In the present scenario of economic crisis the major challenge faced by economies all over the world is to regain the lost confidence of investors. Regional stock exchanges (RSEs) are those which operate outside the main financial centre of a country. The objective of establishing the RSEs was to enable regional companies in the respective geographical locations to raise capital for the development of the small and middle level enterprises in a more cost efficient way. There are 24 stock exchanges in India out of which only 2 major stock exchanges namely BSE & NSE are handling the majority of the business and rest stock exchanges are struggling for survival. Currently RSEs are not able to fulfill the very objectives for which they were established, some with nearly no trading. The feasibility of RSEs is in danger with SEBI taking the decision of either combining them and making them a strong separate body in lines of BSE & NSE or making separate subsidiaries of RSEs which is even currently followed and is generating good returns as well. In the view of some experts it is now the time to derecognize these exchanges but with this the problem of division of assets will occur.

Regional Stock Exchanges

Stock Exchanges are an organized marketplace, either corporation or mutual organization, where members of the organization gather to trade company stocks or other securities. Regional stock exchanges (RSEs) are those which operate outside the main financial centre of a country. The main financial centre of India is Mumbai so all the stock exchanges that operate in other cities are called as regional stock exchanges. There are 22 RSEs in India namely:

Table 1: Stock Exchanges in India

Ahmedabad Stock Exchange	Bangalore Stock Exchange
Bhubaneshwar Stock Exchange	Calcutta Stock Exchange
Cochin Stock Exchange	Coimbatore Stock Exchange
Delhi Stock Exchange	Guwahati Stock Exchange

Hyderabad Stock Exchange	Jaipur Stock Exchange
Ludhiana Stock Exchange	Madhya Pradesh Stock Exchange
Madras Stock Exchange	Magadh Stock Exchange
Mangalore Stock Exchange	Meerut Stock Exchange
OTC Exchange of India	Pune Stock Exchange
Saurashtra Kutch Stock Exchange	Uttar Pradesh Stock Exchange
Vadodara Stock Exchange	

Present Status of Regional Stock Exchanges of India

Out of the 22 recognized stock exchanges in India (SEBI has refused renewal of recognition to Mangalore Stock Exchange), NSE and BSE account for almost 100% of the total turnover. As far as RSEs are concerned, except for the Calcutta Stock Exchange (CSE) and the Uttar Pradesh Stock Exchange (UPSE), there is no trading on any other stock exchange and even on the CSE and UPSE, the business is down to a trickle. The financial condition of the RSEs is by and large also weak. This state of affairs has been prevailing for the past several years.

In 2008, business from 19 regional commodity bourses fell drastically by 31.83 per cent at Rs 84,342 crore as compared to Rs 1,23,729 crore in the previous year, the official data showed. The share of regional bourses is less than one per cent of the total commodity market turnover of Rs 50,33,857 crore.

Government interventions to revive regional stock exchanges

Considering that the RSEs had invested substantially in the infrastructure, which included building, hardware and software for automated trading, several initiatives were taken to revive these exchanges so that the infrastructure could be put to productive use:

- The first among them was the setting up of the Inter

“ICSE provides the investors in smaller cities, a one-stop solution for cost-effective and efficient trading and settlement services in securities.”

Connected Stock Exchange of India (ICSE) platform to regroup the RSEs to provide a third national market.

- The second initiative taken to revive the state of regional stock exchange was setting up the Indonext exchange.
- The third effort was to set up broking subsidiaries
- The fourth effort to revive these stock exchanges was the demutualization of these stock exchanges.
- The new FDI norms were formulated.

1. Inter Connected Stock Exchange Of India

Inter-connected Stock Exchange of India Limited (ICSE) is a national-level stock exchange, providing trading, clearing, settlement, risk management and surveillance support to its Trading Members. ICSE aims to address the needs of small companies and retail investors by harnessing the potential of regional markets, so as to transform them into a liquid and vibrant market.

The ICSE was promoted in 1998 by 14 RSEs for providing an additional trading platform where the shares listed on any of these 14 exchanges would be traded.

Thus it provides the investors in smaller cities, a one-stop solution for cost-effective and efficient trading and settlement services in securities.

2. Indo Next

SEBI took the initiative to encourage the BSE and the smaller stock exchanges to set up the BSE Indo Next trading platform as a separate trading platform under the present BOLT trading system of the BSE. It was a joint initiative of the BSE and the Federation of Indian Stock Exchanges (FISE) of which 18 RSEs are members. The BSE IndoNext market was intended to be an SME specific market.

The main concept of Indonext was that

- The RSEs which participate in the project will stop the trading on the local platform.
- There will be a centralised trading platform.
- Existing function of the RSE and their existence will continue, except for the trading at the local platform,
- It was proposed that the companies having paid up capital up to Rs.20 Crores be exclusively be allowed to trade at Indonext platform.

3. Broking Subsidiaries

The third effort was to permit the RSEs to set up broking subsidiaries which could pool the financial resources of regional brokers and of the exchanges and obtain membership of the BSE and NSE. The regional brokers could then act as sub brokers to the subsidiaries (which had registered as brokers) and have access to the markets of BSE and NSE. Even the ICSE set up such a broking subsidiary.

4. Demutualization

Demutualization refers to the transition process of an exchange from a “mutually-owned” association to a company “owned by shareholders. In other words, transforming the legal structure of an exchange from a mutual form to a business corporation form is referred to as demutualization.

As per the guidelines of SEBI in August 2007 all the broker/trading members, who had 100% shareholders in regional exchanges, had to bring down their stake in these exchanges to 49%.

5. New FDI Norms

The new FDI norms, which allow foreign investments up to 49% in stock exchanges, depositories and clearing corporations, with a cap on single investment, direct or indirect at 5%. These norms have resulted in many foreign companies to invest in the stock exchanges. For instance the German multinational bank, Deutsche Bank is eyeing ownership of 5% stake in the Delhi Stock Exchange (DSE).

Redefining RSEs role

RSEs were established with the objective of providing a regional market for raising capital by companies in the respective regions by garnering regional savings to help achieve balanced regional development in the country. This objective has been fairly served by the RSEs for a length of time. But with the advent of modern technology the scope of the RSEs became limited till they virtually lost their relevance. Their feasibility in the current situation is in danger as people are not confident enough to put their hard earned money in the defunct stock exchanges. Presently they are not desirable by the government as already a lot of money has been put in the infrastructural development & in the present credit crunch the government is unable to put in more funds in these stock exchanges.

“A third platform for the trading of stocks is very much needed in India so that the SMEs in India would have new avenue for raising capital from the public.”

In these times of financial crisis these stock exchanges could be of great help if they are consolidated together and form a separate platform to cater to the needs of the small investors. These exchanges have a wide geographical reach so they can act as a boon for the small & medium companies giving them additional avenue to raise capital. This help in the growth of the SMEs in the country and will also provide the much needed liquidity to the economy.

Problems Faced By RSEs: Reasons Of Failure Of Major Government Initiatives

- With demutualization, a single investor cannot acquire more than 5% stake. This means every single regional stock exchange has to search for 10-11 unrelated different entities that are ready to acquire a 5% stake.
- In case of demutualisation, the new owners might not necessarily be interested in running an already defunct stock exchange.
- SEBI has laid down the provision that all these exchanges have to provide for minimum trading lot of Rs. 100,000. And the exchange to have a net worth of Rs. 100 crores (Rs. 1,000,000,000). Most of the companies listed on these exchanges are small caps companies so it is very difficult for RSEs to comply with these regulations.
- The advent of automated trading and extension of nationwide reach of BSE and NSE.
- The abolition of the concept of regional listing.
- High operational cost.

How to improve the state of RSEs

- It can survive if they offer specialised and niche services or products.
- A third platform for the trading of stocks is very much needed in India so that the SMEs in India would have new avenue for raising capital from the public.
- Encouragement should be given to foreign investors.
- Investor education and awareness regarding the stock exchanges & their functioning should be encouraged. For example Vadodara Stock Exchange Ltd (VSE), in association with Bombay Stock Exchange (BSE), will launch short-term training courses to educate the uninitiated about the nitty-gritty of stock exchange operations.

- Upgrading the systems of trading with high speed technology for better connectivity.
- Those RSEs that are willing to exit the business of functioning as a stock exchange should be permitted to reverse merge with their subsidiaries.
- The members of RSEs who are also the member of national stock exchanges, should not be allowed to be on the board of any RSEs as there will be conflicting of interest.

Conclusion

RSEs initially brought business for itself but with the new advancement in technology the NSE/BSE captured the whole market. With the present condition of RSEs except for the few we can conclude that the desirability is less among the investors as well as the government. A lot of steps should be taken by the government to generate a market for them. The feasibility of RSEs presently is very less with investors not even showing confidence in investing in the national markets. With the exit options provided to them the problem of distribution of assets should be first solved and the capital invested in the infrastructure should be put to a productive use. The financial crisis hampered the interest of the big investors up to a large extent so small investors can act as a great asset for the economy.

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Mutual Fund Industry: What's Next?

Marina Ghosh, Mariyam Suzanne
PGDM (2008-10)



A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. Thus, the paper begins by providing a basic definition of a mutual fund and lists its benefits, trends and a look to the future. Mutual fund vehicle exploits economies of scale in all three areas-Research, Investments and Transaction processing. The paper uses the methodology from secondary sources and examines the lower risk involved in mutual funds than stocks. During last ten years, they have attracted nearly half of the net growth of household savings. While small time deposits in banks have declined significantly, mutual fund holdings have risen spectacularly. The recent decline in stock prices raises a concern about the fragility of new financial order and how safe are the mutuals? How vulnerable are they to the financial crisis? We explore paper details the emerging opportunities as a versatile investment avenue for retail investors and the challenges of not promising a return, the guarantee of the capital and regulatory aspects. The truth is that mutual funds can be an ideal tool for the common man as well as a seasoned equity investor. Finally, what is required is the inflow of fresh money. Once the sentiment turns around and a fear of further fall is stopped, people will start coming in as MFs reduce exposure to low-grade corporate debt. Mutual funds industry has ability to grow 35-40% for next 2-3 yrs. Inclusion of pension sector funds, investor education and distribution penetration in rural cities can help it finally 'come of age'.

Introduction to Mutual Funds

Mutual funds are open-end investment companies that offer their shares to the public and redeem them on demand. They pool the savings of their shareholders and invest them in stocks, bonds, government securities and short-term money-market instruments. Thus, a Mutual Fund is the most suitable investment for the common person as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds. The profits or losses are shared by the investors in proportion to their investments. The paper further explains that a mutual fund provides investors with diversification of their portfolios, thereby spreading risk and providing the

convenience of buying and selling shares in the fund on any business day

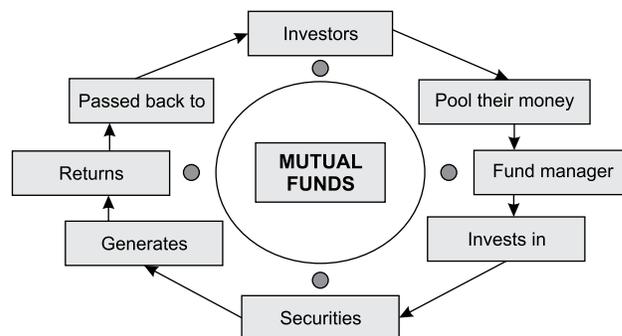
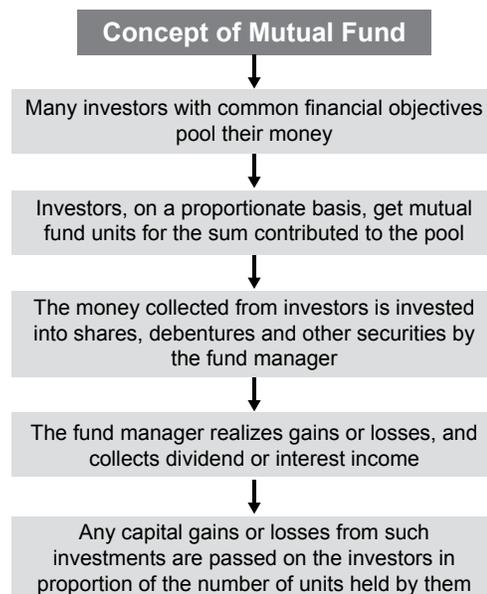


Figure 1: Working of a Mutual Fund

While the concept of individuals coming together to invest money collectively is not new, the mutual fund in its present form is a 20th century phenomenon. In fact, mutual funds gained popularity only after the Second World War. Globally, today mutual funds collectively manage almost as much as or more money as compared to banks. The Assocham studies show that investors in future would prefer mutual funds for their investment destination rather than stock markets.

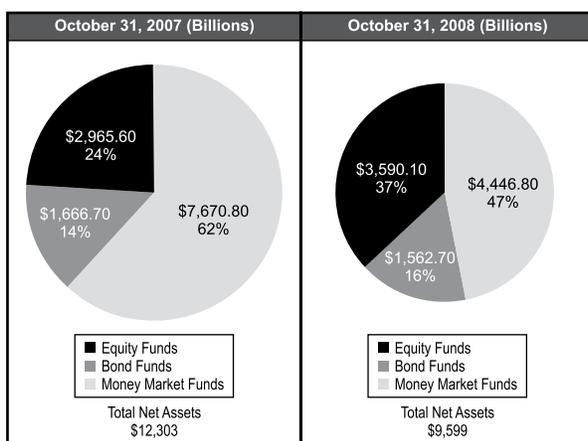


“Despite the absence of government-backed deposit insurance, mutual funds have succeeded in becoming fierce competitors to the traditional banking institutions.”

Trend for last 10 years

- During the last ten years, Mutual Funds (MFs) have attracted nearly one-half of the net growth of household savings. While small-time deposits in banks have declined significantly as a percentage of total savings, mutual fund holdings have risen spectacularly.
- Despite the absence of government-backed deposit insurance, mutual funds have succeeded in becoming fierce competitors to the traditional banking institutions.
- The recent decline in stock prices raises a concern about the fragility of the new financial order.
- According to the Investment Company Institute (“ICI”) the total net assets of mutual funds have declined 22% between October 31, 2007 and October 31, 2008. The global financial crisis has caused uncertainty in the minds of investors, which is reflected in rising cash levels maintained by mutual funds.
- During 2008, the mutual fund industry’s AUM shrank by 24.19 per cent. But during the same year, the industry grew to its biggest size of Rs 6 trillion (Rs 6 lakh crore) in May 2008.
- An overall study shows that Mutual funds have increased exposure in PSU banks, private banks, construction and power generation sector.
- The two pie charts below show the total net assets of mutual funds on the aforementioned days, broken out by asset class.

Mutual Fund Total Net Assets



Source: Investment Company Institute
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Posted: 12/19/2008

Are your Mutual Funds safe?

How safe are the mutuals, and how safe are the funds invested in the mutuals? How vulnerable are they to the financial crisis and panics that are the inevitable concomitants of boom-and-bust conditions? is a major concern.

During the mid-'90s, more than a dozen mutuals suffered substantial losses amounting to hundreds of millions of dollars. They experienced portfolio losses primarily as a result of their inept use of highly leveraged derivatives such as futures and options contracts.

In 1997, for instance, when interest rates rose and market volatility increased significantly, money flowed into money-market mutual funds as they serve as parking places when investors are nervous about the stock markets. Despite the crisis the money market mutuals continued to redeem their shares in full. After all, there is little danger of bankruptcy, because mutual funds have no legal obligation to redeem their shares at any value but market. When stock prices fall, they are likely to sell. When stock prices plummet, they will rush to liquidate. They are the power-pack of the crash.

Regulation

Mutual funds are highly regulated, restricting the use of short selling and derivatives. These regulations serve as handcuffs, making it more difficult to outperform the market or to protect the assets of the fund in a downturn.

Economies of scale

Indeed, the total number of mutual funds increased from 1,038 to 6,235 in last 10 years (Fortune, 2008), a mutual fund family may obtain greater economies of scale. If the cost elasticity is less than one, mutual fund expenses increase less than proportionately with fund assets, implying economies of scale. If the elasticity is greater than one, diseconomies of scale exist. If the cost elasticity equals one, there are constant returns to scale as fund costs increase proportionately with assets.

- The first and typically largest is the management fee paid to the fund’s investment advisor.
- Second are the “other” administrative expenses e.g. record keeping and transactions services to shareholders. These services include providing statements and reports, disbursing dividends, providing custodial services, and

“In a stock market free-fall, shareholders might not get their cash back but investors in mutual funds can get their money back by redeeming their shares.”

paying state and local taxes, auditing, legal, and directors’ fees.

- Third is the research fee spent on advertising, marketing, and distribution services or on commissions to sales representatives?

Stocks vs. Mutual Funds

A correlation between stock prices and mutual fund flows is created, but the causal relationship is from high expected stock prices to mutual fund flows as a primary investment vehicle. There is lower risk involved in MFs than stocks primarily due to diversification.

Much of the new money flowing into mutual funds is from retirement plans, and this money is guided by a long-term perspective not unsettled by short-term fluctuations.

In a stock market free-fall, shareholders might not get their cash back but investors in mutual funds can get their money back by redeeming their shares.

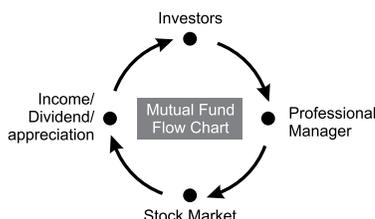


Figure 2: Stock market and Mutual Fund

The shift from direct investment in individual stocks to shared investment through mutual funds has resulted in increased investor willingness to hold during downturns. The stock market, which has lost over 26 percent by February 2009 on global slowdown and inflationary pressures, is propelling fund houses in the country to look for greener pastures in the overseas market (fig.)

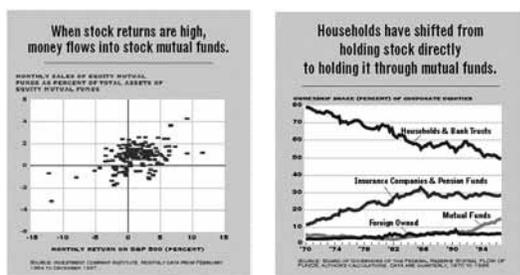


Figure3: Trends of Investment in Securities

Mutual Fund: Advantages

The major benefits of investing in MFs are:

- MFs ensure good long-term health of portfolio and offer good post-tax returns, reasonable safety and diversification.
- MFs can be an ideal tool for the common man as well as a seasoned equity investor since they offer a variety of products like diversified, specialty, thematic, sector, opportunities and exchange traded funds.
- It is easier to track the performance, as an investor, of only one price, net asset value (NAV), instead of several stock prices.
- Professional fund management, efficiency, low costs, liquidity and ease of investing makes them a better option for both experienced as well as inexperienced investors.
- With stocks, one worry is that the company you are investing in goes bankrupt. With mutual funds, that chance is next to nil. Since mutual funds, typically hold anywhere from 25-5000 companies, all of the companies that it holds would have to go bankrupt.

Mutual Funds: Drawbacks

Mutual funds have their drawbacks as:

- No Guarantees: Investors encounter fewer risks when they invest in mutual funds than when they buy and sell stocks on their own.
- Fees and commissions: All funds charge administrative fees and sales commissions to cover their day-to-day expenses.
- Taxes: If your fund makes a profit on its sales, you will pay taxes on the income you receive.
- Management risk: When you invest in a mutual fund, you depend on the fund’s manager to make the right decisions regarding the fund’s portfolio.

Future Challenges for Mutual Fund industry

Due to the aforesaid extreme liquidity conditions, the mutual funds (MFs) were facing the following problems:

- i) Redemption pressure from corporates due to lack of credit inflows through banks and external commercial borrowing route.

“The ongoing global financial turmoil and its impact on markets around the world have undoubtedly had an impact on the valuations of the assets held by the mutual fund industry in India.”

- ii) Shift from MFs to bank deposits in view of the comparatively higher interest rate being offered by Banks.
- iii) Freezing up of the money markets due to lack of buyers for assets including certificates of deposits of private sector banks.
- iv) Drying up of credit lines from banks to mutual funds despite their having credit lines.

The ongoing global financial turmoil and its impact on markets around the world have undoubtedly had an impact on the valuations of the assets held by the mutual fund industry in India. Even new schemes, launched in the recent past, have failed to attract investors, which seems to have left the industry struggling for funds.

Future of Mutual Funds in India- an overview

If we categorize 2007 as the blue-moon for Mutual Fund industry, in 2008 it lost all its sheen but the story did not depict so gloomy picture. Mutual Fund Industry in India saw its highest AUM in May 2008 crossing Rs 6 trillion (Rs 6 lakh crore). It got jostled due to the liquidity crisis in Oct 2008 when it lost 18.34 per cent.

- The size of the mutual funds industry is expected to be worth Rs. 4 lakh crores by 2010 from its current level of over Rs. 2 lakh crores, according to a study conducted by the Associated Chambers of Commerce and Industry of India (Assocham).
- The study says that investors in future would prefer mutual funds for their investment destination rather than choosing to park their funds in stock markets because of safer returns and lower degree of risk as compared to other markets.
- MFs would be one of the major instruments of wealth creation and wealth saving in the years to come, giving positive results.
- The Indian mutual funds industry has been growing at a healthy pace of 16.68 per cent for the past eight years and the trend will move further.
- Financial experts believe that the future of Mutual Funds in India will be very bright. It has been estimated that by March-end of 2010, the mutual fund industry of India will reach Rs 40,90,000 crore, taking into account the total assets of the Indian commercial banks. The

estimation was based on the December 2004 asset value of Rs 1,50,537 crore.

- In the coming 10 years the annual composite growth rate is expected to go up by 13.4%. Since the last 5 years, the growth rate was recorded as 9% annually. Based on the current rate of growth, it can be forecasted that the mutual fund assets will be double by 2010.

Benefits and opportunities for India

- 100% growth in the last 6 years
- Our saving rate is over 23%, highest in the world. Only channelizing these savings in mutual funds sector is required.
- We have approximately 29 mutual funds, which is much less than US having more than 800. There is a big scope for expansion.
- ‘B’ and ‘C’ class cities are growing rapidly. Soon they will find scope in the growing cities.
- Mutual fund can penetrate rurals.
- SEBI allowing the MF’s to launch commodity mutual funds.
- Emphasis on better corporate governance.
- Introduction of Financial Planners who can provide need based advice.

Conclusion

Looking at the past developments and combining it with the current trends it can be concluded that the future of Mutual Funds in India has lot of positive things to offer to its investors. Mutual Funds had seen CAGR at 47% next only to Russia at 97% and China at 67% during the period of 2003-08. Some of estimates say that in the next 2-3 years, Mutual fund industry would grow at 35-40%.

Mutual Fund needs to become a conscious choice of the large untapped investor community through investors education undertaking through the model of PPP to make Mutual Fund Investment to the households in the tier II and III cities. Mutual funds insight should be on developing institutional market like pension/insurance funds and sustaining growth in a maturing market. The future performance of mutual funds is dependent on the direction of the equity markets. It can be compared to putting a cork on the surface of the ocean - the

“30 Million Indians who already invest in mutual funds represent less than 10% of India’s growing middle class—a vast source of potential capital”

cork will go up and down with the waves. Therefore, what we require is inflow of fresh money. Once the sentiment turns around and a fear of further fall is stopped, people will start coming in. Investors with a long-term perspective will certainly start investing now. The once-hot Indian mutual fund industry has cooled amid the 2008 global economic downturn. Yet Indian mutual funds nevertheless have a bright future on their home turf. One fund manager points out that the 30 million Indians who already invest in mutual funds represent less than 10% of India’s growing middle class—a vast source of potential capital.

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The Difference

Once upon a time, there was a wise man who used to go to the ocean to do his writing. He had a habit of walking on the beach before he began his work. One day, as he was walking along the shore, he saw a human figure moving like a dancer. As he got closer, he noticed that the figure was that of a young man. The young man was reaching down to the shore, picking up small objects, and throwing them into the ocean.

He came closer still and called out ‘Good morning! May I ask what it is that you are doing?’

The young man paused, looked up, and replied ‘Throwing starfish into the ocean.’

‘I must ask, then, why are you throwing starfish into the ocean?’ asked the somewhat startled wise man.

He answered. “Because if I don’t, they’re going to die.”

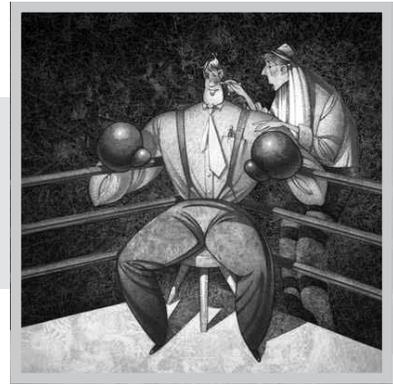
“But there are thousands of starfish. You’re not going to make much of a difference to all these starfish..” The Writer said.

The young man looked up at him, stooped down again to pick up another starfish and, gently but quickly, flung it back into the ocean. “It’s going to make a big difference to that one!” he replied.

Morale : Our Attitude makes a difference

Strategies to Regain Investor Confidence

Abhinav Kansal, Pranjul Srivastava
PGDM (2008-10)



It all started with the sub prime crisis which led to the failure of big investment banks like Lehman brothers and effected not only the Western markets but also hit the developing Asian markets too.

Before the Government of India could have taken steps to regain or restore investors' confidence, the Satyam (or Asatyam) fiasco took place, which further hit the investors' confidence.

It is because a company like Satyam which has received the World Council for Corporate Governance's Golden Peacock Award for excellence in corporate governance, twice, and also was being audited by a renowned International auditing firm-PwC (PriceWaterhouseCooper's) could commit such a huge corporate fraud then what is the possibility that another such company will not break trust of investors.

Some of the steps which have been taken by the government for regaining financial stability and hence try to ensure investor confidence are:

1. In early 2008, booming Indian economy experienced an increase in inflation, which ultimately led to increase in prices of essential commodities. These high levels of prices moved beyond the affordable level of common people. This forced the government to increase the CRR to control the flow of money in the market. At the same time FIIs were also withdrawing their money. This situation led to steep decrease in flow of money in the market. The government then again stepped in by decreasing CRR (in a phased manner), thus providing support to the market.

During this course of period not even a single Indian Bank required any government financial aid, vis-à-vis compared many other banks in developed world, out of which some could not even stand in this crisis. Such situation indicated to the investors that how strong Indian economy is, which ultimately boost their confidence.

2. Following the Satyam fraud, SEBI has decided to make it mandatory for promoters (including promoter groups) of companies to make full disclosures of their pledged shares (if any).

The circular dated January 28, SEBI said that these promoters have to disclose the details to company within seven days of such a transaction. Further, the market

regulator added that companies should also disclose all the details pertaining to promoters share pledge, if at the end of the quarter, the total number of such pledged shares exceeds 25,000 or 1% of the total shareholding whichever is lower.

Further SEBI also decided that stakes sold by the lenders would also fall under this disclosure, as the sale would result in change in stake holding. Lenders are not necessarily insiders but if they trade on inside information or tips, they come under the purview of law against insider trading.

Before these rulings, it was not mandatory to disclose the pledging of shares by promoters and it thus used to act as a backdoor exit route for promoters.

Since this ruling came into effect, promoters of some companies like Asian Paints, Godrej Consumer Products, MindTree, JSW Steel and so on have immediately provided details of the pledged shares.

These mandatory disclosures will provide investors with details of any move by promoters and/or lenders and hence increased transparency.

3. The main step taken by the government was to take over the Satyam management. The new board consists of the following well renowned dignitaries:

Mr. Deepak S. Pakreh, Chairman of HDFC

Mr. Kiran Karnik, former President of NASSCOM

Mr. C. Achuthan, Director at the National Stock Exchange, former Member of SEBI, and former Chairman of Securities Appellate Tribunal.

Tarun Das, Chief mentor of leading industry lobby Confederation of Indian Industry (CII).

T.N. Manoharan, Former president of the Institute of Chartered Accountants of India (ICAI), the governing body of accountants and auditors in India.

S. Balakrishna Mainak, Nominee of India's largest insurer, the state-run Life Insurance Corporation of India (LIC).

As per the decision of Corporate Affairs minister Mr. P.C. Gupta, all these new directors will be given legal

“Following the Satyam fraud, SEBI has decided to make it mandatory for promoters (including promoter groups) of companies to make full disclosures of their pledged shares (if any).”

immunity. This implies that none of the state or central government agencies will exercise their regulatory, enforcement or such power and initiate any action-civil, criminal, punitive or coercive against the present directors to ensure that the present Board of Directors discharge their functions without any apprehension of being subjected to civil, criminal or punitive action.

4. SEBI in addition has also decided to ease the buyout rule.

Under the current rule, any potential investor who has a stake of 15% or more in a target company, has to make an open offer to other shareholders to buy an additional 20% of the shareholding at not less than the average six month price. Capital market regulator SEBI has decided to amend the takeover regulations to arrive at a fair open offer price in special cases. The new regulation says that the new pricing will be based on the average price of the last two weeks. If these rules of acquiring are eased out then it would act as an incentive for several bidders. If multiple bidders emerge, it would ensure the interest of investors are protected to some extent.

These pro-active actions taken by the government additionally retained investors' confidence.

Additionally some of the strategies which should be implemented to regain financial stability and hence ensure investor confidence are as follows:

1. Independent directors should be held more accountable for their jobs and not merely act as spectators.
2. The institution of independent directors is sought to be justified on the ground that it brings to bear non-partisan advice on a variety of issues facing a company, when the promoters and managers are inclined to be enthusiastic in pushing through various proposals.
3. The independent directors must be provided with adequate details on various aspects which must include all macroeconomic circumstances of the company as well as technical and financial data.
4. These details will help the directors to be qualified to make their best judgments.
5. Corporate audit in India should be reformed.

One of the regulations being followed successfully in UK for the last 23 years, that the auditor has to obtain independent certificates or reports directly from the bank to audit various business transactions of their respective companies. We can also adopt this practice in India

Currently the auditors, audit the firms based on certain samples selected by them randomly. If no errors are found in such samples then the balance sheet are accepted completely based on these samples. The auditors must avoid this sampling strategy as this sampling is just a drop in the ocean of invoices and documents that the company produces which does not give the complete picture. The auditors ask for more receipts only when they find certain discrepancies in the initial round of checks.

To avoid these situations, the regulator says that auditing firms should accept fewer audit assignment and must try to conduct a thorough check as far as possible.

6. The Indian government can also constitute a board like a one that was set up the US government (Public Companies Oversight Board) post Enron case intended to be a device to review the audit of various public corporate. The main goal of this board is to strengthen the effectiveness and coordinating the audit oversight efforts to all the US based companies. It is intended to promote confidence of the public in auditor's financial statements of public firms through effective use of a supervisory procedure.
7. Another strategy which the government should take is to increase public spending in infrastructure so that the demand for raw materials like steel, iron, cement metals etc. increases. This leads to increase in the flow of money which ultimately raises inflow of capital in the company. This inflow will make the firm financial stable and hence generate investors' confidence.

Lastly, investors should adopt a “ZERO TOLERANCE POLICY” against socially unacceptable corporate behavior as also suggested by Mr. Sunil Mittal in an event. Moreover investors must not be short sighted, expecting quick returns because it often leads to investors' paying very little importance to corporate governance.

Moreover, according the Indian Income Tax section 10(38), the investor who holds the equity share for more then 11months gets total exemption of tax on long term capital gains.

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Building sustainable Global Financial System



Saravjot Kaur, Sanjeeda
PGDM (2008-10)

What makes for a thriving financial system—one that can mobilize capital for? Entrepreneurs smooth spending for consumers and governments; provide savers with a return on their funds, and do all of this in a world rife with fraud and predation? Sadly, no consensus has as yet emerged about what the best financial system is! In the last few years, with a soaring stock market, significant foreign portfolio inflows including the largest private equity inflows in Asia, and a rapidly developing derivatives market, the financial system has been witnessing an Exciting era of transformation. The banking sector has seen major changes with Deregulation of interest rates and the emergence of strong domestic private players as well as foreign banks. This paper profiles some key ideas how to design market and regulatory structures to enhance their chances of success. This paper investigates the types of risks in the financial system, including measures that would dramatically expand government control over banking and investment in the United States, attributes of current international financial crisis which includes massive failure of regulatory and supervisory mechanism, failure of risk management in the private financial institutions and finally because of failure of market discipline mechanism.

Introduction

Every day the main headline of all newspapers is about our falling share markets, decreasing industrial growth and the overall negative mood of the economy.

So what has caused this major economic upheaval in the world? What is the cause of falling share markets the world over and bankruptcy of major banks? In order to understand the present financial scenario, we need to understand what global financial system is?

The global financial system (GFS) is a financial integration of all world economies consisting of institutions and regulations that act on the international level, as opposed to those that act on a national or regional level. The process of financial integration is a very challenging and complex endeavour which results from the effective interplay between public and private action. The main players are the global institutions, such as International Monetary Fund and Bank for International Settlements, national agencies,

central banks and finance ministries, and private institutions acting on the global scale, e.g., banks and hedge funds. The GFS includes cross-border capital flows, including the new role of emerging markets, the globalization of financial institutions, and financial markets. Global cross border flows are estimated to have reached around \$9 trillion or almost a fifth of world GDP. Globalization is introducing profound changes in the way that financial systems operate. Households, financial institutions, policy makers, supranational bodies, and international financial institutions like the IMF each have our own role to play in protecting the public good of financial stability.

In the last few years, with a soaring stock market, significant foreign portfolio inflows including the largest private equity inflows in Asia, and a rapidly developing derivatives market, the financial system has been witnessing an era of transformation.

The global financial crisis, brewing for a while, really started to show its effects in the middle of 2007 and into 2008. Around the world stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems. The few basic reasons for global financial crisis were sub prime crisis resulted out of the regulatory and supervisory failure in developed countries. The crisis surfaced due to a failure of risk management in the private financial institutions and finally because of failure of market discipline mechanism. The resulting crisis of liquidity, accumulation of bad assets, and shortage of capital and collapse of confidence threaten to spill over into the real economy of many developing nations.

Had it remained a matter between the lenders and unreliable borrowers then probably it would remain a local problem of America. But the fact is that in the age of globalization, no country can remain isolated from the fluctuations of world economy, the world is no more Decoupled. The heavy losses suffered by major International Banks affected all countries of the world as these financial institutes have their investment interest in almost all countries.

The global financial crisis assesses and quantifies the financial

“IMF focuses and advises on the macroeconomic policies of a country, which affect its exchange rate and its government’s budget, money and credit management.”

and business risk involved in lending or dealing with our clients. To manage financial risk, banks need to calculate both the Market Risk and Credit Risk. Market Risk assesses the potential impact of changes in the market and evaluates any market moving against the firm and affecting the firm’s financial position. Credit Risk assesses and quantifies the financial and business risk involved in lending or dealing with our client’s. However, these changes are not without risks and pitfalls. Liquidity risk is the risk that clearing, or settlement, payments will not be made when due, even though one or more counterparties do have sufficient assets and net worth ultimately to make them. Settlement risk is the risk that a party will default on clearing obligations to one or more counterparties, this risk may contain elements of either credit risk or liquidity risk, or both. The usage of the term “settlement risk” varies considerably, and may also depend on the situation being analyzed

International Monetary Fund (IMF)

It came into being towards the end of the Second World War, in July 1944, representatives of the United States, Great Britain, France, Russia, and 40 other countries met at Bretton Woods, a resort in New Hampshire, to lay the foundation for the post-war international financial order. Such a new system, they hoped, would prevent another worldwide economic cataclysm like the Great Depression that had destabilized Europe and the United States in the 1930s and had contributed to the rise of Fascism and the war.

The IMF would be aimed at stabilizing global financial markets and national currencies by providing the resources to establish secure monetary policy and exchange rate regimes, while the World Bank would rebuild Europe by facilitating investment in reconstruction and development.

Role of IMF

The IMF is responsible for the creation and maintenance of the international monetary system, the system by which international payments among countries take place. It thus strives to provide a systematic mechanism for foreign exchange transactions in order to foster investment and promote balanced global economic trade.

To achieve these goals, the IMF focuses and advises on the macroeconomic policies of a country, which affect its exchange rate and its government’s budget, money and

credit management. The IMF will also appraise a country’s financial sector and its regulatory policies, as well as structural policies within the macro economy that relate to the labor market and employment. In addition, as a fund, it may offer financial assistance to nations in need of correcting balance of payments discrepancies. The IMF is thus entrusted with nurturing economic growth and maintaining high levels of employment within countries.

Article I of the Articles of Agreement sets out the IMF’s main responsibilities:

- promoting international monetary cooperation;
- facilitating the expansion and balanced growth of international trade;
- promoting exchange stability;
- assisting in the establishment of a multilateral system of payments; and
- making its resources available to members experiencing balance of payments difficulties

The IMF works to promote global growth and economic stability and thereby prevent economic crisis, by encouraging countries to adopt sound economic policies. In the event that member countries do experience crises, the IMF resources may be tapped to help finance balance of payments needs.

Strategies to build Sustainable Global Financial System

The meeting of leaders representing the Group of 20 economic powers and other such conferences suggests few strategic measures to rebuild the global financial system are as follows:

1. The limit, size and scope of the banks should be restricted: The plan calls for vastly increased oversight of major banks, going as far as to recommend the end of an era of mega banks whose size makes their failure potentially catastrophic to the global financial system. To limit their size and scope, banks, the document states, should be prohibited from managing private-equity or hedge funds. And deposits should not be concentrated in the hands of too few banks, so that any failure won’t have systematic importance.
2. Oversight on money market mutual fund: Money-market mutual funds that offer services similar to banks, including dollar-for-dollar withdrawal at any time, should be subject

“We need to start the world economy down a path to sustainable economic, social and environmental development – with low carbon, employment intensive, poverty-reducing strategies.”

to increased government oversight, But those bank-like mutual funds that want to avoid tighter regulation should sell relatively safe cooperation, all financial instruments and clearly state to customers that the value of their funds may or may not remain stable.

3. International Cooperation: The whole world economies should come together to face financial crisis as well as when every country is involved then only, it is global. To build sustainable global financial system we have to stand together.
4. New governance framework to support a fair globalization providing opportunities for all: We need to start the world economy down a path to sustainable economic, social and environmental development – with low carbon, employment intensive, poverty-reducing strategies. That will require a new balanced combination of smart regulation and intelligent public policy, responsible innovation and creativity of the market, inclusive societies and a focus on decent work as the key to a decent life.
5. Normalizing the reward systems of finance sector: The foundation of market economies is the ethic that good hard work deserves a fair reward. Salaries and rewards to the finance sector have become grossly inflated and unrelated to the productivity of the real economy. Bringing reward systems back into the range of normality is part of the rebuilding of public confidence in the financial system. Executive compensation at banks in general should be limited, and the role of bonuses in remuneration systems should be changed so as to reward long-term financial success and the implementation of environmental and social policies and programs. Banks perverse incentive structures, like stock-options and short-term, volume oriented bonuses, stimulated excessive risk taking and effectively led to greed oriented decision-making at banks.
6. Transparency, public oversight should be increased: will help to rebuild public confidence in the system and help to ensure that ethical values are not forgotten but we also expect leaders in business and follow a moral compass. All people should have full and meaningful participation in national and international economic decision-making. The public must be an equal stakeholder in deliberative and final decision-making processes. Banks should be completely transparent about their risk assessment processes, decision-making procedures, clients, and

transactions. For example, banks should fully disclose their financing activities in the extractive industries and infrastructure sectors.

7. Developing a new, stronger international institutional architecture that fosters a balanced and integrated approach to sustainable development can and must emerge from the present crisis. Developing integrated policies among relevant international organizations to generate decent work opportunities worldwide is one of the foundations of a sustainable recovery and a fair globalization.
8. Bank Supervision: Sustainability-oriented standards should be incorporated into all bank Supervision, including the granting of licenses, and the extension of central bank provided Credit and insurance.
9. Screening of customers: Usage of Know Your Customer (KYC) guidelines are anti-money laundering (AML) mechanisms used by banks to screen potential depositors.
10. Listing Standards: Stock exchanges and securities regulators should require corporate compliance.
11. UN-led process: A major international conference convened by the UN to review the international financial and monetary architecture, its institutions and its governance, but only if the meeting follows a process that is inclusive and participatory of all governments of the world.
12. Curbing the power of the World Bank, the IMF and the WTO: Much of the current debate among governments involves enhancing the roles of the Breton Woods institutions. But the WTO, for example, continues to press for further deregulation and privatization of the financial sector, principally through its General Agreement on Trade in Services. Not only should the WTO's current Doha Round be suspended, but also existing WTO rules constraining regulation of financial services should be rolled back.
13. Get banks out of politics: Decreasing the political influence of financial institutions (and all corporations) is critical. Much of the inadequacy of current regulations and regulatory structures is the result of financial markets' political influence. In many countries through campaign contributions, these deeper political reforms, including campaign finance reform, are an essential part of any successful regulatory reform.

“The rules and institutions of global finance should discourage speculation and encourage long-term investment in the real economy.”

14. Regulate alternative investors, such as hedge funds and private equity funds, which have for so long successfully evaded regulation, by introducing significant new transparency, reporting, and financial requirements.
15. Eliminate tax havens: Tightening up accounting standards and eliminating offshore tax havens is key to ending the shadow banking system.²⁰ Secrecy jurisdictions are established not only to allow companies, financiers and individuals to evade taxes, but to avoid regulations as well. No jurisdiction should be allowed to continue with its tax haven status. As part of the effort to eliminate such havens, banks should be explicitly prohibited from establishing or conducting transactions with entities based in these jurisdictions.
16. Reorient finance from speculation to long-term investment: The rules and institutions of global finance should discourage speculation and encourage long-term investment in the real economy in a form that supports local economic activity, sustainability, equity. For example; tax benefits could be given for longer-term equity investments.
17. Tax on international financial transactions: The governments of the world's major currencies should levy a tax on certain international transactions so as to discourage speculative and herd behavior in international capital flows.

Conclusion

The pillars of a successful financial system have crumbled the ability to assess risk, adequate capital to absorb losses and trust among banks, investors and traders. Underlying these ills has been the consistent in underestimation of losses. Thus building a sustainable financial market requires political and economic institutions, regulators, judicial systems (both help prevent corrupt practices) and sound macroeconomic policies. In an era of globalization, only international financial cooperation and financial supervision can help establish a new and effective global financial system, which has been agreed upon by both advanced and emerging economies.

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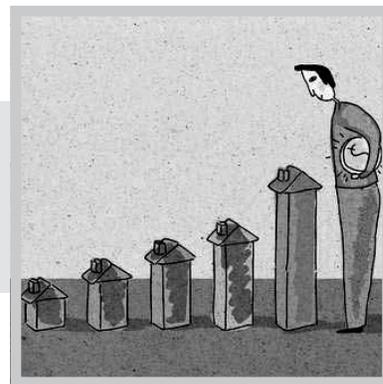
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Psychologists claim it takes seventeen positive statements to offset one negative statement! I have no idea if it is true, but the logic holds true. It might take up to seventeen compliments to offset the emotional damage of one harsh criticism !

- Former President A.P.J. Abdul Kalam

Deepening The Equity Participation of Small Investor

Ashish Pandey, Meghna Gupta
PGDM (2008-10)



**“Who claims to be concerned about the small investor?
Answer: Everyone. The truth: No one gives a damn.”**

- The markets are far from buoyant. As for your neighbourhood small investor, he or she is staying as far away from the capital markets as possible. Why?

Having burnt his/her fingers more than once in recent years, the individual investor belonging to the middle-class, he/she is not exactly poverty-stricken, appears to have become extremely cynical and, for all practical purposes, lost his/her faith in the stock-markets in general and equity issues in particular as avenues to park his/her hard-earned savings.

- Ongoing global financial crisis has severely dampened investor’s sentiments during the past few months and as a result equity participation of small investors has started declining.
- The big question, what should small investors do during such stock market crashes, needs answer?

Methodology

Following are the names of websites and Journal from where we have collected the data:

www.investopedia.com

This site is a source of investing education and online stock and financial dictionary with investing links and tips.

www.bostonapartments.com

It is basically an online magazine informing about finance, loans, money and credit.

ICFAI reader, February 2009

It is a reader published by the ICFAI university press containing latest and relevant articles related to finance, economy, accounting, various sectors.

Major Findings

A look at the findings of a survey conducted by Prime Database headed by Prithvi Haldea drives home one precise point, namely, that the small investor in this country is

and has been being grossly neglected, thanks largely to an unfriendly policy regime framed by apathetic officials.

Before proceeding further, the first question that needs to be answered is: Who exactly is a small investor?

“The watchdog of the capital markets, the Securities and Exchange Board of India (SEBI), defines a small investor as an individual who applies for up to 1,000 equity shares in a public issue.”

Haldea is of the view that this definition needs to be changed since it ignores the face value of the shares offered to the public.

The benchmark remains 1,000 shares even if the price of each share is Rs 10, Rs 100 or Rs 1,000. He argues that the limit should be specified in terms of a ceiling amount, say, Rs 25,000.

Be that as it may, over the last five years, various companies have raised an aggregate sum close to Rs 50,000 crore (Rs 500 billion)—to be precise, Rs 49,993 crore (Rs 499.93 billion)—through public offers of capital.

Of the total amount, a meagre 5 per cent or Rs 2,503 crore (Rs 25.03 billion) was offered to small investors.

The proportion was an even lower 3 per cent in the case of book-building initial public offerings.

Of the total capital raised, only 16 per cent or Rs 7,836 crore (Rs 78.36 billion) was offered through public issues—10 per cent in the case of the book-building IPOs and 28 per cent in the case of the fixed-price IPOs.

The ‘desirable’ proportion, according to Haldea, should have been 25 per cent—this percentage is mandatory in the case of fixed-price IPOs.

Despite the general policy prescription that half the amount offered through a public issue should be reserved for small investors, the research conducted by Prime Database reveals that this figure was a much-reduced 32 per cent in the aggregate and an even lower 20 per cent in the case of book-building IPOs.

Haldea says it is ‘ironical’ that while a lot of concern is expressed about the declining participation of the small

“The guidelines relating to book-building, reservations and allocations have increasingly favoured the large investor.”

investor in the capital market, official policies are in fact responsible for keeping him out.

First, the minimum percentage of the capital issued that has to be offered to the public has been coming down steadily over the years from 60 per cent to 40 per cent and 25 per cent. In certain cases, this level can be further reduced to only 10 per cent.

According to Haldea, “The guidelines relating to book-building, reservations and allocations have increasingly favoured the large investor.”

Consequently, in the 10 per cent route specifically designed for big blue-chip companies, the allocation for small investors now works out to a niggardly 2.5 per cent of the total issued capital.

This is on account of the fact that of the company’s total capital, 10 per cent is offered through the IPO, of which only 25 per cent is earmarked for small investors.

Of greater concern, says Haldea, is the fact that as more and more public issues are using the book-building route, this would result in a progressively smaller amount being allotted for small investors.

Over the past five years, while only 20 IPOs (or 10 per cent of the total issues) used the book-building route, these issues accounted for more than half (53 per cent) of the total amount raised.

A low public float makes it easier for promoters to manipulate prices and also leads to lack of liquidity.

One view is that small investors are not just uninterested but also lack resources. Both these contentions are incorrect, says Haldea.

At a time when SEBI has framed new eligibility criteria to allow only ‘good’ companies to enter the capital market, Haldea feels the regulator must turn its attention to the small investor and offers a number of suggestions in this regard:

- The definition of a small investor should be changed and the minimum public offer proportion should be increased.
- He feels the minimum public offer proportion should not be less than one-fourth under all circumstances if household savings are to be channelled to the stock exchanges.
- In the case of book-building IPOs, Haldea is of the view

that the allocation for small investors should be increased from 25 per cent to 45 per cent and in the case of fixed-price IPOs, preference should be given to small investors, he suggests.

- The final and most important suggestion is that the Union government should mandate that all instances of divestment of the government’s equity in public sector undertakings—including the forthcoming or proposed public issues of Maruti Udyog, Bharat Petroleum and National Aluminium—should be made through the fixed-price route and be earmarked for small investors.

Although vanishing companies and scamsters galore have shattered the confidence of the small investor. Yet it is also clear that it would be unrealistic to expect the stock markets to revive or remain healthy without the active participation of small investors.

Broader Implications

Stock Market Crash

Indian economy which was faring consistently in the recent years, had to face many problems of late. Nobody at the beginning of the 11th five year plan would have thought that the inflation would reach the double-digit mark and the stock market index would ever go below the 9000 mark. While 2007 was a dream run for a small investors with equity markets generating 46%return, 2008 has been a horror story for them so far. Stock market is all about investors confidence. There have been a number of factors which have affected their confidence adversely. These include weak European markets, high oil prices, rise in interest rates and fears of inflation.

Performance of the Mutual Funds industry

Generally Mutual Funds have been considered as the favorite investment avenue for most of the small investor. There has been a tremendous growth in Indian mutual funds industry as most of the investors who were not willing to invest in risky stock markets preferred to invest in MFs. But suddenly, during 2007-08, NAVs of most of the schemes have gone to 52-weeks low. This is obvious as mutual funds ultimately invest in stock market which is currently going through a tough time. Even these schemes cannot guarantee positive returns.

“A significant investment avenue which has historically been a good hedge against both falling stock market and rising inflation is gold.”

What should small investors do?

After having a look at various avenues of investment, we need to identify the best avenue for the small investors to invest their money during the time of market crash. Generally retail investors find two popular avenues of investments, namely, equity and realty, to beat inflation. But unfortunately both of them are doing well. This has made it very difficult for the small investors to decide where to put their funds. On one hand, the Indian stock market is falling everyday, and on the other hand, the real state market is also dull.

One thing that can be surely said is that none of the avenues at this moment can be regarded as the best. So small investors should not put all their money in one basket and they should try to spread it in a maximum possible way. Many experts opine that investing in SIPs of mutual fund, whereby one can invest a certain amount of money every month, is a good idea. The SIP products average the investment against the vagaries of the market conditions and inflation.

Another significant investment avenue which has historically been a good hedge against both falling stock market and rising inflation is gold and it still continues to give that “double hedge advantage” even today.

Stock markets might have bottomed out in the recent past, but they still offer best in terms of return. So, small investors

which have already invested some money in the stocks and have suffered losses, need to have some patience. They need to stay invested in stock markets or buy fresh equity with a long term view, for at least for two years, to get good returns. According to some experts, if one has got Rs. 100 as investible funds, he should allocate 40% to debt instruments with fixed maturity plans, 30% in equity, 20% in real estate and 10 % in gold.

One thing which is very important for small investors is to have some investment knowledge. They need to pick few quality stocks from the market by carefully studying them. One cannot reject fixed deposits completely. They still have their own significance. Small investors can invest a portion of their funds in the form of fixed deposits due to their easy liquidity and guaranteed returns. Though real state market is not performing exceptionally well, one may invest in them if the prices soften as they are likely to yield good returns in the future.

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“There are two primary choices in life: to accept conditions as they exist; or to accept the responsibility for changing them.”

– Dennis Waitley

“Social organizations are flagrantly open systems in that the input of energies and the conversion of output into further energetic input consists of transactions between the organization and its environment.”

*– Daniel Katz and Robert L. Kahn
in The Social Psychology of Organizations (1966)*

Small Town Retailer Wary of Recession



Yogesh Sehgal
PGDM (2008-10)

Bahl Sons Model Town Rohtak, operates three retail outlets: a toy cum utensils shop spread over two storeys with a variety of variety of gift items and decorative show pieces; readymade garments shop mainly selling western outfits and some accessories (purses, bangles etc.) for teenage girls; and kids' clothing and baby care products' shop.

Over the last five years, there has been a huge jump in the sales volume, and the overall margins have increased but the margin per product sold has decreased owing to competitive pricing. The average sales range from Rs. 60000 to Rs. 80000 per day from all the three shops as compared to earlier sales of Rs. 30000 to Rs.35000.

Chinese toys are cheaper as compared to Indian counterparts, so they sell more and also they are more attractive and are available in greater variety. Indian toys are superior in terms of quality yet preference for them is low. Health care products for infants are finding greater preference among the young parents with increasing concern for health and modernity of life. Many a times these products are used for the purpose of gifting.

Teenagers are now more forthcoming with their demands to their parents. Also the exposure to newer fads and fashions is larger. Now the young girls mostly come alone (without their families) to shop for clothes. With this change the shop owners have shifted the shop for girls' garments to a smaller shop and the shop which got vacant due to this change has been given on rent which is generating additional revenue.

Cartoons have a very strong relation to sales of toys and games. In earlier years G I Joe, and Mickey Mouse were the craze, then a shift was seen in favour of Pokémon, Babylade and Shin Chan. Of late the Jats of Haryana are selling their land and they also have a tendency to spend hugely on cars and their children.

The recent wave of recession has left the business and profits of Behl Sons unruffled. In fact the owners smile questioningly when asked about their experience in the prevailing markets downturns.

Pantaloon leading the retail business

Pantaloon is headquartered in Mumbai with 450 stores across the country employing more than 18,000 people. It launched the first hypermarket Big Bazaar in India in 2001. Pantaloons occupy an all-India retail space of 5 million sq. ft. which is expected to reach 30 million by 2010. It is not only the largest retailer in India with a turnover of over Rs. 20 billion but is present across most retail segments - Food & grocery (Big bazaar, Food bazaar), Home solutions (Hometown, furniture bazaar, collection-i), consumer electronics (e-zone), shoes (shoe factory), Books: music & gifts (Depot), Health & Beauty care services (Star, Sitara and Health village in the pipeline), e-tailing (Futurbazaar.com), entertainment (Bowling co.)

One of their recent innovations include e-commerce' hybrid format of 'small' shops, the area for these stores will be 150 sq. ft. fitted with 40 digital screens. Customers will be encouraged to browse through the entire range of products on digital screen. They will be able to place the order, the delivery of which will be arranged by the shop to their homes within a few hours.

(Source: www.chillibreeze.com)

Evergreen Knitwear



Akanksha Sawant
PGDM (2008-10)

A Delhi based businessman, Mr. Sanjay Khurana has been into manufacturing of hosiery undergarments and woolen inner wears, for the last 20 years. Hosiery is a knitted fabric and modern hosiery items provide a tight fitting by virtue of the stretchy fabric, which makes it ideal for being stitched into undergarments.

Manufacturing of various products “Evergreen Knitwear” is working on two broad dimensions. Hosiery undergarments are manufactured on contract basis at Tirupur in Tamil Nadu, whereas manufacturing of winter inners is done at their own factory in Budh Vihar, Delhi where Mr. Khurana personally looks after the work done by a small group of workers. Various issues such as the demand for higher wages, bonus, vacations etc. by the labor are dealt with mutual consultation. Production is carried out using traditional methods and there is little investment in R & D. However, cost can be reduced if better technology and efficient methods of production are used.

Final manufactured products from Tirupur are transferred to Delhi via trucks. Sometimes when the truck drivers are on strike then transportation is done through trains but this increases the cost of production. Mr. Khurana has been trading with the same raw material suppliers and using same distribution channel for the last 15 years. Products are sold

to retailers in Gandhinagar, Delhi at a price which includes a fixed profit margin over the cost of production. This is in turn sold to final customers at a price which further includes the retailer’s margins. Last year in the month of December, cloth (raw material) prices decreased which further reduced the production cost and increased their revenues.

The business is seasonal in nature and during summers they deal in hosiery undergarments and in winters in woolen inners and thermocots. Also the demand for these products varies with the duration of the seasons. If winters are shorter than expected then huge inventory of unsold inners piles up which is difficult to maintain and sell whereas if winters last long then the imbalance between increased demand and less supply results in an increase in the prices which bring in higher revenues. When summer season prolongs more than usual then they lose on increased demand due to low manufacturing capacity and seasonal availability of raw material (thread). Also the inconsistent rainfalls during a year affect the availability of thread which in turn affects the supply of cloth used in manufacturing garments. Realization of the entire demand for their products in the market in most fruitful manner is possible only if forecasting the demand for forthcoming season is reasonably accurate which will give them an edge over the other players in the industry.

“If an institution wants to be adaptive, it has to let go of some control and trust that people will work on the right things in the right way.”

– Robert B. Shapiro

CEO of chemical company Monsanto in HBR, Jan-Feb 1997

Turbulent times for Satyam Shivam Tours Travels



Neha Anand
PGDM (2008-10)

Indian service sector has grown tremendously in the last few years. Today it has been globally recognized for its high growth and development. The fact that in the last 5 years this sector has been growing at an annual rate of about 28 % speaks volumes of its success. At the moment service sector contributes nearly 55% of India's GDP. The service sector also contributes heavily to India's foreign exchange. By 2012, it is expected that service exports is also going to be around 6% by 2012, if the annual growth rate of 28% is maintained.

Today India has a wide range of professionals and versatile expertise in the field of Health Care, Education, Engineering, Information technology, Banking, Finance, Tourism, and Management. Phenomenal growth has been recorded in Information Technology and Business Processing outsourcing (BPO). At the same time some of the other leading service sectors of India are that of community services, Hotels and Restaurants, Telecommunications etc.

Travel and tourism is a major industry in India and is at the top of the league of invisible earners of foreign currency. Components, e.g. hotel rooms, meals, coach or airline seats, car and bus rentals etc are bought and put together by a tour operator to produce holidays. These are sold to the public by retail travel agents, with representatives of the tour operator providing the after sales service to the consumer.

A travel agency may either be one of a chain of retail outlets or a single operation. Some agencies limit their activities to arranging travel and/or holidays to a specific area, but most cater for a very much wider demand and fulfil all the functions associated with acting as intermediary between the providers of holidays, transport, accommodation etc., and the client.

Satyam Shivam Tours Travels, located at District Centre, Janak Puri, Delhi, came into existence on 13th April 1993 with a working capital of Rs2.5 lakhs and a fleet of 5 cars to be used for the business purpose. The business is of air and rail ticket bookings, car and bus rentals, hotel bookings, holiday packages and dealing in forex. With a strong belief in God and determination to carry on the business with honesty for a long period of time, Mr V K Anand, the owner

of the business has managed not only to survive but also create a mark known for reliability, despite stiff competition in the market place.

The travel agency is connected with a network of other travel agents in the market to provide the customers with high class timely services so that a long term relation is created between the customer and the organisation. Customer's satisfaction is the main priority in their business besides earning profits.

In the last few years, information technology has advanced so much that for somebody it has provided a platform to grow while for someone it has been a cause for their downfall. The advancement of computer, specifically internet media has made our life more comfortable. One click and you get your air and rail ticket booked. Everything has been computerised and electronically done that you need not go to any travel agent to get your tickets booked. You can do it yourself sitting at home and to make it a more easy job, there are websites on the internet like makemytrip.com which not only book your tickets but also offer you the best deals and prices. This has adversely affected the business of all the travel agents at large. Not only their sales and profits have gone down but some of them are forced to shutdown their business as their work is now being done by computers.

Another challenge is the coming up of Radio Taxi and Just Dials cab which have further worsened the market position for the travel agents as the business of the car rentals have also been affected. Still Satyam Shivam Tours Travels has survived though working on low profit margins.

To do so it has tried to minimize its costs on advertisements, electricity, delivery costs and other avoidable miscellaneous expenses. To attract more customers it has introduced many exciting holiday packages offering best deals and prices. This has shown a good response from people.

Introduction and implementation of service tax by the government and its further upwards revision is also affecting the business as its a burden on the firm. It is legally imposed on the person providing services to pay the service tax even if the customers do not pay for it.

The economic meltdown has affected many businesses. It has lead to the closure of many companies and left many

“Travel and tourism is a major industry in India and is at the top of the league of invisible earners of foreign currency.”

people unemployed. The entire tourism industry too has been adversely affected by recession. Many airlines have been taken over by the other strong players or have even stopped their operations. Recently a prominent case was of the Jet Airways and Kingfisher Airlines who were unable to recover their costs due to low percentage of people flying and the high cost of aviation fuel. So in order to attract passengers, all the airlines have avoided the commission to the travel agents and have started passing on this commission to the customers directly in the form of reduced ticket prices.

Thus the already low profit margin given to the travel agents has been brought down to nil.

On enquiring the owner about his next move in order to fight with this tough time, he said that he is hoping as well as waiting for the market to come back to its normal position. He had expected that the budget this year would bring a sigh of relief to the business but the reduction of service tax by 2% seems to be a minor one as still the customers are reluctant to spend their earnings on enjoyment and travelling. So the overall position of the business is tight as of now.

The Real Test

One day a known person approached Chanakya and enthusiastically started saying, “Do you know, just a while ago, I heard few things about your friend?”

Chanakya was famous for his wisdom, knowledge and good behavior. He said to his known person, “Before I listen to what you have to say, I would like to test it through my three step testing.”

“What is this three step test?”, the person said.

Chanakya made him understand, “Before you tell me about what my friend has said, let us test it. I call this testing – a three step test. The first test is of truth-ness. Is it sure that whatever you are going to say is a truth?”

“No”, the person said, “I have heard it from somewhere.”

“Okay”, Chanakya analyzed. “If you don’t know whether this is truth or not, we will do another test. The second test is for goodness. Are you going to tell me some good thing about my friend?”

“No, it’s opposite to it....”

“Then”, Chanakya asked further. “Whatever you are going to say, is not the truth, is not positive about my friend then let’s do the third test. The third test is of usefulness. Whatever you are going to tell me, is that useful to me?”

“No, it’s not like that.” Chanakya then said the last thing. “Whatever you are supposed to tell me, it is not true, it’s not positive and it’s not useful also, then why do you want to tell me?”

***Morale:** Any information must be checked on these three parameters- truthness, goodness and usefulness.*

Crisis Management Is Not To Cry, Crisis Management Is To Try

*Akanksha Sawant, Nidhi Gupta, Raman Khattar,
Ipshita Chakrovarty, Manpreet Kaur, Karan Kapoor*
PGDM (2008-10)



For the first time in US history a commercial plane crashed in a river with no fatalities, after its two engines were disabled allegedly after a flock of geese hit the plane.

Narrow Escape

US Airways Flight 1549 took off from New York's La Guardia Airport and began climbing over the East River. 150 passengers, including a mother with a baby, had been settling into their regular flight to Charlotte, North Carolina. Then came every traveler's worst nightmare - somewhere over the Bronx at 3200 ft the plane jerked. Less than a minute after the Airbus A320 took off, Capt Sullenberger reported a double bird strike and asked to return to the ground. A flight attendant asked for a fire extinguisher, saying there was a fire on the board. Controllers asked pilot to land at a small airport, Teterboro in New Jersey. An "eerie calm" defined the communications of air traffic controllers with the cockpit as their options dwindled and the pilot decided to ditch into the Hudson River having air temperature of -7.7°C and water temperature of 1.6°C .

Suddenly people heard a loud bang. Both engines cut, one of them apparently on fire and the pilot issued a terse instruction for everyone to brace. The plane was now gliding ominously over one of the nation's heavily populated areas. Some smelled smoke, tangy scent of jet fuel and wondered where the plane was heading. Once the plane began gliding to Earth, the loudest sound was of people praying. The plane ploughed into the Hudson River, just off Manhattan's 42nd Street.

Plane didn't sink instead it floated, twisting and drifting south in strong currents. After the hit, passengers jolted forward and sideways. People were bleeding all over as the jet hit freezing water very hard. They started running up the aisle, crawled across the top of the seats and clambered out. Water was seeping in from exits that would open only a crack. Frigid river water was swirling in and seat cushions were floating between the passengers. Passengers all wearing the life vests walked through the water toward the exits.

Passengers in the emergency rows opened the doors almost immediately. They exited the plane from doors near the

cockpit on both sides of the plane, as well as emergency exits over the wings, the frigid waters lapping around their feet. Everyone made sure that women and children got on to a raft. As the cabin took on water, Sullenberger climbed out of the jet only after the four other crew members and 150 passengers made their orderly exit. He checked through the increasingly waterlogged aircraft to make sure that everyone was safe. He walked the plane twice after everybody else was off. When he reached a raft, someone on a ferry tossed him a knife, and he cut away the tether to the jet.

Brittany Catanzaro, captain of a commuter ferry was shocked to see a US Airways jet bobbing on the tide but she knew what had to be done as they are trained twice a month for man-overboard situations. They approached cautiously to avoid swamping the jet and sending the frightened passengers standing on its wing into the freezing water.

Within minutes of the crash, several US Coast Guard vessels, ferry boats (that ordinarily take commuters and tourists around New York harbor), water taxis that ply the Hudson River surrounded the crippled plane to rescue the passengers, while crew threw lifejackets into the water, and rushed survivors to shore for treatment.

One by one, the passengers were plucked to safety from the rafts, Hood and Sullenberger the last ones left. He had been the last off the plane, and he would be the last off the raft. The fast actions of the crews combined with heroic efforts of emergency responders produced an amazing result i.e. all 155 people on the board were pulled to safety.

Minutes after the pilot guided the jet into the water; firefighters and emergency medical crews boarded ferries and headed to the plane. The fire departments of New York were there within five minutes of emergency call. At the end, some were smiling and happy to be alive whereas others were a little stunned. To few observers it reminded of 9/11 whereas some thought that it is a terrorist attack.

Half of the people on board were evaluated for hypothermia, bruises and other minor injuries where as one victim suffered two broken legs. The investigation into why a US Airways Airbus crashed into the Hudson has been hampered by the loss of both engines in the river and the inability to reach the

“Sullenberger spoke into the intercom only once and gave perhaps the most terrifying instruction a pilot can give, ‘Brace for impact’, with remarkable calm.”

plane’s black box.

New York Mayor Michael Bloomberg handed out medals and certificates to those who worked to rescue 155 passengers and crew of the US Airways plane that crashed into the frigid waters of the Hudson River. Aviation experts say such a maneuver is tricky. An angle of descent that is too steep could break off the wings and send the aircraft to the bottom. Therefore, landing a commercial jet on water without the plane breaking apart was extraordinary.

Everyone, from President George W Bush to astonished onlookers, praised the pilot’s skill in managing that landing, who had spent practically his whole life preparing for the five-minute crucible that was US Airways Flight 1549. He has over 40 years of flying experience. He got his pilot’s license at 14, was named best aviator in his class at the Air Force Academy, flew fighter jets in the Air Force, investigated air disasters, mastered glider flying and even studied the psychology of how cockpit crews behave in a crisis.

Sullenberger grew up in Denison, Texas and served in the Air Force from 1973 to 1980. He flew F-4 Phantom II fighter planes and was a flight leader in Europe and the Pacific and led war-game exercises over Nevada. He became a commercial pilot in 1980 for an airline later bought by US Airways. Two years ago, Sullenberger started a California consulting firm, Safety Reliability Methods. It advertises itself as offering companies ways to apply the latest safety advances from “the ultra-safe world of commercial aviation.” In the cockpit with Sullenberger on that day was a 49-year-old co-pilot, Jeffrey Skiles whose life story bore some of the same marks: Skiles had also been flying since age 15, and had been with US Airways almost 26 years.

When the ultimate test came on a descent over the Hudson River, Sullenberger spoke into the intercom only once and gave perhaps the most terrifying instruction a pilot can give, “Brace for impact,” with remarkable calm. He said it in a calm, cool, controlled voice. It was a testament to leadership. Had he let any tension leak into his voice, it would have been magnified in the passengers.

India’s 11 largest M&A deals

The proposed merger between Bharti Airtel and South Africa’s MTN would be India’s biggest-ever M&A deal. The potential value of the Bharti Airtel-MTN deal would amount to \$23 billion.

1. Tata Steel-Corus: \$12.2 billion
2. Vodafone-Hutchison Essar: \$11.1 billion
3. Hindalco-Novelis: \$6 billion
4. Ranbaxy-Daiichi Sankyo: \$4.5 billion
5. ONGC-Imperial Energy: \$2.8 billion
6. NTT DoCoMo-Tata Tele: \$2.7 billion
7. HDFC Bank-Centurion Bank of Punjab: \$2.4 billion
8. Tata Motors-Jaguar Land Rover: \$2.3 billion
9. Sterlite-Asarco: \$1.8 billion
10. Suzlon-RePower: \$1.7 billion
11. RIL-RPL merger: \$1.68 billion

Source: <http://business.rediff.com>

Environmental Impact on a Trader



Shivani Chaudhary
PGDM (2008-10)

Any business organization during its lifetime may face problems whether it be political, social, legal or internal and most of the times changing its own strategies turns out to be the best way to fight those problems.

M/s Urvashi Equipment & Accessories is located in Mali Para, Jaisalmer (Rajasthan) and is owned & managed by Rishi Agarwal. Established in Jaisalmer in June 2002, it has now become a key player in the field of Communications in this region.

The actual work of the firm involves trading in communication items required by Border Security Force (B.S.F), Military Engineer Services (M.E.S), and Air Force (Logistics Branch). The business organization trades in various commodities which it purchases from Delhi, Jaipur, Jodhpur and Jaisalmer and then supplies according to the demands of parties in Jaisalmer, Barmer, Bikaner (Rajasthan).

Procurement of goods and supplying it further are affected by direct taxation, increase & decrease in freight prices, postal prices etc. but some of these can be foreseen.

External factors for instance a increase or decrease in the Import Duties, Excise Duty, Special Taxes, Central Sales Tax, Freight Taxes Like Octroi, increases and decreases the organization's input prices and hence effect the output too.

Reduction in the excise duty implemented few months ago has lowered the input prices and the decrease in metal prices has also affected the purchasing cost of the firm and so the goods can be provided at a cheaper price to the end users. Abolition of Octroi duty from the state affected the freight cost making it cheaper than before, also the implementation of providing Form 47 during Inter-state goods transportation has affected the delivery period of the firm since it also brings goods from Delhi.

Located in a remote area like Jaisalmer there is limited support from outside in comparison to another player from Jodhpur, Jaipur or Delhi. But being a local operator the unit also enjoys better public relation and hence encashment of this helps achieve more than the others. Business cycles also affect the working of the organization like during good times better credit facility from the sellers and a good payment status from the buyers but during recession larger investments bring less output. Sudden climatic changes and very tough weather conditions also affect the business - the flood in Jaisalmer few years back killed out all the transportation links of Jaisalmer from nearest cities. Religious activities, communal fights & communal activities also effect the organization's working and the unit has to work keeping itself neutral to all communities.

The Blue Earth Dream: Eco-living with SAMSUNG mobile

Samsung's vision for environmental sustainability is reinforced by its commitment to protect the environment through the design of eco-friendly product, Blue Earth Cell phone. The phone is equipped with a solar panel on the back that'll charge it up any time you're out in the sunshine. The phone is a touch-screen phone without physical buttons. Blue Earth is made from recycled plastic called PCM, which is extracted from water bottles, helping to reduce fuel consumption and carbon emissions in the manufacturing process. The device, including charger, is free from harmful substances such as Brominated Flame Retardants, Beryllium and Phthalate. The packaging for Blue Earth is designed to be both small and light, made from recycled paper, and comes with a 5 star energy efficient charger which uses standby power lower than 0.03W.

The Blue Earth Dream conveys hope and sets goals for sustainable growth and life. In increasing environmental awareness, Samsung is developing ways to reduce CO2 emissions and to save energy at every stage of the product life cycle, as an effective response to climate change.

(Learn more about 'The Blue Earth Dream' and other eco-friendly initiatives at www.samsungmwc.com)

Finding Opportunities in Crisis



Deepak Kr. Mittal
PGDM (2008-10)

In the last five years, we have seen tremendous growth in many industries, glass Industry has also grown by over 10% during the same time. It is a very flexible industry and depends heavily upon the growth of realty sector, lifestyle and status of customer.

The first glass plant in India was setup in August 1908 by freedom fighter Lok Manya Balgangadhar Tilak at Telegaon (Maharashtra) near Pune. The plant was financed by collecting one paise per family per month from the masses and was named as 'paise fund glass works'. Now Glass industry contributes around 3 billion rupees a year to the economy.

Starting from scratch Mukesh Glass House was established in 1993 dealing only in plain glass. Initially low demand of glass, low contacts and wastages were basic problem of firm. With around 16 employees under its arm and good contacts all over Delhi they are gradually heading towards their goal.

Glass is a complex product and needs good analytical, calculative and managerial workforce is a major issue. Understanding the consumer behavior with changing demand and delivering variety is also challenging but customized supervision with personal involvement yields good results. With the strategy of division of work Mukesh Mittal looks at sales and customer relationship and co owner and brother Manish Mittal looks at purchases and employee relationship for better understanding and good management.

With increased number of glass firms in Delhi (around three times) within 7 to 8 years has not affected firm much because

of increasing demand of glasses and increasing variety. The glasses with enormous variety and services like colour fusion, be-riling, etching, V-grooming, OG. The demand for stained glass, coloured glass, toughened glass, bend glass has increased many folds in recent years.

Mukesh Glass focuses on delivering best services at competitive prices, on time with the objective of customer satisfaction. The competition in glass is mainly focused on the kind of services and variety which is provided to customers. Interior of house is a high involvement product. The association with Gujarat Glass and Flexi-loan facility by Standard Chartered Bank has solved problem of funds and boosted firm's competitiveness. Even the firm also has inkling towards Chinese glasses because of its demand. Price fluctuations, high breakage risk and managing fund are major issues.

Like other industries, glass industry has also been affected because of economic slowdown. 60% of the work has been affected because of its dependency on real estate. In this turbulent time, Mukesh Glass is looking more on retail customers and engaging employees in creating and searching newer designs and patterns of glasses. They are planning to build a new showroom in Rohini and good display will help the firm to increase sales and understand demand for further innovation.

Aphorisms linking crises and opportunities abound, but examples of entities that find opportunities in crises situations are rare. One of them is Mukesh Glass House.

Become a possibilitarian. No mater how dark things seem to be or actually are, raise your sights and see possibilities—always see them for they're always there.

— Norman Vincent Peale

Ethics In The Ad-Mad World



Varuna Madaan
PGDM (2008-10)

In today's consumer market when there is no monopoly, with large number of products flooding the market, it is difficult for the consumer to decide on the brand that he wishes to acquire. In order to promote sales of their product, the manufacturers have the interesting option to aggressively and continuously influence the minds of consumers by repeatedly advertising through various mediums like print, radio, electronics, television etc.

However, the consumer is in dilemma as each manufacturer claims his product to be the best available. The advertising agencies are guided to highlight only some facets of its efficiency, which attract the eye of the consumer whereas a lot of information is hidden. Ethics are invariably violated as mostly the products are advertised by commoditization of young females although the product may have nothing to do with the same. Advertisements are accused of taking advantage of children, of manipulating our behaviour, of using sex to sell, and of generally contributing to the downfall of our social system.

Then there is negative advertising too. In case there are two products that have equal market share, then one company tries to promote its sales by showing the other company's product in poor light which is not direct but the intention of the ad-agency is conveyed through certain activities. This ball game continues to be played by large multinational companies to ensure a market hold. Even a marginal swing in the sales results in millions of rupees.

There are some examples of advertisements, which made news for their questionable taste and priority levels. However there are many less noticeable popular ads, which point to the validity of the topic under discussion. E.g. in Fair and Lovely ad, a girl is shown unsuccessful in life. But after applying this cream she becomes a competent girl with triumph at her feet. Amul Macho advertisement shows a woman holding the garment and making redolent gestures. Isn't that ridiculous? Of course who can forget the infamous Madhu Sapre and fellow supermodel Milind Soman in extremely steamy print ad for Tuff Shoes! The ad didn't go down well with the religious groups. Is this the only way to sell tough shoes?

Governments have a negative attitude towards advertising;

they feel that consumers are at a severe disadvantage to the skills of advertising experts and, therefore, they deserve special protection. Consumer protection is one of the major rationales used for regulating advertising around the world.

Some regulations have been formed to control such immoral advertisements like MTV Europe cannot show beer ads in Norway. Brazil requires that all advertisement shown in their country must have some local content. Australia prohibits all foreign commercials, whereas direct comparison advertisements are not allowed in Austria. But still there are no fixed universal laws relating to the advertisement.

In order to enforce an ethical regulating code, the Advertising Standards Council of India was set up. ASCI follows the following basic guidelines in order to achieve the acceptance of fair advertising practices in the interest of the consumer:

- To ensure the truthfulness and honesty of representations and claims made by advertisements and to safe guard against misleading advertising;
- To ensure that advertisement are not offensive to generally accepted standards of public decency;
- To safeguard against indiscriminate use of advertising for promotion of products which are regarded as hazardous to society or to individuals to a degree or of a type which is unacceptable to society at large; and consumer-oriented, advertisement will have to be truthful and ethical. It should not mislead the consumer. If it so happens, the credibility is lost.
- To ensure that advertisements observe fairness in competition so that the consumers need to be informed on choices in the market places and canons of generally accepted competitive behaviour in business are both served.

Few Complaints filed with ASCI

- Novartis India claimed that their disposable contact lenses ensure there is no protein build-up. This claim was found to be totally false. The truth is that build up is a natural biological phenomenon with all contact lenses. The ad was discontinued.

“In order to enforce an ethical regulating code, the Advertising Standards Council of India was established.”

- HUL’s Clinic All Clear Dandruff shampoo claimed that it had ZPTO, the special ingredient in Clinic All Clear that stops dandruff. This claim was found to be untrue since ZPTO is a micro biocide, and in reality, dandruff is known to be caused by several other factors, besides, microbes. HUL’s multi-crore research wing ‘clearly overlooked’ this aspect. The advertisement has been withdrawn.

But does the formation of law means that beyond this the companies can do anything they like. Certainly not!

It has to be understood that the law is confined by limitations on government authority, primarily through the constitution, while ethics bear no such limitations. Ethics, therefore, should be subject to a higher standard of expectations than law.

In public life the line between acceptable and unacceptable is thin. The nature of the ad business is such that the ethics automatically take a backseat. The ad agency in the usual business model gets a flat commission on the total ad spending of the company.

It can then be precisely said that it is a crowded market place with umpteen brands and as more avenues open up, it is decreasing time and mind share that the audience devote to advertising. So, the advertising business is relying on bizarre, desperate tactics to ensure brand recall and of course ethics be damned!!

India to shape Emerging World Order

My conclusion is very simple- India should have the right and the ability to shape the emerging world order, be it in environmental stewardship, whether it is in energy pandemics, whether it is human rights, whether it is in world trade, whether it is in agricultural policy or IP, I believe there is a whole host of issues that the world is grappling with in the developed and the developing world, and India should have its rightful place, not unilaterally but collectively with a few other countries, to set the stage for how the world can be for the next 50 to 60 years.

But in order to do that I think we need three pillars. Two of them get noticed and debated and discussed in India, but the third does not. First is economic strength. If India is not economically strong, it will not have a voice. Second, we must have technological vitality, not just innovation in a traditional sense, not just science, but a capacity to contribute fundamentally new ideas not only for India’s development but also for the world’s development. These two by themselves are necessary but not sufficient conditions for creating the world of the future. I believe moral leadership is fundamental and critical for India to take its rightful place. You may ask me – “why moral leadership”? I would like to remind you that Nazi Germany had technological vitality and economic strength, so did fascist Italy and so did the erstwhile Soviet Union. Without moral leadership you cannot be a leader for too long. And therefore I say all three are important, and if you notice I put moral leadership in italics. It means that it is maybe even more important than economic strength and technological vitality. I will put together a number of ideas which allow us to think about what India can be. If we can totally leverage the strength of India, which is this huge population base, we can create 200 million graduates and 500 million trained professionals in every field of human endeavor. Whether it is a carpenter, whether it is an electrician, whether it is a cab driver, whether it is a brick layer, it does not make any difference to me. Professionally trained, professional conduct and ethics and at the same time compensated appropriately, and each one of them will be able to compete with anybody else in the world. That means, we train them with global standards in mind. There are very few countries that can even aspire to like us. We can do it because of India’s size. And if we do it we can become an intellectual hub, not only for India’s development but for global development and it will make a huge difference to the quality of life for every Indian.

Source: *Excerpt from Address by Prof C K Prahlad at ISB, Hyderabad*

Woman & Advertising



Esha Kukreja
PGDM (2008-10)

Throughout history, women have always aimed for a place of recognition in society.

Guided by their own knowledge and expertise, women like Rani Laxmi Bai in freedom movement of India, Marie Curie in science, Anita Desai in literary writing, PT Usha and Sania Mirza in sports, to name a few, have brought about an awareness in the role of women in various walks of life.

The role of women in our society has changed dramatically in the last 3-4 decades. Women are now playing a diversified role in the socio-economic context of our society. They have emerged as a powerful and influential group. Their role in the educational, social and cultural set up has given a new dimension to our social structure and mind set.

Advertising is the means of informing as well as influencing the general public to buy products or services through visual or oral messages. A product or service is advertised to create awareness in the minds of potential buyers. Some of the commonly used media for advertising are T.V, Radio, websites, newspapers, magazines, billboards, hoardings etc. As a result of economic liberalization and the changing social trends, advertising industry has grown in the last decade.

Advertising is one of the aspects of mass communication. Advertising is actually brand building through effective communication and is essentially a service industry. It helps to create demand, promote marketing system and boost economic growth. Thus advertising forms the basis of marketing. Advertising plays a significant role in today's highly competitive world. A career in advertisement is quite glamorous and at the same time challenging with more and more agencies coming up everyday.

Whether it's brands, companies, personalities or even voluntary organizations, all of them use some form of advertising in order to be able to communicate with the target audience. The salary structure in advertising is quite high and if you have the knack for it one can reach the top. It is an ideal profession for a creative individual who can handle work-pressure.

Today, new areas are emerging within advertising like event management, image management, internet marketing etc. Internet marketing has also brought about a lot of changes in

advertising as Internet means that one is catering to a select group of audience rather than a mass audience.

Women are possibly the greatest gift God has bestowed upon this earth. They are very complex and beautiful creations. Because of this women have many roles and powers in society. Business owners and advertising agencies have recognized the power that woman possess.

Advertisements have become a very common part of our day to day lives. They are seen in all forms of media and are placed throughout our environment. Advertisements are seen on televisions as commercials, in magazines as ads, and throughout the streets on billboards. Through my observations of each of these forms of advertisement, we find one of the most common feature, i.e. inclusion of women in almost every advertisement.

Look around anywhere, most of the advertisements include women. Whether these are of jeans, shoes, cars, mobiles, washing machines, skin whitening creams, lotions, perfumes or watches. There is a revolution in advertising industry. Slowly but surely, our advertising industry is defining out a new woman for us. If we look at only one advertisement or two, it doesn't hit you. But if you look at advertisement on advertisement, the pattern emerges clearly. There is no doubt that the advertising industry is aiming to create a different look – that of a westernized, fair, blonde, light-eyed, slim and high – cheek- boned woman.

The basic criterion is simple : Anything that uses an image of a woman to sell the product, sells. The ads are categorized into two, those that use woman in traditional roles (mothers and wives) ; ads that use the image of a beautiful woman somewhat out of context ; and of course, a category specifically selling beauty products. Women play a key role in advertising campaign. Not only to promote the sale of goods but also in other fields, like awareness in our society regarding disease like AIDS etc., women play a great role. For example, actor Diya Mirza, urges people to talk openly about the disease on World AIDS Day 1st December,2005 “Better Safe than Sorry”. She attracted a lot of people on roads.

The basic aim of every advertisement is to catch the eye of

“Slowly but surely, our advertising industry is defining out a new women for us”

the buyer or in case of radio advertisement, to catch their ear. There is a tendency to exploit the female form as an adjunct to all kinds of advertisement. It is certainly a misconception that the female form can sell anything.

William Shakespeare said, “Good wine needs no bush”. But today without publicity, we will not be in a position to sell or increase the sale of new products.

But are women being exploited by advertising even those products where they are portrayed for an ornamental value? Are we thriving on the hypothesis that appearance of something attractive such as a female in an advertisement makes a man more apt to purchase a good? give it a thought!

Indian Management Personality: Ram Charan

Famous for putting down a concept to its core meaning and then put it into action, work of Ram Charan comes into play. He is a highly acclaimed business advisor, speaker, and author. Ram has coached some of the world’s most successful CEOs. For 35 years, he has worked behind the scenes at companies like GE, KLM, Bank of America, DuPont, Novartis, EMC, Home Depot and Verizon.

Ram is also a favourite among executive educators. He won the Bell Ringer (best teacher) award at GE’s famous Crotonville Institute. He won similar awards at Wharton and Northwestern. He is considered to be one of the best resources for in-house executive development programs.

Apart from authoring fine books, he also tailors his books for specific client companies such as Gateway, Ford, and EDS. His articles have been published in Harvard Business Review, Fortune, Time, Information Week, Leader to Leader, Director’s Monthly, Directorship, The Corporate Board and USA Today. Ram is a director of Austin Industries and The Six Sigma Academy.

He is known for his practical, real world perspective. His expertise entails areas of business like: Profitable Growth, Business Acumen, Leadership, Execution: Discipline of Getting Things Done, Tools for Changing a Social System, Global Matrix Organization, Innovation, Corporate Governance, Succession & Leadership Pipeline, Building Top Management Teams.

Books by Ram Charan

- Confronting Reality (October 2004)
- Execution: The Discipline of Getting Things Done. Execution reached number one on the Wall Street Journal list, and has been on the New York Time’s best seller list for more than fifty weeks.
- What the CEO Wants You to Know
- Boards at Work
- Every Business Is a Growth Business and Profitable Growth.
- Profitable growth is everyone’s business.

How to make brands sticky?



Shweta Gera
PGDBM (2008-10)

Sticky branding is the type of branding where you're hooked on the brand as much for the emotional attachment as for the navigational properties, making it almost impossible to try another. Have you ever tried substituting Microsoft Word or Power Point with Persuasion or Word Perfect? There is no rational or emotional argument that could persuade you to change.

A brand such as Microsoft Windows is sticky because you become dependent on it. Once you've used PowerPoint or Word you can't change to another as no other programs open your existing files. You're lost. That's stickiness.

Other examples are frequent flyer points: once you've hooked on to a frequent flyer card it's hard to use someone else's program. And also iPod: you can only download iTunes from Apple's iTunes.

The benefits are clear. Once you catch the customer, they can't leave you (unless you really, really upset them). In short, the upfront investment to get them is high, but then it's low to maintain them. Not that it is a strategy everyone can use, but you could say that both Apple and Microsoft have done so with success.

Gillette forces you to use its blades which only fit into a special Gillette handle. It changes the handles once a year, forcing you to buy a new handle, with new blades.

Don't get me wrong. If a Gillette shaver was of the worst possible quality, or by the same token if Microsoft products were unusable, the story would be different. However, as both products are most likely on a par with their competitors, the sticky branding strategy is their trump card.

In the online world, there are two companies that stick out

to me as sticky: Amazon.com has become a market leader in online retail; a company which started out as an online bookstore has become a global leader in everything retail from books, and CDs to toys, perfume, clothes... the list goes on. One of the reasons for its success is the lay-out; it is simple, and easy to use. Its one-touch order feature makes ordering so easy that people do not want to use another service.

Another company which has taken the online world by storm is Google. This company started as a simple search engine, and has quickly grown to become the largest search engine in the world. Its simple and easy-to-use search engine has become a market leader and people have become so used to it that they could not switch, even if they wanted to.

Sticky branding works across many disciplines, but in principle it creates a bond between the consumer and the product based on navigational and distribution criteria. Take a Nokia phone. If your batteries are out, the chances are you'll find a colleague with a charger you can hook up to. Nokia's universal charging plug is just but one of its many sticky brand components. Its navigation is so intuitive and has remained so consistent that the user finds change particularly disconcerting. Again, the weak link in Apple computers was once its distribution. But ever since the iPod hit the market, this has changed.

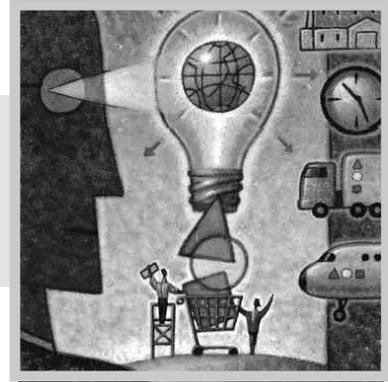
Sticky branding has come about by leveraging a combination of human habit, strong distribution and consistent navigation. It is a technique where the consumer finds it hard to change brands, and remains locked in because of the easy accessibility of the brand.

Maggi -Fast to cook Good to eat

The history of this brand traces back to the 19th century when industrial revolution in Switzerland created factory jobs for women, who were therefore left with very little time to prepare meals. Due to this growing problem **Swiss Public Welfare Society** asked a miller named **Julius Maggi** to create a vegetable food product, quick to prepare and easy to digest who later on came up with a formula to bring added taste to meals.

Plunging Sales, Soaring Rentals, See Retailers Quit

Aanchal Tyagi, Deepak Jain, Priya Luthra
PGDM (2008-10)



Malls are the battle grounds where the brands small, medium and big, the known and not known fight it for the consumer's attention. Gone are the days when people had to buy different things from different places. Now the scenario has changed completely and almost every thing is available for us just under just one roof. Thanks to the plethora of malls opened across the country in last five years. Each mall has its own distinct attractiveness that makes it a crowd puller. Brands like Reebok, Nike, and Adidas etc are now available at much affordable rates, thanks to consumerism.

Some of the outlet owners are happy to be a part of any mall because according to them malls generally opened at prime locations and high footfall areas. The changing life style of consumer and increasing standard of living also plays a vital role in giving wings to mall culture. However the bubble has now burst and we find consumer shying away from buying from an outlet in mall. As a result the sales in these outlets is plunging to an all time low. The maintenance of a mall require huge capital, as a result the rentals of an outlet are also high. Malls now a days, in order to recover running cost, are hiking rents, which retailers are unable to pay. As a consequence the numbers of retailers who are quitting malls are increasing day by day. The survival is going to be difficult because the developers charge a high rent and retailers face lower footfall.

According to international consultancy JONES LONG LA SALLE MEGHRAI, JLLM the no of retailers quitting the malls has gone up 50% in last two years. A cross section of retailers told, the footfall has dropped 20 – 25 % in last six months in most of the malls in the country.

In order to find out how is the scenario, we randomly selected METROWALK mall, situated near RITHALA METRO STATION, ROHINI DELHI. This is a big and open mall and its infrastructure is very good with twenty eight outlets, including garments and food outlets. The mall also has an Adventure Park with artificial pond for boating. Parking is 500 meter apart.

Although the footfall in METROWALK is high, yet we find that retailer are quitting. We tried to find out the reason and administered a questionnaire to the existing retailers. Following reasons were cited by retailers as prime reasons

to leave:

- High rent (retailers have to pay 3-5 lakhs per outlet)
- Adventure park could be another reason as customers are attracted toward it, they are just coming for enjoyment and not for the shopping
- One of the major flaw is the parking as people have to walk long distance to reach the mall
- Being built on an open format, people can't sit anywhere during sunny days.
- The last and most important reason is that there is a contract period between the retailers and developers for 1 year. If the contract is completed retailers have to renew that at a high cost. If they fail to do this they have to quit the mall, even if they have good sales.

As per a study done by us, there were more than 10 outlets which have been closed in metro walk mall, even though they were of well known brands like:

- Levi's
- Adidas
- Monte Carlo
- KFC
- Timex
- Yo China
- Vasundhra jewelers

Some of the retailers are also planning to leave the mall as they are facing a huge loss. One of them was very depressed for having lost 10 lakh rupees.

The retailers generally get attracted by the infrastructure of any mall; they must conduct research on the Indian mind set first. Basically Indians are cost conscious and look for value buying. Indian customer enjoys bargaining till date so retailers have to find out competitive, cheaper and revenue oriented place.

The malls these days are facing a pinch and the retailers need to reevaluate their strategies. The average Indian buyer goes to a mall for window shopping, for enjoying the ambience but they hardly buy. In order to generate more revenue, the malls should be a platform for reasonable pricing of product.

Buyer Satisfaction (Honda Siel Cars India Ltd.)

*Prateek Duggal, Vinay Kapoor, Ankur Pandey, Rohit Sehgal, Shivani Choudhary,
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PGDM (2008-10)



The automobile industry is one of the largest industries in India as in many other countries. It plays a major role in the growth of economy in India. The industry comprises automobiles and auto component sectors, which encompass passenger cars, two-wheelers, three-wheelers, tractors, commercial vehicles, multi-utility vehicles and components. Today, the Indian automobile industry is the world's largest motorcycle manufacturer, the second largest two-wheeler and tractor manufacturer, the fifth largest commercial vehicle manufacturer and the fourth largest car maker in Asia. Apart from serving the domestic market, the Indian auto sector has also become a sourcing hub for the global auto giants.

Automobile Usage In India

The automobile sector has been contributing its share to the shining economic performance of India in the recent years. With comparatively higher rate of economic growth rate index against that of great global powers, India has become hub of domestic and exports business. With the Indian middle class earning higher per capita income, more people are ready to own private vehicles including cars and two-wheelers. Product movements and manned services have boosted in the sales of medium and sized commercial vehicles for passenger and goods transport.

Automobile Domestic Sales Trend	
Category	Number of Vehicles sold in 2007-08
Passenger Vehicles	1,547,985
Commercial Vehicles	486,817
Three Wheelers	364,703
Two Wheelers	7,248,589
Grand Total	9,648,094

Objectives Of The Study

Today progress and profits highly depends upon customer satisfaction. They are directly proportional to each other. Continuously progressing on Sales Satisfaction Index graph "Honda" had always shown improved rank in comparison to

its last year but in the year 2007 it came down like anything. It registered the largest decline in the total industry. That brought highest concern to the company. So our report well exhibits the challenges, reasons and solutions of it and also some unique ways to improve satisfaction. It also focuses on what our majority buyers' value. This report suggests the company that how to regain lost position.

Methodology

The study is based on the primary data, secondary data and the necessary data required for the study was collected through structured questionnaires. Fifty Honda buyers using different segment of Honda cars were selected as sample respondents for the study on the basis of convenient sampling method. In order to find out the factors that influence the level of satisfaction derived by the respondents on the services of Honda car dealers, Chi-Square test has been employed.

Distribution Of The Sample Respondents

The Distribution of the sample respondents on the basis of their sex group, age, literacy level, Occupation Status, Honda Dealers, Model and Use is presented in following tables:

Sex Group Wise Distribution Of The Sample Respondents

The sex group wise distribution of the Sample Respondents is given in table: 1 and it reveals that out of fifty respondents forty one (82%) are males and nine (18%) are female respondents.

Table 1: Sex group wise distribution of the respondents.

Gender Of The Respondents	Number Of Respondents	Percentage
Male	41	82
Female	9	18
Total	50	100

Age Wise Distribution Of The Sample Respondents

The age wise classification of the Sample Respondents is

“The automobile sector has been contributing its share to the shining economic performance of India in the recent years.”

given in table:2 and it reveals that out of fifty respondents thirteen(26%) belong to age group between (20-30),thirteen (26%) belong to age group between (31-40), sixteen(32%) belong to age group between (41-50), eight(16%) belong to age group (above 50).

Table 2: Age wise distribution of sample respondents.

Age Of The Respondents	Number Of Respondents	Percentage
20-30	13	26
31-40	13	26
41-50	16	32
Above 50	8	16
Total	50	100

Literacy Level Wise Distribution Of The Sample Respondents

The literacy level wise classification of the Sample Respondents is given in table: 3 and it reveals that out of fifty respondents one (2%) have been educated up to SSC/ HSC level, four (8%) have been educated as under graduate, twenty five (50%) have been educated up to graduation/post graduation general level, twenty (40%) have been educated up to Graduation/Post Graduation Professional level.

Table 3: Literacy levels of the sample respondents.

Literacy Level Of The Respondents	Number Of Respondents	Percentage
SSC/HSC	1	2
Some college but not graduate	4	8
Graduate/Post graduate general	25	50
Graduate/Post graduate professional	20	40
Total	50	100

Occupation Wise Distribution Of The Sample Respondents

The occupation wise distribution of the Sample Respondents is given in table: 4 and it reveals that out of fifty respondents

two (4%) are in public Sector services, fourteen (28%) are in Private Sector services, twenty seven (54%) are businessmen, seven (14%) are self employed professional.

Table 4: Occupational status of the respondents

Occupation Of The Respondents	Number Of Respondents	Percentage
Service in Public Sector	2	4
Service in private sector	14	28
Businessmen	27	54
Self Employed Professionals	7	14
Total	50	100

Model Wise Distribution Of The Sample Respondents

The model wise classification of the Number of Sample Respondents is given in table:4 and it reveals that out of fifty respondents fourteen(28%) have Honda City ZX model,five(10%) have Honda City I-V tech, six (12%) have Honda Civic model, two (4%) have Honda Hybrid, nine(18%) have Honda Accord model, six(12%) have Honda CR-V model, two (4%) have Honda CR-V I-Vtech model, six (12%) have Honda City- GXI model.

Table 5: Models owned by the respondents

Model	Number Of Respondents	Percentage
Honda City ZX	14	28
Honda City I-V tech	5	10
Honda Civic	6	12
Honda Hybrid	2	4
Honda Accord	9	18
Honda CR-V	6	12
Honda CR-V I-Vtech	2	4
City- GXI	6	12
Total	50	100

“Apart from serving the domestic market, the Indian Auto sector has become a sourcing hub for the global auto giants.”

Dealer Wise Distribution Of The Sample Respondents

The dealer distribution of Sample Respondents is given in table:6 and it reveals that out of fifty respondents twelve(24%) have purchased from Ring Road Honda, Delhi six(12%) have purchased from Hero Honda, Gurgaon, six(12%) have purchased from Pearl Honda, Gurgaon, eight(16%) have purchased from Southend Honda, Delhi, five(10%) have purchased from Prime Honda, three(6%) have purchased from Courtesy Honda, four(8%) have purchased from Prestige Honda, four(8%) have purchased from Prestige Honda, two(4%) have purchased from Excel Honda.

Table 6: The dealers of the area.

Dealer	Number Of Respondents	Percentage
Ring Road Honda, Delhi	12	24
Hero Honda, Gurgaon	6	12
Pearl Honda, Gurgaon	6	12
South end Honda, Delhi	8	16
Prime Honda	5	10
Courtesy Honda	3	6
Prestige Honda, Gurgaon	4	8
Prestige Honda	4	8
Excel Honda	2	4
Total	50	100

Usage Wise Distribution Of The Respondents

The usage wise distribution of Sample Respondents is given in table: 7 and it reveals that out of fifty respondents twenty five (50%) use it as additional vehicle of their household, nine (18%) use it as household’s first vehicle ever, sixteen (32%) use it as replacement vehicle for their household.

Table 7: Uses wise distribution of the respondents.

Use	Number Of Respondents	Percentage
Additional vehicle of My Household	25	50

My Household’s first vehicle ever	9	18
Replacement vehicle for My Household	16	32
Total	50	100

Factors Influencing The Satisfaction Derived By The Sample Buyers

In order to find out the factors that influence the satisfaction derived by buyers on the services offered by Honda dealers to them, the opinion of the users on various services such as sales person knowledge, pre sale experience, sales person courtesy, paperwork & Loan documents etc was collected through structured interview schedule. The association between the opinion of the respondents on the above stated factors and the level of satisfaction derived by them on the services of Honda dealers was tested with the help of chi-square test & Factor Extraction Process and the results of the test are presented in the following tables.

(a) Pre sales satisfaction derived by the buyers

The distribution of the respondent on the basis of pre sales experience of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	0
Dissatisfied	2
Moderate	4
Satisfied	31
Highly Satisfied	13

Null hypothesis: the association between the pre sales experience of the respondent and their level of satisfaction towards the services of Honda dealers is not significant.

Table reveals that majority of respondents (31) are satisfied with the pre sales experience of the Honda dealers. As the calculated chi square value (21.16) at 1% level of significance for 9 degree of freedom is greater than table value (15.56) therefore null hypothesis is rejected and it could be concluded that association between the pre sales experience of the respondent and their level of satisfaction towards the services of Honda dealers is significant.

“With the Indian middle class earning higher per capita income, more people are ready to own private vehicles including cars.”

(b) Sales person knowledge satisfaction derived by the buyers

The distribution of the respondent on the basis of sales person knowledge of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	0
Dissatisfied	2
Moderate	5
Satisfied	26
Highly Satisfied	17

Null hypothesis: the association between the Sales person knowledge by the respondent and their level of satisfaction towards the services by the sales person is not significant.

Table reveals that majority of respondents (26) are satisfied with the services by the sales person and his knowledge. As the calculated chi square value (14.38) at 5% level of significance for 6 degree of freedom is greater than table value (13.83) therefore null hypothesis is rejected and it could be concluded that the association between the Sales person knowledge by the respondent and their level of satisfaction towards the services by the sales person is significant.

(c) Sales person courtesy satisfaction derived by the buyers

The distribution of the respondent on the basis of sales person courtesy of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	1
Dissatisfied	1
Moderate	5
Satisfied	23
Highly Satisfied	20

Null hypothesis: the association between the Sales person courtesy by the respondent and their level of satisfaction towards the services by the sales person is not significant.

Table reveals that majority of respondents (23) are satisfied with the services by the sales person and his courteous

behavior. As the calculated chi square value (17.03) at 5% level of significance for 8 degree of freedom is greater than table value (18.89) therefore null hypothesis is accepted and it could be concluded that the association between the Sales person courtesy by the respondent and their level of satisfaction towards the services by the sales person is significant.

(d) Paperwork process and satisfaction derived by the buyer:

The distribution of the respondent on the basis of Paperwork process of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	0
Dissatisfied	1
Moderate	18
Satisfied	19
Highly Satisfied	12

Null hypothesis: the association between the Paperwork process by the respondent and their level of satisfaction towards the process is not significant.

Table reveals that majority of respondents (19) are satisfied with the paper work process. As the calculated chi square value (11.08) at 5% level of significance for 6 degree of freedom is greater than table value (10.38) therefore null hypothesis is rejected and it could be concluded that the association between the Paperwork process by the respondent and their level of satisfaction towards the process is significant.

(e) Loan document and satisfaction derived by the buyer:

The distribution of the respondent on the basis of loan document of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	0
Dissatisfied	1
Moderate	14
Satisfied	25
Highly Satisfied	10

**“Progress and profits
highly depend on customer
satisfaction”**

Null hypothesis: the association between the loan document by the respondent and their level of satisfaction towards the process is not significant.

Table reveals that majority of respondents (25) are satisfied with the loan document services. As the calculated chi square value (15.69) at 1% level of significance for 6 degree of freedom is greater than table value (14.48) therefore null hypothesis is rejected and it could be concluded that the association between the loan document process by the respondent and their level of satisfaction towards the process is significant.

(f) Paperwork queries and satisfaction derived by the buyer:

The distribution of the respondent on the basis of Paperwork

queries of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	1
Dissatisfied	1
Moderate	20
Satisfied	17
Highly Satisfied	11

Null hypothesis: the association between the Paperwork queries by the respondent and their level of satisfaction towards the process is not significant.

Factor Analysis

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.328	37.221	37.221	6.328	37.221	37.221	3.207	18.866	18.866
2	1.953	11.491	48.712	1.953	11.491	48.712	2.895	17.031	35.897
3	1.348	7.932	56.644	1.348	7.932	56.644	2.867	16.864	52.761
4	1.227	7.220	63.864	1.227	7.220	63.864	1.887	11.102	63.864
5	.924	5.435	69.299						
6	.885	5.208	74.507						
7	.765	4.502	79.008						
8	.660	3.882	82.891						
9	.609	3.585	86.475						
10	.550	3.236	89.711						
11	.400	2.355	92.066						
12	.348	2.047	94.114						
13	.305	1.797	95.911						
14	.255	1.503	97.413						
15	.181	1.063	98.476						
16	.150	.885	99.361						
17	.109	.639	100.000						

Extraction Method: Principal Component Analysis.

“Most remarkable thing for a Company to gain satisfaction is to build its brand.”

Table reveals that majority of respondents (17) are satisfied with the paperwork queries. As the calculated chi square value (15.21) at 5% level of significance for 8 degree of freedom is greater than table value (16.082) therefore null hypothesis is accepted and it could be concluded that the association between the Paperwork queries by the respondent and their level of satisfaction towards the process is not significant.

(g) Payment option and satisfaction derived by the buyer:

The distribution of the respondent on the basis of Payment option of Honda dealers and their level of satisfaction derived by them is given below:

Ratings	Frequency
Highly Dissatisfied	0
Dissatisfied	0
Moderate	12
Satisfied	25
Highly Satisfied	13

Null hypothesis: the association between the payment option by the respondent and their level of satisfaction towards the process is not significant.

Table reveals that majority of respondents (25) are satisfied with the payment option. As the calculated chi square value (11.97) at 1% level of significance for 4 degree of freedom is greater than table value (11.16) therefore null hypothesis is rejected and it could be concluded that the association between the Payment option by the respondent and their level of satisfaction towards the process is significant.

This method is very helpful method as it reduces the number of factors to 4 variables and also the Rotated sum of squared loadings is 63.86 which means that our extraction process is upto the mark.

Factor Analysis helps to reduce a vast number of variables to a meaningful interpretable and manageable set of factors. The factor analysis has two stages.

Stage 1 is factor extraction process wherein the objective is to identify how many factors are to be extracted from the data. The most popular method used for this is principal component analysis. There is also a rule of thumb based on computation of an eigen values to determine how many

factors to extract.

Stage 2 is factor rotation process and the method used is Varimax rotation

There are four factors which have influenced consumer preference towards sales satisfaction of HONDA i.e., 63.864% from 100.00%. We have used principal component method and Varimax rotation method to reduce 17 variables into four variables. We study only rotation component matrix

As evident from the output table i.e., sales satisfaction index when we look at cumulative % column in rotated sum of squared loadings, we find that our four factors extracted together accounts for 63.864% of total variance. Hence we have reduced the no. of variables from 17 to 4 factors.

Looking at the table rotated component matrix we see that the variables Transaction, commitments, time period, overall experience, promise have loading on factor 1. This suggests that factor 1 is a combination of these 5 variables and we can group them under this factor with the name Commitment.

Factor 1: Commitment

S. No.	Particulars	Loadings
1	Transaction	0.577
2	Commitments	0.571
3	Time period	0.652
4	Overall experience	0.820
5	Promise	0.708

When we look at the table rotated component matrix we see that factor 2 has 4 loadings i.e. ease, paperwork loan documents, queries. So, we can group these variables under this factor with the name Ease.

Factor 2: Ease

S. No.	Particulars	Loadings
1	Ease	0.765
2	Paperwork	0.779
3	Loan Documents	0.706
4	Queries	0.589

The third factor has 4 variables i.e. Presale, Sales person Knowledge, Courtesy and maintenance schedule. So, we can group these variables under this factor with the name Services.

Factor 3: Services

S. No.	Particulars	Loadings
1	Presales	0.731
2	Sales person knowledge	0.727
3	Courtesy	0.864
4	Maintenance Schedule	0.605

The fourth factor has 4 variables i.e., Facility, payment option, Exterior and Ceremony. So, we can group these variables under this factor with the name Facility.

Factor 4: Facility

S. No.	Particulars	Loadings
1	Facility	0.645
2	Payment option	0.513
3	Exterior	0.405
4	Ceremony	0.738

Factors Influencing The Satisfaction Derived By The Sample Buyers Of Honda (Findings):

The study reveals that the satisfaction derived by the sample buyers of Honda in Delhi and NCR has influence by the following factors

1. pre sales experience
2. sales person knowledge
3. paperwork process
4. loan document
5. Payment option
6. Commitment
7. Ease
8. Service
9. Facility

The study also indicated that the factors such as sales person courtesy and paperwork queries services offered by Honda dealers do not influence the satisfaction derived by the sample subscribers.

Suggestions

Most remarkable thing for a company to gain satisfaction is to build its brand. Maintaining consistent levels of excellence across every touch point is must. Customer just expects better service each year. Following are some of the suggestions to help Honda in building high level of customer satisfaction and high degree of customer loyalty.

1. Snacks and drinks: Availability of chocolate, wafers, beverages, juices specially for children who come with their parents. This will contribute in maintaining relationship with customer, as children are major influencers in any purchase decision.
2. Make a checklist of all the items needed and inspect it on weekly basis or numbers of visits of customers at dealerships. So that there should not be shortage of any material.
3. Regular inspection of dealership to keep all the things well structured and maintained right from A/C to cleanliness of rest rooms.
4. ‘Thanks’ greeting to the customers who bring business to a dealership. That will increase customer relationship and also bring some more business.
5. Pick up and Drop facility:- Taxi with a driver available at dealership to ‘pick up and drop’ customer if required.
6. Test drive issue:- Sometimes car is not available when customer asks for test drive. This results in frustration. So in that case test drive can be provided by dealership by sending car to the customers place if possible.
7. Solving the driving issues and driver:- It is for the people who don’t know how to drive. Making contract with the local driving training school can solve this problem.

Conclusion

Dealers of Honda cars are one of the leading service providers in Delhi and NCR region. The Study revealed the level of satisfaction derived by the buyers of Honda cars in Delhi and NCR and the factors influence the same. The study also offered a some constructive suggestions for improving the

**“Customer expect better service
everytime”**

satisfaction of the users of Honda cars. As there is a steady increase in the number of Car Buyers, the improvement in the Quality of service of the dealers will attract more new subscribers and would help to retain the existing users in the future competitive market.

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A Vintage Car

A vintage car is commonly defined as a car built between the start of 1919 and the end of 1930. There is little debate about the start date of the vintage period—the end of World War I is a nicely defined marker there—but the end date is a matter of a little more debate. The British definition is strict about 1930 being the cut-off, while some American sources prefer 1925 since it is the pre-classic car period as defined by the Classic Car Club of America. Others see the classic period as overlapping the vintage period, especially since the vintage designation covers all vehicles produced in the period while the official classic definition does not, only including high-end vehicles of the period. Some consider the start of World War II to be the end date of the vintage period.

The vintage period in the automotive world was a time of transition. The car started off in 1919 as still something of a rarity, and ended up, in 1930, well on the way towards ubiquity. In fact, automobile production at the end of this period was not matched again until the 1950s. In the intervening years, most industrialized states built nationwide road systems with the result that, towards the end of the period, the ability to negotiate unpaved roads was no longer a prime consideration of automotive design.

Cars became much more practical, convenient and comfortable during this period. Car heating was introduced, as was the in-car radio. Antifreeze was introduced, allowing water-cooled cars to be used year-round. Four-wheel braking from a common foot pedal was introduced, as was the use of hydraulically actuated brakes. Power steering was also an innovation of this era. Towards the end of the vintage era, the system of octane rating of fuel was introduced, allowing comparison between fuels.

(source : wikipedia.com)

Customer Perception on Exclusive And Multi-Brand Showroom

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PGDM (2008-10)



Jeans as they are called today had their origin in U.S.A. Today jeans have become the worlds most sought after casual-wear, a “passion in the material world”.

However, with times due to increasing awareness and influence of western culture, there is a huge shift in trend in garments industry of India. The jeans culture of the USA found its way to India around late sixties and imported jeans were much in demand. The jeans market has expanded substantially in India since the mid 1970’s. Growth of jeans culture with satellite invasion, ever growing strong middle class and jeans as a symbol of casual life style has attracted several jeans manufacturer to join in the market.

Until 1992 the jeans market in India was dominated by unbranded items and minor Indian brands. Only later the customers became brand and quality conscious. Today jeans have found an important place in the wardrobe of the Indian Youth.

Multi-brand outlets are recent happenings and initially they faced non-acceptance from Indian consumers. This mainly happened due to huge success of Exclusive Showroom in India. Today, both Multi-brand Showroom as well as Exclusive Showrooms are growing in India. Both are gaining acceptance primarily from Indian youth and younger generations and has become a huge profitable business today. Keeping in view the Indian habits and changing preferences towards lifestyle, this study has its focus on understanding the factors affecting the perception of consumers for buying jeans from Multi-Brand Showroom and Exclusive Showroom.

Objectives Of Study

1. To identify the factors affecting the shopping decision of jeans from multi-brand outlets and exclusive showrooms.
2. To identify the perception of consumers for buying jeans from multi-brand outlets and exclusive showrooms.

Methodology Of The Study

The entire research is based on Primary data.

Sampling Unit

Samples for the study consisted of randomly selected consumers at various Malls of the Delhi.

The data were collected using a structured questionnaire. Data were collected from the targeted customer while they were in malls. Questionnaires were handed over to them with a request for filling at the spot. Due care has been taken to reduce possible biases in selecting the young customers for the purpose of data collection by way of asking few questions to them in relation to their dressing sense and demographic profile. In addition, a thorough analysis was done for each filled-in questionnaire to see the consistency of data provided by targeted customer specifically for customers who had filled the questionnaire when they were with their peers. In such cases many incomplete questionnaires were found. Such questionnaires were not considered worthy for analyses and were rejected. The questionnaire had the following dimensions:

- Demographics of the respondent such as age, qualification and SEC grid;
- Behaviour of visiting showrooms of clothes such as time of the day, getting home delivery, pressure from friends.
- Factors affecting selection of showrooms on various parameters such as service speed, price, hygiene, seating space, variety, and ambience.

Sample Size

Since it is an exploratory study, a sample size of 80 thought to be an adequate one. Accordingly 80 respondents from the target population were approached to fill in the Questionnaire. Out of 80 respondent’s data only 75 data were valid.

Methods Of Data Analysis

Data were subject to statistical analysis such as descriptive statistical analysis and frequency distribution. This analysis was applicable to mainly categorized data. For scaled data, reliability analysis is applied before subjecting the data for testing mean difference using t-test, and carrying out factor analysis. Use of SPSS also has been done to find out the results.

“The jeans culture of the USA found its way to India around late sixties and imported jeans were much in demand.”

Analysis Of Study Data

1. Age Group

Most of the respondents are lying in the age group of 15-30 which compromise of 56% of total respondents.

2. Marital Status

From the pie chart it is seen that most of the respondents are single which compromise of 52% of total respondents.

3. Occupation

Most of our respondents are students which compromise of 40% of our total respondents.

4. Income Group

Most of our respondents are students and do not earn which compromise of 43% of our total respondents.

5. Response From Multi-Brand Outlet

For the customers, Quality, Price, Discount and Variety are factors that are equally appreciated. Thus these showrooms should maintain these factors to the optimum. Moreover they should add on the advantages they provide in membership schemes so that the customers can be lured towards these showrooms.

6. Response For Exclusive Showrooms

For the customers, Quality, Price and Variety are factors that are equally appreciated. Thus these showrooms should maintain these factors to the optimum. Moreover they should add on the advantages they provide in membership and discount schemes should be offered so that the customers can be lured towards these showrooms.

7. Influence Factor

The data reveals that most of our respondents are not influenced by others while shopping which compromise of 72% of our total respondents.

8. Driving Long Distance For Exclusive Purchase

62% of our respondents are ready to drive far off distances for purchasing from exclusive showroom.

9. Window Shopping Preference

69% of our respondents prefer multi-brand showroom for Window Shopping.

10. Window Shopping Influence

The respondents are tempted by window shopping which compromise of 55% of our total respondents.

11. Shopping Time Preference

Most of our respondents prefer to shop for usual reasons which compromise of 44% of our total respondents.

12. Shopping Frequency

We can see that 50% of our respondents prefer to buy jeans once in three months.

13. Dependency Factor

Most of the respondents are independent which compromise of 55% of total respondents.

14. Branded Jeans Preference

55% of the respondents prefer branded jeans.

15. Brand Used

42% responded that they prefer to wear levi's jeans.

Factors Influencing Decisions

1. Exclusive Showroom:

- The Factors Quality, Ambience and Variety are clubbed under the common factor 'Features'.
- The Factors Discount and Membership are clubbed under the common factor Services.
- The factor Price is clubbed exclusively under the head 'Price'.

2. Multi-Brand Showroom:

- The Factors Membership, Ambience, Discount and Variety are clubbed under the common factor 'Features'.
- The Factors Discount and Price are clubbed under the common factor Cost.
- The factor Quality is clubbed exclusively under the head 'Quality'.

Limitations Of Study

- This exploratory study has some limitations that however do not liquidate the purpose of the study.

“Discount and membership plays an important factor in case of exclusive showroom.”

- Data for the study are collected from National Capital Region (NCR) that includes the capital of India with four surrounding cities well connected with the capital.
- Few of the respondents were in hurry so they might have filled the questionnaire casually.
- Sampling units are primarily of young unmarried consumers who are a student.

Findings Of Study

- Majority of people prefer Branded Jeans over Unbranded Jeans
- Majority of the People prefer to buy from Exclusive Showroom
- Majority of people prefer to drive far off distances to buy from Exclusive Showrooms.
- Favorite jeans brand is Levi's.
- Majority population is tempted to window-shop and prefer multi-brand outlet for window shopping.
- The main factor which is of much more priority is quality, variety and price in exclusive showroom.
- The main factor which is of much more priority is quality, variety, price and discounts in multi-brand showroom.

Conclusion

Based on the analysis and results, we can say that with more and more acceptability of branded jeans and change in life style, competition among branded jeans exclusive outlets and multi-brand outlets with respect to quality, price, availability

and variety of branded jeans will be more prominent in the days to come.

The Major findings of this study are:

In General, respondents were single, unmarried and dependent. They were in age group of 15-30. Most of the major respondents wanted to buy jeans once in three months, for that they preferred to buy from exclusive showroom irrespective of the distance factor. However, for window shopping, they preferred Multi-Brand outlets.

Discount and membership play an important factor in case of exclusive showroom. Thus these factors if maintained can help to attract customers towards exclusive showrooms.

Quality is an important factor in case of multi-brand outlet. Thus this factor should be maintained well by the outlets so that they can attract customers because the perception of the customers is that this factor is high in these outlets.

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How to be a Good Manager?

1. Manage by Objectives
2. Build an Integrated Team and Coach Members
3. Managing Risks
4. Enabling Fast and Clear Communication
5. Motivate People
6. Secure the Responsible Participation
7. See Business As a Whole
8. Constantly Identify Important Trends and Elements of the Trade
9. Live a healthy, balanced life to set a good example
10. Apply principle of “integrity” in all actions

Making A Choice of Pre-Primary School

Shreyance Jain, Abhishek Singh, Sakshi Aggarwal
PGDM (2008-10)



Choosing a pre-primary school has always been a difficult task and parents are rightfully concerned about the type, and manner of education provided and always look out for schools which provide an all round development of the child. The years spent in pre-primary school are the formative years where a child forms impression about the world around him/her and this can only be achieved by giving him the right environment and support.

Scope of the study

In education sector, demand is more than supply, It leaves lot of scope to further explore factors affecting demand.

The Basic Objective of this research project is to:

1. To identify the factors considered for making a choice of school.
2. To study different perception in different working classes.
3. To identify the impact of decision with the level of satisfaction.
4. To understand why parents feels practical knowledge more important than theoretical.

Methodology

The entire research will be based on Primary research method.

Sampling Unit

Samples for the study consisted of randomly selected parents at various school bus stops, outside pre-nursery school of the North-Delhi region.

The data were collected using a structured questionnaire. Data were collected from the parents at their residents and morning at school bus stops. Questionnaires were handed over to them with a request for filling at the spot. Due care has been taken to reduce possible biases in selecting the parents for the purpose of data by way of asking few questions to them in relation with their child and their preferences. In addition, a thorough analysis was done for each filled-in

questionnaire to see the consistency of data provided by targeted customer specifically for parents who had filled the questionnaire when they were with their child at bus stop. In such cases some incomplete questionnaires were found by the authors. Such questionnaires were not considered worthy for analyses and were rejected. The questionnaire had the following dimensions:

- Demographics of the respondent such as Gender, qualification;
- Factors considered for making choice of school on various parameters such as co-curricular activities, sports activities, student teacher ratio, fees structure, attractive building, brand value, bus service, teacher etc.

Sample Size

Since it is an exploratory study, a sample size of 30 thought to be an adequate one. Accordingly 32 respondents from the target population were approached to fill in the Questionnaire.

Methods Of Data Analysis

Data were subject to statistical analysis such as descriptive statistical analysis and frequency distribution. This analysis was applicable to mainly categorized data. For scaled data, reliability analysis is applied before subjecting the data for testing mean difference using t-test, and carrying out factor analysis. Use of SPSS also has been done to find out the results.

Chi square Analysis between discipline and environment

- Ho: There is no significant relationship b/w Discipline & environment of school.
- H1: There is a significant relationship b/w Discipline & environment of school.

“The years spent in pre-primary school are the formative years where child forms impression of the world.”

Chi-square = 14.093

It indicates that there is significant relationship b/w Discipline & environment of school at 99% level of confidence.

Co-efficient correlation = .553

It shows there is strong association b/w Discipline & environment of school.

Lambda = .320

Error of reduction is 32%.so, by improving the discipline in school overall environment of school can be improved

Chi square Analysis between Environment and Overall level of school satisfaction

Ho: There is no significant relationship b/w Environment & Overall level of satisfaction.

H1: There is a significant relationship b/w Environment & Overall level of satisfaction.

Lambda = .583

Error of reduction is 58.3%.so, by improving the overall environment in school, overall level of satisfaction from school can be improved.

Co-efficient correlation = .679

It shows there is strong association b/w overall environment and level of satisfaction of parents.

Factor Analysis

The main objective of following the extraction process is to identify the main factors from the existing set of data (i.e. fees structure, attractive building, school bus service, brand value, discipline, teacher, Innovation, distance from house, environment, satisfaction).

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.381	23.806	23.806	2.381	23.806	23.806	2.135	21.353	21.353
2	2.218	22.179	45.986	2.218	22.179	45.986	1.971	19.710	41.063
3	1.340	13.400	59.386	1.340	13.400	59.386	1.573	15.731	56.794
4	1.049	10.489	69.875	1.049	10.489	69.875	1.308	13.081	69.875
5	.912	9.120	78.995						
6	.733	7.330	86.325						
7	.572	5.716	92.041						
8	.385	3.849	95.890						
9	.278	2.777	98.667						
10	.133	1.333	100.000						

Source: survey data

Extraction Method: Principal Component Analysis.

“Choosing a pre-primary school has always been a difficult task.”

Looking at total variance explained table. Under the cumulative percentage column. We find that Four factors extracted out of ten factors. Accounts for 69.875% of total variance. Hence 10 factors which were accounted for 100% variance now gets reduced to 4 factors and reduced variance of 69.875%.

Looking at rotated component matrix we see that loading of eigen value of all the 10 factors on 4 extracted factors.

Rotated Component Matrix(a)

	Component			
	1	2	3	4
fee structure	-.448	.485	.360	-.288
building	-.139	.267	-.818	-.140
school bus	.169	.661	-.001	.086
brand	.130	.079	.126	.868
discipline	.066	.780	-.039	.126
teacher	.058	.530	.614	.193
innovation	-.251	.516	-.008	.617
distance	-.439	.158	.581	-.101
environment	.878	.184	-.122	.025
overall school	.914	.087	.163	-.023

Extraction Method: Principal Component Analysis.

Looking at each component we find low and negative eigen value to be eliminated or we doesn't consider such values.

These factor can be interpret as

Factor 1: “Behavioral aspect”

S. No.	Factors	Loading
1	Environment of school	.878
2	Satisfaction from school	.914

Factor 2: “convenience with respect to behavior”

S. No.	Factors	Loading
1	School Bus service	.661
2	Discipline in terms of behavior	.780

Factor 3: “Teaching ”

S. No.	Factors	Loading
1	Teacher or Faculty	.614

Factor 4: “Branding”

S. No.	Factors	Loading
1	Brand value of school	.868
2	Uniqueness or Innovation	.617

As per the Rotated Component Matrix the other eigen values are not considered in factor because either they are less than .600 or in negative state. So, its not feasible to interpret such factors.

Anova Analysis

1. Analysis between Level of satisfaction and Co-curricular activity

H0: Co curricular activities related the level of satisfaction of parents.

H1: Co curricular activities doesn't related the level of satisfaction of parents

Anova

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.308	5	.062	.187	.965
Within Groups	8.567	26	.329		
Total	8.875	31			

Analysis:

As p-value is .965, which is greater than .05, therefore we accept the null hypothesis. So we further interpret that there can be sampling error or this value arise as a matter of chance as we can't analyze the level of significance.

“Brand of school is related to the level of satisfaction of parents.”

2. Analysis between fees structure and level of satisfaction

H0: Fees structure is important factor for level of satisfaction of parents.

H1: Fees structure is not important for level of satisfaction of parent.

Anova

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.974	4	.244	.832	.516
Within Groups	7.901	27	.293		
Total	8.875	31			

Analysis:

p-value is .516, which is greater than .05. Therefore we accept the null hypothesis. So we further interpret that there can be sampling error or this value arise as a matter of chance as we can't analyze the level of significance.

3. Analysis between Brand and level of satisfaction

H0: Brand is closely related with level of satisfaction of parents.

H1: Brand closely related with level of satisfaction of parents.

Anova

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.621	4	.655	2.829	.044
Within Groups	6.254	27	.232		
Total	8.875	31			

Analysis:

The F-value is 2.829. As p-value is .044, less than .05 at given level of significance. Therefore we reject the null hypothesis and accept alternative hypothesis. So we further conclude that Brand of a school and level of satisfaction of parent corresponding to school are significantly related to each other and there is a cause and effect relationship. This

further intercept that the dependent variable i.e. Satisfaction is significantly affected by the independent variable i.e. Brand.

4. Analysis between Faculty and Level of satisfaction

H0: Good Faculty improves the level of satisfaction of parents.

H1: Good Faculty doesn't improves the level of satisfaction of parents.

Anova

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.191	3	.730	3.059	.044
Within Groups	6.684	28	.239		
Total	8.875	31			

Analysis:

As F-value is 3.059. P-value is .044, less than .05 at given level of significance. Therefore we reject the null hypothesis and accept alternative hypothesis. So we further conclude that Faculty of a school and level of satisfaction of parent corresponding to school are significantly related to each other and there is a cause and effect relationship. This further intercept that the dependent variable i.e. Satisfaction is significantly affected by the independent variable i.e. Teacher or Faculty.

5. Analysis between Innovative skills and level of satisfaction

H0: Innovative skills reflect the level of satisfaction of parents.

H1: Innovative skills reflects doesn't affect the level of satisfaction of parents

Anova

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.542	4	.385	1.419	.255
Within Groups	7.333	27	.272		
Total	8.875	31			

“Innovative skills reflect the level of satisfaction of parents.”

Analysis:

As p-value is .255, which is greater than .05. Therefore we accept the null hypothesis. So we further interpret that there can be sampling error or this value arise as a matter of chance as we can't analyze the level of significance.

Factors In A Nutshell

- Overall environment of school can be improved by improving the level of discipline in school.
- By improving the overall factors level of satisfaction of parents can be improved.
- Bus service, faculty, co-curricular activities are key factors for upbringing of a child.

Conclusion

By using SPSS we have been able to derive level of satisfaction of parents with the respected factors and how this satisfaction can be improved based on various analysis and interpretation done with the help of coefficient, lambda, chi-square and ANOVA analysis.

As research was done in North Delhi region upon Business, service, professional class group people, the preference of each group differs as they have different states of mind. So, it's possible that one factor importance may not that important to other as sample was taken with a mixture of all these group randomly.

Recession Proof Businesses

These are the businesses that will thrive no matter what the economy is doing, quite simply because they provide services that society in general cannot go long without.

1. **Health Care:** Health services occupations including medical assistants, home health aides, physical therapists and medical records technicians account for close to half of the 30 fastest growing occupations.
2. **Education:** Teaching is generally immune to a shaky economy, particularly if you're teaching in an area with a high growth rate.
3. **Energy:** Anything related to alternative fuel sources, oil and gas and other energy sources will likely flourish in coming years.
4. **Environmental:** If you have "green" skills in sustainability and other environmental issues, you will be in demand.
5. **Security:** Police officers, international security experts and others who fight crime will still be in need even if the economy turns sour.
6. **International Business:** Working in another country, or simply being an expert about another culture or language, will work to your advantage during a recession.

(Source : wikipedia.com)

Creativity & Innovation in Retail Banking

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PGDM (2008-10)



A bank is a financial institution whose primary activity is to act as a payment agent for customers and to borrow and lend money. It is an institution for receiving, keeping, and lending money. Currently, India has 88 scheduled commercial banks (SCBs) - 27 public sector banks (that is with the Government of India holding a stake), 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 31 foreign banks. Creativity implies evolution of ideas: generation of new thinking, new aims, and perspectives and in turn the ability to think beyond the unthinkable. Creative thinking ability facilitates the ability to realize innovation.

In our study we have done the study of public sector and private sector bank (one from each sector) about the Customer Satisfaction and Innovation in retail banking by these banks viz STATE BANK OF INDIA and HDFC BANK Ltd.

STATE BANK OF INDIA is the leading public sector bank in India as well as Delhi with 189 branches in Delhi.

HDFC BANK Ltd. is the leading private sector bank in Delhi with 66 branches operational in the capital of India.

Objectives of the Study

The basic objective of this research project is to compare the level of innovation in the product line offered by the Public & Private Sector bank.

Methodology of the Study

The bulk of all money transactions today involve transfer of bank deposits. Depository institutions, which we normally call BANKS, are at the very center of our monetary system. The general object of a good banking system will be to provide for all advantages and to guard against all the dangers inherent in bank credit. In order to stimulate economic growth, we need strong, aggressive banking system. The main reason for selecting this topic is to compare and highlight the star performers in the financial products offered by SBI and HDFC bank and to identify the creative and innovations in their offerings.

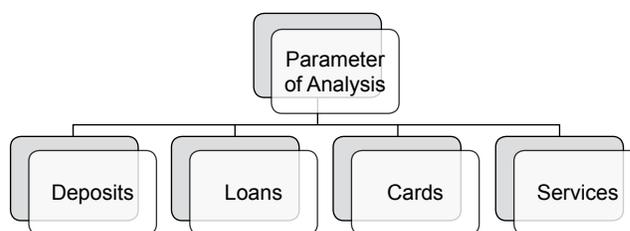
Research Approach

The report has been prepared on the basis of both primary and secondary research methods.

The product innovation analysis is done entirely through the secondary methods. The data was collected from the websites of the respective banks and the leaflets available at the bank counters. For the analysis Pie & Bar charts has been drawn based on the numbers of products in the each category.

Creativity and Innovation

The performance and the product range of these banks is one of the finest in the banking industry. STATE BANK OF INDIA is the leading public sector bank in India and Delhi also with total of 189 branches in Delhi. HDFC BANK Ltd. is the leading private sector bank in Delhi with 66 branches operational in the capital of India. There is exemplary creativity, innovation in products of these banks. Thus it is appropriate to compare the offerings of these two banks and determine their competence towards each other, as two banks are one of the most pre-dominant in the banking sector.



The elaborate discussion along with the identification of innovative products shall be undertaken, tabulation of the product range is provided in order to depict product portfolio in each segment .wherever these products are comparable appropriate analysis is provided.

Analysis

1. Deposit Schemes

The HDFC and SBI are providing various deposit schemes which are innovative. These are shown as below:

“Creativity thinking ability facilities the ability to realise innovation.”

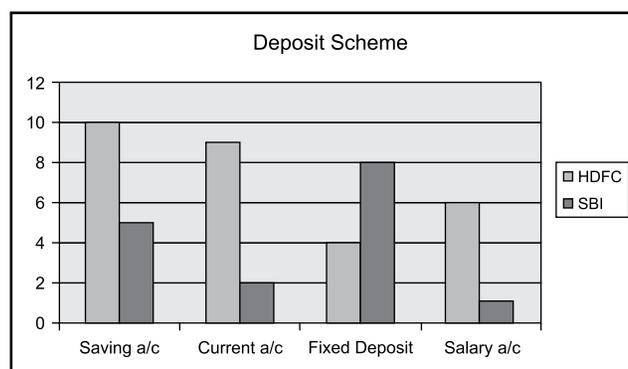
Table 1: HDFC Deposit schemes

Savings a/c	Current a/c	Fixed Deposits	Salary a/c
Regular saving a/c	Plus Current a/c	Regular Fixed Deposit	Payroll Salary a/c
Savings Plus a/c	Trade Current a/c	Super Saver Facility	Classic Salary a/c
Savings Max a/c	Premium Current a/c	Sweep-in Facility	Regular Salary a/c
Senior Citizen a/c	Regular Current a/c	HDFC Bank Preferred	Premium Salary a/c
No Frills a/c	RFC-Domestic a/c		Defence Salary a/c
Retail Trust a/c	Flexi Current a/c		Pension Saving Bank a/c
Kisan Club Savings a/c	Apex Current a/c		
Kid's Advantage a/c	Max Current a/c		
Kisan No frills a/c	Reimbursement Current		
Family Savings Group			

Table 2 : SBI Deposit scheme

Savings a/c	Current a/c	Fixed Deposits	Salary a/c
Saving Bank a/c	Regular Current a/c	Recurring Deposit a/c	Corporate Salary Package
Saving Plus a/c	No frills a/c	Capains Plus a/c	
Premium Savings a/c		SBI 1000	
Capains Plus a/c		SBI MODS	
No Frills a/c		SBI Tax Savings Scheme	
Multi Option Deposit			
Reinvestment Plan			
Special Term Deposit a/c			

Among the above mentioned accounts, HDFC distinctively offers Defense Salary Account. It also provides account for kids and senior citizen which SBI does not provide. HDFC has maintained good relation with corporates by offering variety of salary accounts for their employees. It is also offering accounts for farmers. Public sectors banks like SBI are preferred for FDs because of their range of options in FDs. But for saving accounts and currents accounts, customers get better options from a private sector bank like HDFC. No Frill accounts by both banks are intended to offer simplicity in banking.



“The bulk of all money transactions to day involve transfer of bank deposits”

2. Loans

There is variety of loans offered by these banks as shown in table below:

Table 3: LOANS provided by HDFC and SBI

HDFC		SBI	
1	Personal loans	1	SBI - flexi home loan
2	Two-Wheeler loans	2	SBI max gain home loan
3	New Car loans	3	SBI realty home loan
4	Used Car loans	4	SBI freedom home loan
5	Express loans Plus	5	SBI optima additional home loan
6	Gold loan - Term loan	6	SBI homeline special personal loan
7	Gold loan - Overdraft	7	SBI career loan
8	Educational loan	8	Loan for Earnest Money Deposit
9	Loan against securities	9	Car loan
10	Loan against property	10	Educational loan
11	Tractor loans	11	Saral Personal loan
12	Commercial vehicle finance	12	SBI loan for pensioners
13	Working Capital Finance	13	Loan against mortgage of property
14	Construction equipment finance	14	Loan against shares & debentures
		15	Rent Plus Scheme (Term loan)
		16	Medi-plus Scheme
		17	Property loan scheme
		18	Loan for ESOPs
		19	Easy Travel loan
		20	Festival loan
		21	Teacher-Plus loan
		22	Sainik-Plus loan
		23	Tribal-Plus loan
		24	Credit Khazana-Tractor loan
		25	Credit Khazana-Scoom loan
		26	SBI reverse mortgage loan
		27	Short term housing loan
		28	Gram Nivas Scheme
		29	Scholar loans

SBI has a wide range of home loans with 7 types of options SBI also offers special loan facilities for employees of

corporate sector, teachers, soldiers and rural people. Comparatively the range of loans provided by HDFC is less in number than SBI. This shows SBI is a risk – taker as compared to HDFC. Because of prevailing social norms and preference to take loans from public sector banks due to safety of funds and lower interest rates.

The table depicts the products offered in this category are more in number for SBI as compare to HDFC.

3. Services:

This segment includes depiction of services offered by both banks.

Table 4: Services offered by HDFC and SBI

HDFC		SBI	
1	Net Safe	1	Mobile Banking Services
2	Smart Pay	2	Demat Services
3	Forex services branch locator	3	ATM Services
4	Merchant Services	4	Internet Banking
5	Prepaid Refill	5	Foreign Inward Remittance
6	Bill Pay		Telegraphic/wire Transfers
7	Visa Bill Pay	6	Lockers
8	Direct Pay	7	Public Provident Fund Scheme 1968
9	Insta pay	8	Magnetic Ink Character recognition
10	Visa Money Transfers	9	e-Invest
11	e-Monies Electronic Funds Transfer	10	Multi City cheques
12	Exise and Services Tax Payments	11	Customer Care
13	Online Payment Of Direct Taxes		
14	Donate to Charity		
15	Net Banking		
16	Insta Alerts		
17	Mobile Banking		
18	ATM		
19	Phone Banking		
20	Email Statements		
21	Branch Network		
22	One View		
23	Credit Cards online		

“The general object of good banking system will be to provide for all advantages and to guard against all the dangers inherent in bank credit.”

The services offered by HDFC (A private sector bank) are more than the services of SBI (A nationalized bank). HDFC provides special services to pay bills and taxes on their customers behalf. It is also offering innovative services of prepaid refill and smart pay.

On the other hand SBI despite being the oldest bank in the country has not made much innovative efforts to provide services differently. HDFC however has all the services rendered by SBI along with their package of innovative services.

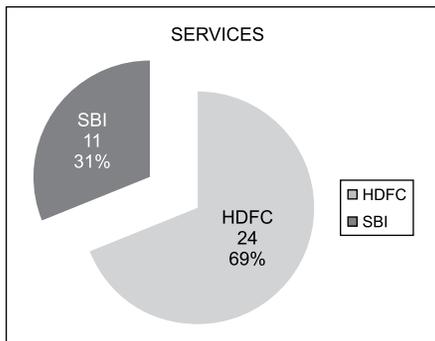


Figure 1: Comparison of services

This is evident from above that star performing products are more in HDFC as compare to SBI.

4. Cards

The range of different cards offered by both banks is as below:

Table 5 : cards offered by HDFC and SBI

HDFC		SBI	
A.	Credit Cards	A	Credit card
1	Silver credit Card	1	SBI Credit Card
2	Gold credit card		
3	Titanium Credit card		
4	Value Plus Credit Card		
5	Woman’s Gold Credit Card		
6	Platinum Plus Credit Card		
7	Corporate Plus Credit Card		
8	Corporate Credit Card		
9	Business Credit Card		

B. Prepaid Cards		B. Prepaid Card	
1	Forex Plus Card	1	SBI Vishwa Yatra Foreign Travel Card
2	Gift Plus Card	2	Gift Cards
3	Food Plus Card	3	eZ-Pay Card
4	Money Plus Card		
C. Debit Card		C Debit Card	
1	Easy Shop International Debit Card	1	SBI International ATM - Cum-Debit Card
2	Easy Shop Gold Debit Card	2	SBI Gold Debit Card
3	Easy Shop International Business Debit Card	3	SBI ATM Cum Debit Card
4	Easy Shop Women’s Advantage Debit Card	4	SBI Yuva Cards
5	Easy Shop NRO Debit Card		
D Others		D. Others	
1	Compare Card	1	Pay Roll Card
2	Add On Card	2	SBI Cash Plus Card
3	My City Benefit Card		

HDFC has a wide range of credit cards for different segments of target market. However in prepaid cards both SBI and HDFC has different range of cards. Except for credit cards, the number of cards offered by each of the two banks is more or less same.

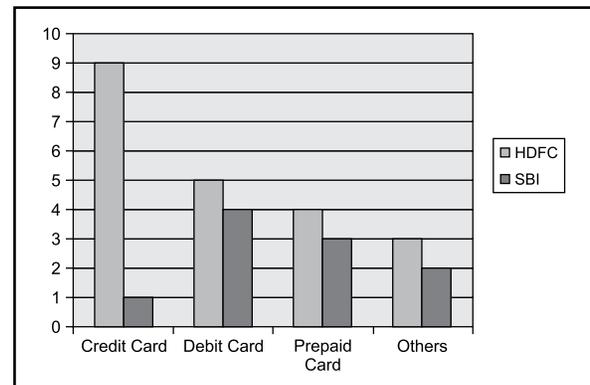


Figure 2

From the above figure 2, it is clear that range of cards offered by HDFC is more as compare to SBI

“In order to stimulate economic growth, we need strong aggressive banking system.”

Limitations

- Respondents were reluctant to provide adequate information.
- Responses of some customers were not up to the mark of the questionnaire.
- Paucity of time couldn't allow detailed study and thus vast study information could not be included in the project.
- Lack of availability of required data about banking industry in different journals.

Recommendation And Suggestion

1. HDFC should introduce more number of ATM and branches, as they are comparatively lesser than SBI.
2. SBI should increase types of saving accounts, should have variation in salary account
3. SBI should do 360 degree analysis of employees

Future perspective

After having a broad view of various services provided by SBI and HDFC bank, it can be said that the conventional scenario of retail banking has undergone a drastic change. These banks are ruling the retail roost in the country. In future, a range of products should be introduced by these banks and try to increase customer satisfaction

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Determination

In 1883, a creative engineer named John Roebling was inspired by an idea to build a spectacular bridge connecting New York with the Long Island. However bridge building experts throughout the world thought that this was an impossible feat and told Roebling to forget the idea.

Roebling could not ignore the vision he had in his mind of this bridge. He knew deep in his heart that it could be done. He shared the dream with his son Washington, an upcoming engineer, that convinced him that the bridge in fact could be built. Working together for the first time, the father and son developed concepts of how it could be accomplished and how the obstacles could be overcome. They hired their crew and began to build their dream bridge.

The project started well, but when it was only a few months underway a tragic accident on the site took the life of John Roebling. Washington was injured and left with a certain amount of brain damage, which resulted in him not being able to walk or talk or even move.

Everyone had a negative comment to make and felt that the project should be scrapped since the Roeblings were the only ones who knew how the bridge could be built. In spite of his handicap Washington was never discouraged and still had a burning desire to complete the bridge and his mind was still as sharp as ever. As he lay on his bed in his hospital room, with the sunlight streaming through the windows, an idea hit him. All he could do was move one finger and he decided to make the best use of it. By moving this, he slowly developed a code of communication with his wife.

He touched his wife's arm with that finger, indicating to her that he wanted her to call the engineers again. Then he used the same method of tapping her arm to tell the engineers what to do and project was under way again.

For 13 years Washington tapped out his instructions with his finger on his wife's arm, until the bridge was finally completed. Today the spectacular Brooklyn Bridge stands in all its glory as a tribute to the triumph of one man's indomitable spirit and his determination not to be defeated by circumstances. It is also a tribute to the engineers and their team work and stands tall as a tangible monument to the love and devotion of his wife who for 13 long years patiently decoded the messages of her husband and told the engineers what to do.

Desi Dream Merchants



Saba Shafi
PGDM (2008-10)

'Desi Dream Merchants' sketches the life of Mudra from its modest beginning to the struggle and then finally the runaway success. The book deals with AG Krishnamurthy experiences, achievements and insights from 1980 to 2003 in three parts. In the first part, called 'Desi Dream Merchants', AGK's ex-colleagues shed light on how they got associated with Mudra and what it took to establish the brand. The second part sheds light on AGK's learnings and experiences in the world of advertising. The third and the last part is a compilation of his favorite advertisements such as the Boost advertisement featuring Sachin Tendulkar and Brett Lee, Air Deccan, McDonald's Happy Price Menu ad and Cadbury's 'Pappu Pass Ho Gaya' ad. The book also has extracts of AGK Speak column in Business Standard. He speaks of his bygone days, remembering Dhirubhai Ambani, who way back in 1980 handed him the mandate to begin the Mudra Ad Agency and create the best textile advertising in India with Rs.35, 0000. Dhirubhai put a lorry load of trust and enough fuel to last till the nearest petrol pump, Krishnamurthy says as he got to task, the right people. Those who obviously

'walked English, talked English and Advertised English' were the rulers of the market at that time. Fortunately, with time he and his team were able to change that and they hired those people who had a strong command over their regional languages and had 'fire in their belly'.

The main focus and moral of the book is: 'Dream big'. AGK says, "Keep the Faith in your own-self and believe in your own Dreams - If you dream and work hard, sooner or later, success is at your own door-step"

The Desi Dream Merchants Back cover begins "Management theorists have opined that leaders need followers. And having a dream team is one of the latent desires of all managers and leaders."

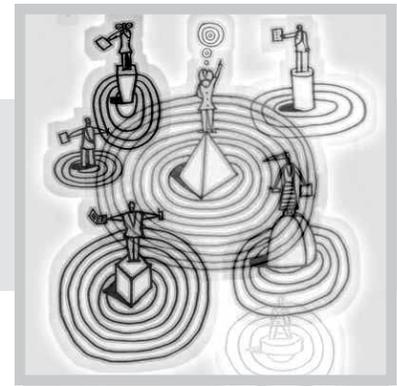
In his amiable style, Krishnamurthy enlivens the book involving the team spirits with anecdotes and stories of the team. Over all a good book to read and must read for students of management who have an entrepreneurial drive to make a mark. It has some quintessential lessons which make us think in a new light.

Do you know?

1. The word dream is derived from **Dreme**. Dreme stands for joy and music.
2. People often say that we don't dreams. But, the fact is that everyone dreams.
3. You would be astonished to know that major part of your life is spent in sleeping, i.e. approximately one-third of life.
4. Kids up to the age of 3 and 4 never dream about themselves.
5. You would be amazed to know that usually children watch nightmares. The usual age group is 3 and it continues up to 8.
6. People who become blind after birth can also view dreams. Their images are in accordance of the time when they got blind.
7. You cannot dream while snoring.
8. Dreams are also essential for a healthy life. If you don't have adequate dream activity then it signifies lack of protein. It also signifies problem in one's personality.
9. Within 5 minutes of waking, half of your dream if forgotten. Within 10, 90% is gone.
10. A full 12% of sighted people dream exclusively in black and white. The remaining number dream in color.

(Compiled from various sources on Internet)

Seven habits of Highly Effective People



Nidhi Gupta
PGDM (2008-10)

The book talks about simple habits which, when implemented, can positively transform and enrich people's lives by lending them an altogether new perspective to view the world.

This 358-page book, through its seven chapters, gives a new definition to the term 'effective' and embodies fundamental principles that contribute to effectiveness of an individual. What is remarkable is the manner in which the author discusses decisions that are primary and yet so powerful, that internalizing them can actually pave one's path to happiness and success.

Unlike most management books, 'The Seven Habits...' does not target any specific reader group. Conversely, the fluidity of its language ensures that this store-house of information can easily be read by anyone and everyone!

In its introductory chapter, the book says that 'Being Proactive' is the first step towards our ultimate goal of becoming effective. The second chapter highlights Habit 2, which is to 'Begin with the End in Mind'. Chapter 3 deals with the habit of personal management i.e. put first things first.

The next is the concept of 'Think Win Win' describes an attitude whereby mutually beneficial solutions for all the parties involved can be sought. Chapter 5 focuses on the power of 'Empathy i.e. Seek first to understand and then to be understood and chapter 6 discusses the Synergy effect, which helps to unify the immense powers within people.

In the last chapter, the author focuses on balanced self-satisfaction & discusses the four dimensions (physical, mental, emotional and spiritual) of 'Renewal'.

A major strength of the book is its central theme itself, i.e., simple habits that are capable of positively transforming an individual's life. The easy, consistent and logical flow of ideas will definitely appeal to people from all fields - students, academicians. Covey needs to be complimented for artfully highlighting issues without being preachy.

However, certain concepts require further clarification. For instance, in an example of a Win Win situation, the author suggests rewarding everyone or a very large number of people as the right approach. This, however, maybe unrealistic and, therefore, may not find application in real life.

Furthermore, most examples in the book are US-centric and consequently readers in other places may not find it easy to relate to them. Also, while the use of charts, diagrams and tables is meant to clarify concepts, their over-use at certain places puts the book in the danger of being labeled as a science text-book.

To conclude, 'The Seven Habits...' comprehensively describes the habits that can truly and positively influence and transform our lives. Over all, the book makes an interesting read, and deserves to be read and implemented upon again and again.

The 8th Habit

Covey's book *The 8th Habit: From Effectiveness to Greatness* (published in 2004) functions as the sequel to The Seven Habits. Covey claims that effectiveness does not suffice in what he calls "The Knowledge Worker Age". He proclaims that "[t]he challenges and complexities we face today are of a different order of magnitude." The 8th habit essentially urges: "Find your voice and inspire others to find theirs..."

So many people feel frustrated, discouraged, unappreciated, and undervalued -- with little or no sense of voice or unique contribution. The 8th Habit is the answer to the soul's yearning for greatness, the organization's imperative for significance and superior results, and humanity's search for its "voice."

Source: Wikipedia

A Bitter Truth

Kapil Sharma
PGDM (2008-10)



Once upon a time there was an intelligent person, tasting sugarcane. A foolish person came and asked him, "why are you looking so happy?" "I have tasted sugarcane and it was very sweet," the intelligent person replied. Then the fool asked "how did sugarcane look like?" Former answered, "like bamboo". Immediately, the foolish person started searching for that. Everything which looked like a bamboo, he chewed and tasted. But there was no sweetness.

In the same manner we are searching for happiness. Someway or the other, we have linked money and luxuries with happiness. But we are no less than that foolish person. We don't know from where to get happiness we all are running after it madly. Actually there is nothing wrong with earning money. The faults are in the process. We are educated in such a manner that anyhow we have to secure good marks. It develops competition, which leads to enviousness and to non-cooperation further. Now just imagine a society where no one likes other's growth and prosperity. But this is not something new; actually we are living in the same society. People want to make as much money as they can. They even don't bother about the process, what to talk of the consequences. Even what to talk of others when we don't bother about it. Then I feel more shocked when people say that our politicians are corrupt. And that is slowing down our growth. We say that our politicians are greedy for power and wealth etc. They want to live their life lavishly.

So dear friends, we are also in the same queue. There may be a difference in level of corruption. We are also self-centered; we also want to have power, money, and all that what politicians want. And the same will continue for ever. We are always driven by this as we are neglecting our precious heritage i.e. The Vedas and Scriptures.

Everyone is full of anxiety despite possessing money, comforts, and luxuries. Everyone wants to increase happiness unlimitedly and put a stop to all sufferings. Despite their hard work day and night, people only find their problems increasing. Why? The western countries have reached the summit of material civilization- Mobiles, Computer System, Broad highways, Fine cars, Fast flights and machines for everything – but people are unhappy and dissatisfied. The number of divorces, suicides, mental illnesses, crimes, all are increasing in America, are not a sign of happiness. The government has difficulty controlling crimes, drugs addiction, adultery, etc. Not only America, but all around the world situation is the same. Why is man unhappy even after possessing practically everything necessary for a comfortable and luxuries living?

The reason is that there is no clarity of the goal of one's life. Rushing to reach the destination is good but one should know what one's destination is, where one wants to go. Without knowing the destination, if a person is busily running here and there mindlessly all his time, he will end up empty handed. Therefore one should know first: "why I am born into this world?"

Scriptures and Vedas are the basis of our life and culture; we get all the necessary information that is required to live the life happily. An insight into these will not only help gain an answer to the above question but also reveal the triviality of the 'race' we all are running.

As confirmed in Bhagvat Gita by Lord Himself that only those who are intelligent follow my instructions. So we must be intelligent enough and try to make our life happy. And not only to be happy for a moment, but for the life time also.

Happiness is not in our circumstance but in ourselves. It is not something we see, like a rainbow, or feel, like the heat of a fire. Happiness is something we are.

- John B. Sheerin

Virtue alone is happiness



Deepak Jain
PGDM (2008-10)

Let me begin with simple question how many of us are happy and satisfied with our life, our job and our existence. No doubt we are living in a progressive world which has far better means of leisure than the primitive world could have provided us but still we are dissatisfied. Have you ever thought why people in older days used to be happy and cheerful in spite of fewer resources? Today no matter how many resources we have, how much education we have, how much wealth we have we are still unhappy and dissatisfied. For many people having these things in life is happiness which is just an illusion. True happiness doesn't lie outside you but it lies within you- it lies in your nature, soul and personality. The soul reason of our unhappiness is that we have lost our faith in our basic values and virtues which are the true means of ones' happiness.

Let me foreground this point with a simple story. It is a story of a boy whose life started from a countryside where he used to live with his family. His father was an honest, hard-working and self made man. He had to face a lot of hardships in maintaining his family. He was an adherent of honesty, truth and self respect. He had a lot of hopes rom his son. He wanted to make him a man of letters. He almost devoted all his life to collect money and respect so that one day his son could go to metro-city for further education. However, there was something which made him uncomfortable and that was his son was not a bright child. He wanted to learn but the problem was that he never learnt because of his poor understanding. Moreover, he was a very unhappy child because his good efforts were never reciprocated with gratitude from the people he helped. Every time he used to complain his father that he would no longer be an honest and virtuous boy as everyone cheated him and made fun of him. At that time his father used to recite one line:

Know then this truth, enough for man to know,
Virtue alone is happiness below

His father used to ask him what is likely to bring glory-honesty in a shopkeeper or corruption in a minister. Then instead of getting response form the boy he used to say, 'no thinking is needed to answer that an honest shopkeeper can win greater glory than a corrupt minister. The boy was never satisfied with his father's philosophy. There were lot

of questions which troubled him and he couldn't get rid of them.

The teachings he received in his childhood from his father i.e. we should have faith in virtue, we should bequeath forgiveness, we should develop our Character so and so forth; these things always haunted him like a nightmare. Once he entered in his adolescence he made up his mind to talk about it with his parents. Father, when he heard his boy's problems, regarding his confused mind because his father's teachings and his worldly experience and his poor understanding, was actually in tears as he couldn't understand him. But he was a man of great forbearance. He again said that I want my son should be a man of Character and Character cannot be built in a day. It takes years of self-exploration, self-suppression and self-denial to develop a Character.

He helped his son in every way. Owing to his father's reputation he got admission in one of the best colleges of his area. Many good teachers gave him tuition and he completed his graduation with 60% marks. Then he started learning thing with deep understanding. He knew about his father's secret ambition that he wanted his son to go to a reputed institute of the metro- city. In order to fulfill his desire he burnt mid-night oil to get through with 85% marks. His father sends him Delhi with following instruction:

Honour and shame from no condition rise;
Act well your part, there all honours lies.

The son took farewell from his family and started his journey with hope and happiness. But the son was slightly uncomfortable in that new environment. He was utterly confused what to do or what not to do; because wherever we go we had interaction with different kinds of people. On the very first day at the institute he was handed a planner whose very first page consisted a letter of Abraham Lincon which he had written to the principal of his son. As the boy went through the content of the letter, it seemed to him as if his father was communicating with him through this letter. His confusion was automatically dissolved and he made up his mind to follow his fathers teachings. Initially his friends used to laugh at him because of his truthfulness, helping nature and his down-to-earth personality. Later on they realized that

**“Honour and shame from no condition rise;
Act well your part, there all honours lies.”**

it is not his weakness but his strength. Gradually everybody realized that he was a boy of substance. People then held him in awe and respect.

At this stage he realized the worth of those words which he used to hear from his father and the sense of satisfaction which he drove through practicing them. The four mantras in his life were:

- Give respect
- Make request
- Be honest
- Do humanity

He used to take pride in these four virtues and was the happiest man ever after. Now lets come to the basic understanding; what exactly virtue is? Virtue means good moral quality in a person, or the general quality of goodness in a person. It is not confined to modesty in a girl and honesty in a man.

A sweeper can be virtuous if he is hardworker; a corporate person can be virtuous if he is disciplined; a teacher can be virtuous if he is patient. Sometimes we come across such statements like ‘virtue is a very overrated thing for me’. I want to ask is it really so? Haven’t we seen in our daily life lot of people worshipping Gods, Saints and their religious Gurus-why? They worship them because they admire their virtue which is nothing but their holiness and piousness. At that time they not only feel happy but also feel elated. Those who are atheist, they have at least one ideal person in their lives whose virtues they admire.

My point is that if we can worship the virtues in others; why can’t we find our virtues within us and admire and worship them. Small beginnings make great endings. Mighty skyscrapers are raised over small foundation stones. If someone wants happiness in his life they should start upholding their virtues which are the true source of happiness.

Virtues

Business Virtues – By Seth Godlin		Virtues of an Entrepreneur (www.angelsden.co.uk)	
1.	Ethics	1.	Passion
2.	Teamwork	2.	Dedication
3.	Honesty	3.	Self-belief
4.	Curiosity	4.	Open-mindedness
5.	Hard Work	5.	Inspired and Inspiring
6.	Intelligence	6.	Can do, will do attitude
7.	Self-motivation	7.	Focussed
8.	Sense of humor	8.	Willing to Learn
9.	Initiative	9.	Dedication
10.	Creativity	10.	Street Smart

Mergers, Acquisitions and Joint Ventures in India



Abhinav Kansal, Pranjul Srivastava
PGDM (2008-10)

One plus one makes three: this equation is the special alchemy of a merger or an acquisition. The key principle behind buying a company is to create shareholder value over and above that of the sum of the two companies. Two companies together are more valuable than two separate companies - at least, that's the reasoning behind M&A.

On the other hand, a joint venture is a contractual business undertaking between two or more parties.

Automobile sector

India is a booming country. Now a day's most of the companies', world wide are not only selling but also manufacturing vehicles in India. This simply illustrates strength of Indian customer whose credentials as potential buyers increased. This has forced most of the international biggies to either enter the Indian market directly (which is a costly proposition) or through M&A or JVs with Indian automobile majors. This partnership helps both the players as one is able to get the latest technology which are more fuel efficient and more environments friendly and the other benefits by tapping such a huge market which is still untapped.

Some of the major movements in Indian market can be tracked as follows:

Bajaj, KTM Power to jointly build bikes

Bajaj Auto is India's one of the largest two wheeler makers. The company is now ready to roll out first of its KTM bike during the festive season this year. The new KTM bike from Bajaj will mark company's foray in the 750cc segment in India. The bikes will be launched as Completely Knock Down (CKD) units by the second half of the current fiscal.

European sports motorcycle manufacturer KTM Power Sports AG and Bajaj Auto Ltd, manufacturer of two and three-wheelers, have announced a wide ranging co-operation. According to an official release from BAL, the KTM Group would provide the know-how for the joint development of water-cooled four stroke engines (125 cc and 250 cc) which provide KTM the basis for motorcycles in the new street entry segment

Bajaj has 25 percent stakes in the Austrian bike maker, KTM. The company feels that the Indian market has now matured to absorb the super bikes in India. It is also planning to bring 250cc Kawasaki Ninja 250R to India which will be priced around Rs. 2.5 – 3 lakh.

Bajaj will also assembler 690cc SuperMoto and 690cc Duke at its Chakan plant in Pune. Bajaj Auto managing director Rajiv Bajaj, said that their Chakan plant is the most technologically advanced plant in the country. They have the ability to assemble most products at the Chakan plant.

Although the company plans to assemble the bikes locally, however, all the models will be quite expensive for the Indian markets. The company intends to strengthen its position in the value segment in India.

The joint developments would also be available as basis for Bajaj products. Through the cooperation with BAL, KTM would extend its product portfolio for the future with a 125-cc street product line, in addition to the present 1190-cc, 990-cc and 690-cc platforms developed and manufactured in Austria.

KTM is the company which is famous for its off-road motorcycle prowess and is rapidly gaining respect for its excellent street bikes as well. The street bikes are a recent phenomenon, which with Bajaj's equity intervention should be of great interest to us as well.

KTM has been fiercely independent from the start and much - if not all - development is inhouse. The other thing KTM is famous for is racing. KTM's tag line is 'Ready to Race' and that philosophy is the reason for the thrilling performance and character of all its machines, from the kiddie-motocrossers to the gigantic Dakar-conquering Adventure.

The official word on the Bajaj-KTM tie-up is that the Indian company will take over the distribution for KTMs in South Asia, while the two will jointly develop 125cc and 250cc products. These products will be ready to be branded Bajaj or KTM and could be sold in either form across the globe. While KTM's range of machines start from 50cc onwards, three machines are of significant interest to us based on the 800+cc CBU import rule. The first is the KTM 950 Supermoto.

“India is a booming country. Now a day’s most of the companies’, world wide are not only selling but also manufacturing vehicles in India.”

This bike was launched only last year and is a big 950cc V-twin in the supermotard format (dirt bike with street wheels and brakes, more or less).

With the introduction of the new EU driving license, which allows riding of 125-cc motorcycles with a car driving license in all EU member States, KTM will be in a position to offer innovative premium entry models in the street segment, it noted. The sourcing for the production and the assembling of these new models in the street entry segment would be in India.

KTM Power Sports AG is a manufacturer of power sports vehicles. With products in Motocross, Supermoto, Enduro classes and with on roadbike products such as Super Duke KTM is a strong brand in Europe and the US. With more than 1,930 employees, the KTM Group earned revenue of €566.1 million in 2006-07. Over 23 sales subsidiaries distribute KTM products to their 1,400 independent KTM dealerships worldwide.

Tata completes JLR buyout

In Mumbai Tata Motors said it had completed the \$2.3-billion acquisition of British luxury brands Jaguar and Land Rover in an all cash transaction.

The acting Chief Executive Officer of Jaguar Land Rover David Smith would be the new CEO of the business, Tata Motors said in a statement.

In March, at Gaydon in the U.K., the Indian auto major had announced that it has entered into a definitive agreement with U.S. car-maker Ford to buyout the two British luxury brands.

This was a momentous time for Tata Motors that completes its buyout with Jaguar and Land Rover which are two iconic British brands with worldwide growth prospects. Jaguar and Land Rover will retain their distinctive identities and continue to pursue their respective business plans as before, Tata said in a statement.

The purchase consideration includes the ownership of Jaguar and Land Rover or perpetual royalty-free licenses of all necessary intellectual property rights, manufacturing plants, two advanced design centres in the U.K., and worldwide network of national sales companies.

Tata Motors has also entered into long term agreements with Ford for supply of engines, stampings and other components to Jaguar and Land Rover.

According to the statement, other areas of transition support from Ford include IT, accounting and access to test facilities.

Both firms would continue cooperation in areas such as design and development through sharing of platforms and joint development of hybrid technologies and powertrain engineering.

Further, Ford Motor Credit Co would continue to provide financing for Jaguar and Land Rover deals to customers for a transition period.

The company is in advanced stage of negotiations with leading auto finance providers to support the Jaguar and Land Rover business in the U.K., Europe and the US.

The financial services partners are expected to be selected shortly. Both the parties recognise the significant improvement in the performance of the two brands and look forward to this trend continuing in the coming years.

It is the Tata intention to work closely to support the Jaguar, Land Rover team in building the success and pre-eminence of the two brands.

As of 27 March 2008, Tata Motors reached agreement with Ford to purchase their Jaguar and Land Rover operations for US\$2 billion. The sale is expected to be completed by the end of the second quarter of 2008. Tata will also gain the rights to the Daimler, Lanchester and Rover, brand names.

In addition to the brands, Tata Motors has also gained access to 2 design centers and 3 plants in UK. The key acquisition would be of the intellectual property rights related to the technologies.

Power Sector

India is a developing country and is growing around the rate of 7% annually despite this recession. This clearly indicates the rising needs of the requirements of all the raw materials, labour, machinery and above all power to run them.

To cater the rising needs of our country as a whole we not only need to increase power production but also need to manage it professionally in terms of its trade. Also since the change of government policies to allow private players not only to distribute but also to produce electricity, the Power Sector has become an extremely important sector to study it.

Traditionally India produces electricity from thermal power

“India is a booming country. Now a day’s most of the companies’, world wide are not only selling but also manufacturing vehicles in India.”

plants, hydro power plants, wind energy, solar power plants and to some extent from nuclear power plants. All of them require huge amount to be spend both in terms of money & space but the most efficient among them is the nuclear power both in terms of production as well as in terms of environmental concerns.

But the recent signing of the nuclear deal for the expected 80 billion \$ market signals the beginning of a new era. NPCIL, the sole company in India dealing with nuclear power generation has suddenly become very active and now seems to be among the most sought after PSU. Recently NPCIL signed MoUs with companies from US, Russia, France and Kazakhstan.

As promised by the Indian government, some private players have also entered the fray. No doubt they’ll have major contributions in nuclear power production only after 5 years down the line. GMR a well renowned infrastructure company plans to invest around Rs.10K crore to set up nuclear power plants in the next 5-7 years. GMR is in talks with equipment and fuel suppliers in France, United States and Korea for the power plant. Not only nuclear but GMR also has projects to take up the capacity to 4,500 MW in about five years from now from the current 800 MW. Of the under construction projects, 1,500 MW would be hydroelectric power (two in India and three in Nepal). Two coal-based power plants adding 2,200 MW capacity are under construction in Orissa and Chattisgarh. Similarly, Videocon, Tata Power, GVK Power, Jindal and Reliance Power too have evinced interest to invest in the Nuclear energy sector possibly through joint ventures with NPCIL.

But the biggest of all the deals in India will be between NTPC and NPCIL where they have signed a MoU, under which they’ll form a JV company- where NTPC would hold 49 per cent of the stake in the joint venture company and 51 per cent would be held by NPCIL- to built Nuclear Power Plants in India. Although the financial details of the joint venture were not disclosed, Indian media has estimated that investment in the joint venture would total some 150 billion rupees over the next eight years.

For making the market more competitive a power exchange is being constituted. A power exchange would function like commodity exchanges and provide a platform for buyers, sellers and traders of electricity to enter into spot and forward contracts.

NTPC is working out the broad contours of the proposed nationwide Power Exchange, with the consultants to the project - Nord Pool ASA and Crisil - having submitted their final proposals for setting up electricity pooling mechanism in the country.

Moving forward a JV agreement has been signed amongst NTPC, NHPC, PFC and TCS for incorporation of a Joint Venture Company (JVC) to set up and operate a power exchange at national level. The JV Company would be registered as a Public Limited Company with an authorised capital of Rs 50 crore for setting up the power exchange to provide neutral and transparent electronic platform for power trading. The exchange would also ensure clearing of all trades in an efficient manner with access to all the players in the power market.

NTPC has also taken a lead in the initiative to set up a wholesale market for electricity, which is also expected to see participation from trading major PTC India Ltd and Power Grid Corporation of India Ltd. It is also likely that these companies may initially acquire some equity in the project, Government officials said.

The world’s only multinational exchange for trading power and one of the most efficient pooling mechanisms, is owned by the national grid companies of Norway and Sweden. In view of the success of the pooling mechanism in the Scandinavian countries, a broadly similar structure could be considered for India, Government officials involved in the exercise said.

A high-powered task force comprising officials from Power Trading Corporation (PTC), NTPC, Power Grid Corporation of India Ltd (PGCIL), Central Electricity Authority (CEA), and the Ministry of Power had visited the US, Norway, Canada, Australia, and the UK last year to study the power markets in these countries.

Currently, inter-regional power transfer capacity of around 6,000 MW is available in the country, which is expected to increase further to about 9,500 MW in the coming few years.

With transmission capacity being put in place for large size inter-State projects, the inter-regional transfer capacity is likely to get further enhanced.

With greater optimization of capacities and increased competition expected among generation, trading and

“The Indian retail market is the most fragmented in the World and only 2% of the entire business is in the organized sector.”

distribution firms, power tariffs are also expected to come down in the long run, an official said.

IT sector

Indian IT sector has been one of the most profitable sectors in the recent past. One can view it as a sunrise sector, earning very high profits year by year. But as of now there are no major tie-ups lined up in the industry, which may also be due to temporary slowdown which is being experienced throughout the globe.

The only major deal which happened in the recent past in Indian market was that of:

HCL completes Axon purchase

On 15 December 2008, Indian outsourcing company HCL Technologies has completed its £440m cash acquisition of UK SAP specialist Axon Group ending a process that first started back in the summer.

Both HCL and rival Indian outfit Infosys bid for Axon but after the initial signs of a bidding war only HCL remained in the bidding and had its offer accepted by the UK company's board.

Earlier this year the buyout was given the green light by Axon shareholders. The firm will be incorporated into the HCL family under the new name HCL Axon.

In a statement, Vineet Nayar, CEO and member of the board at HCL Technologies, said that the company had a track record of looking after businesses it acquired.

A blue ocean thinking to create uncontested market spaces is an underpinning of the HCL transformation story. The merger of Axon and HCL SAP presents a great opportunity to bring new capabilities to the market with a truly global delivery model providing the full lifecycle suite of services.

Moreover, HCL has a long history of experience in ensuring smooth integration and preserving the unique identity and character of the companies it acquire, and HCL welcome Axon employees into the its family in the form of HCL Axon

In response, Steve Cardell, president of HCL Axon said that it would combine its specialist consulting skills with the Indian player's ability to deliver management and infrastructure support globally.

HCL Axon has enormous potential given the complementary strengths of Axon and HCL SAP practice. The current capability gap prevents vendors from addressing the full opportunity. As HCL Axon, the company will be combining Axon's strong business benefit-led consulting and implementation capabilities with HCL's strong global delivery based application and infrastructure management capabilities.

Retail Sector

Retail sector is the most booming sector in the Indian economy. Some of the biggest players of the world are going to enter the industry soon. It is on the threshold of bringing the next big revolution after the IT sector. Although organized retail market is not strong as of now, it is expected to grow manifolds by the year 2010. A CRISIL report says that the Indian retail market is the most fragmented in the World and only 2% of the entire business is in the organized sector.

But as the standard of living of Indian people is rising, an increased need for organized retail sector is being felt. But the Indian retailer does not possess the requisite experience as well as enough capital to meet the above mentioned requirements. So some of the big corporate houses have decided to join their hands with various biggies.

Few are mentioned below:

Bharti Wal-Mart names brand name for its Cash & Carry venture

Bharti Wal-Mart is a joint venture between Bharti Enterprises and US retail giant Wal-Mart.

'Best Price Modern Wholesale' is going to be the brand name of the Cash & Carry stores to be set up in India under the retail joint venture agreement signed two years ago between Bharti Enterprises, the country's largest mobile telecom player, and Wal-Mart, the world's largest retailer.

Bharti Wal-Mart, a wholesale operator for serving grocery and retail chains on

February 4th, 2009 said it has no plans to hold back its 'B2B' (business-to-business) operations in India despite the current market slowdown.

Wal-Mart is incidentally amongst the largest C&C players in the U.S., where it operates its C&C business under the

“Under ‘Cash & Carry’ concept of wholesale, retailers try to cater to service the need of intermediaries like small unorganized retailers.”

brand name of Sam’s Club. While, Sam’s Club stores occupy between 70,000 and 1, 90,000 sq ft of space, a typical store is 132,000 sq ft large. Apart from offering food and grocery, the stores in the US also sell flowers, clothing, books, software, home electronics, clothing jewelry, art, optical, pharmacy and furniture.

The joint venture, which is for wholesale cash-and-carry and back-end supply chain management operations in India, is scheduled to open its first store in Punjab in the first quarter of the next fiscal. The company is at present in the process of building stores in Amritsar, Jalandhar and Ludhiana.

The joint venture is looking at setting up 10 to 15 cash-and-carry wholesale stores in the next seven years. These stores, offering a range of 6,000 to 10,000 products under both food and non-food categories, are expected to provide employment to 5,000-odd persons across the country.

The joint venture in partnership with Punjab government has also establish a special skills training centre for imparting training in retail operations to local and other personnel at Amritsar.

It has also opened an Operational Distribution Centre at Banur near Rajpura, occupying space of 90,000 sq.Feet.

Expecting a major price correction in the real estate sector, Raj Jain, MD and CEO of Bharti Wal Mart,said the joint venture was hoping to capitalize on sluggishness prevailing in this sector.

They are hoping significant correction in real estate prices, including rentals, which will offer a great opportunity for them to take advantage of the correction that 5-10 per cent correction in prices will not be enough. It should be significant.

Under ‘Cash & Carry concept of wholesale, retailers try to cater to service the need of intermediaries like small unorganized retailers (mom-n-pop kirana stores), street hawkers, caterers, restaurants, hostels, among others who buy different consumer products to either directly or indirectly meet the needs of consumers.

In the United States, Europe, and other advanced markets, C&C wholesalers also supply the goods to consumers in bulk. But in India, statutory authorities discourage direct to selling to consumers, even if it is in bulk. As such, authorities insist on registration of only those customers, who in turn are registered with local, state, or state authorities. Most of

these intermediary customers carry valid registrations like, VAT (Sales Tax), Shops & Establishment, Public Health, etc. licences.

Rajan Bharti Mittal, Vice-Chairman and Managing Director, Bharti Enterprises, who is responsible for retail vertical of Bharti group, talking about the venture has said that with this venture, they propose to bring great value on the one hand to farmers, artisans and small and big manufacturers and, on the other hand to retailers, kirana stores, and big and small businesses that will have access to better quality products at favourable prices.

Currently, Metro AG of Germany is quite active in C&C business with five of its stores operating from Bangalore, Hyderabad, Mumbai, and Kolkata. These stores are operated by the group’s wholly owned subsidiary in India.

Tesco plc, the UK-based third largest MNC retailer in the world, has recently announced its tie up Trent Limited, one of the two retailing arms of Tata group, to foray into C&C space of India’s growing retail sector. Tesco plc will be setting up these stores in alliance with Star Bazaar hypermarket chain of the group.

Bharti Wal-Mart Pvt Ltd is not putting its plans (for launching its cash and carry stores) on hold despite market instability. It is fully committed to its long term investments for India.

The Marks & Retail Spencer- Reliance Joint Venture

In April, 2008, Marks & Spencer Group plc (M&S), one of the largest retailers in the UK, announced that it was entering into a joint venture (JV) with Reliance Retail Limited (RRL), the retail arm of Reliance Industries Limited (RIL), with the aim of expanding its operations in India. The JV would help M&S to expand its operations in India by widening its portfolio and RRL to position itself in the higher strata of the society, targeting premium customers. However, analysts felt that the JV could face competition from existing Indian retail major Pantaloons Retail India Ltd and other global retailers such as Wal-Mart, Tesco, and Carrefour, who were trying to gain a foothold in the country’s retail sector.

The value of the initial investment in the venture will be up to £29 million (in cash or in kind) or Rs 230 crore between the parties, with both agreeing to provide further funding in the future.

Marks & Spencer Chief Executive Stuart Rose recently

“India permits single-brand retailers to own up to 51 percent in a joint venture with a local firm. Multiple-brand retailers are restricted to franchise and license operations.”

unveiled a major push into international markets, which he expects will account for 20 percent of revenues in five years, up from less than 10 percent now.

The new joint venture signals the major foray into India of the UK retailer. It will have the right to operate Marks & Spencer stores in India selling items such as women's, men's and children's clothing as well as home wares. It will aim at opening at least 50 new stores in India over the next five years.

According to a press release, the UK retail major has entered into an agreement with Reliance Retail (which currently has over 500 stores in over 49 cities spanning over 3.5 million sq ft.) with the goal of establishing Marks & Spencer as a major retail brand in India.

India permits single-brand retailers to own up to 51 percent in a joint venture with a local firm. Multiple-brand retailers are restricted to franchise and license operations.

Moreover, subject to the satisfaction or waiver of certain conditions, including the receipt of approval from the Foreign Investment Promotion Board, Marks & Spencer will take a 51 per cent interest in Marks and Spencer Reliance India Pvt Ltd with Reliance Retail taking the remaining 49 per cent.

M&S, which currently has about 20 franchises operated by India's Planet Retail, will also sell food and home furnishings under the new format.

It is envisaged that Planet Retail, Marks & Spencer's existing franchise partner in India, will continue as a franchisee in respect of the 14 existing franchise stores. This announcement is part of Marks & Spencer's plans to grow its international business to 15-20 per cent of Group revenues (£8.5b (2006-07), within the next five years, the release said.

Sir Stuart Rose, Chief Executive, Marks & Spencer, has said that India is a very exciting opportunity for Marks & Spencer and a market where there is the potential for M&S to become a major retail brand. Reliance Retail is the ideal partner for them to accelerate their expansion and create the opportunity to open much bigger M&S stores.

Mr Mukesh Ambani, Chairman of Reliance Industries, has said that they are excited to partner with M&S to combine Reliance's understanding of the Indian marketplace, and its traditional strengths in the areas such as technology, infrastructure, logistics and training with M&S's legendary retailing and product development capabilities to deliver a

delightful experience for Indian consumers.

India's fragmented retail industry, estimated at about \$350 billion, is forecast to nearly double in size by 2015. But the entry of foreign retailers and large local firms has triggered political concerns and protests by small shop owners.

Pharma sector

This is the only sector among all which is considered to be safest by all (investor as well as employee). Recently the pharmaceutical industry in India is witnessing some interesting deals.

To start of with, it was Ranbaxy which sold off its entire pharma business to world's 21st largest, Japanese drug maker Daiichi-Sankyo. Ranbaxy which was prior to this deal was acting as a hunter; it was hunted; thus indicating how globalization can rapidly change the scenario.

But this doesn't indicate in anyway that the Indian Pharmaceutical Industry has become less competitive, it simply acts as a positive indicator to the world that the Indian Businessman now think professionally & do not hesitate to take tough decisions when it comes to even family business.

This is a consolidation time for the pharmaceuticals market. For any pharmaceutical company to grow it either needs to launch new innovative products or start M & A process, otherwise they'll become extinct in this fierce age of competition like it happened with Sarabhai Pharmaceuticals which used to be a top company, but as it was not able to pace up with time it has now nearly vanished from the Indian Pharma scene.

To prevent such situations now-a-days many companies have started taking the above mentioned routes of survival.

Dabur for example sold off the non-oncology formulations business to Alembic for Rs 159 crore way in January 2007, followed by sale of its relatively smaller molecular business which was also sold for Rs 2.25 crore in December 2007. Finally, the promoters of Dabur group decided to exit the pharma business by selling off its 65.3 per cent of the equity in March 2008 to Fresenius Kabi.

More recently Sun Pharmaceuticals, a Mumbai based drug maker is currently involved in a legal tussle with Taro pharmaceuticals of Israel. They had entered into a contract where Sun was to buy Taro, but some complexities later

“If any firm wants to grow in this competitive world will have to either come out with new & innovative products very frequently or will have to merge or acquire new brands or firms or will have to form Joint Ventures with them.”

emerged & a decision is now pending in the Supreme Court of Israel (which is expected around March, 2009) whose previous observation in the case was positive towards Sun's claim.

But the real fight is between GSK Pharmaceuticals Limited & Pfizer the top two drug majors in the world market as well as considerable presence in Indian market.

GlaxoSmithKline Plc, for example, has agreed to buy Belgian pharmaceutical group UCB's operations and commercial rights in a number of emerging markets for euro515 million (\$667.2 million). The two companies announced the cash deal on Friday for more than 50 operations in Africa, the Middle East, Asia Pacific and Latin America, but excluding Brazil, Russia, India, China, South Korea and Mexico and UCB's new core products.

Not only this, GSK is also planning to acquire Indian generic drug maker Piramal Healthcare for around USD 1.5 billion. But as of now none of the parties either accepted or denied this media speculation.

Similarly, Pfizer has decided to diversify itself into vaccines by gobbling up Wyeth for around US\$ 68 bn. This will help Pfizer to continue the phenomenal growth rate despite some of its major brands going off patent in 2011.

Telecom Sector

Indian telecom sector, like any other industrial sector in the country, has gone through many phases of growth & diversification. Day by day, both the public player & the private player are putting in their resources and efforts to improve the telecommunication technology and in lieu of this, use of advanced technologies like GSM, CDMA and 3G have been introduced so as to give maximum to their customers.

JV between Unitech-Telenor

Realty major Unitech completed its deal with the world's seventh largest mobile operator, Telenor on Jan 2009.

The Oslo-headquartered company, Telenor, is a global provider of high quality telecommunications, data and media communication services. Fifty-four per cent of it is owned

by Ministry of Industry and Trade, Norway. It has operations in Europe and Asian countries.

Unitech Wireless has pan-India telecom licences in all 22 circles and plan to launch its services in first half of 2009. The company was awarded pan-India mobile telecom licence for Rs1,651 crore early this year and has got GSM spectrum in 13 circles.

Telenor expects that the investment in India will contribute with marginal increase in organic revenues, an earning before interest and taxes loss in the range of 22.5 billion Norway Kroner and capital expenditure in the range of 5.5-6.5 billion Kroner for 2009.

On the sidelines of announcing its quarterly results, Norway's Telenor said that it estimates that its joint venture with Indian new entrant Unitech may incur a capital expenditure of \$ one billion in 2009.

Mode for infusing funds into the JV, has been decided that the investment in Unitech Wireless in India will be financed through a combination of cash generated from operations and additional debt.

Unitech had announced the selling of 60% stake in its telecom venture Unitech Wireless for Rs6, 120 crore (\$1.23 billion) to Telenor.

Both the parties have made significant progress on the transaction.

If any firm wants to grow in this competitive world will have to either come out with new & innovative products very frequently or will have to merge or acquire new brands or firms or will have to form Joint Ventures with them.

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Learning from the Movie Guru



Meghna Gupta
PGDM (2008-10)

The movie Guru is the embodiment of the renaissance spirit – to look within and reach beyond one’s limitations in pursuit of the Big Dream. It bears resemblance to the rags-to-riches story of the iconoclastic business tycoon Dhirubhai Ambani.

The story line shows the frantic pace at which the small- time villager enter, overhauls and commands the textile industry in Mumbai, in spite of the hostile veterans in the field.

Guru exudes qualities befitting a true leader – a dreamer in constant pursuit; an aspirant who becomes a remarkable achiever by the forceful combination of his indomitable spirit and zestful fervour.

Learnings

1. Clarity of vision and ability to realize the big dream within a deadline.
Guru, the protagonist, is a visionary, a seer and seeker of his destiny, who not only has a clear mental picture or plan of what to achieve, but also a well- strategised plan of how to reach there.
The humble petrol seller in Turkey becomes a textile dealer in Mumbai and then the largest manufacturer of polyester fabric yarn in India. His single minded determination helped him make the right moves to succeed.
2. Decisiveness and ability to take risks.
His decisiveness is the true index of his self- confidence as a leader who never hesitates to take risks for potential gains. Sensing a good opportunity in India, he declines promotion as supervisor in Turkey. He establishes Shakti trading, sets up his first textile mill and make polyester a household name.
3. Power to motivate others in pursuit of a common goal.
He is a convincing motivator, a confidence booster, who can make his individual dream that of millions of others. He convinced first- time retail investors to put in their hard- earned money in his business, promising them, in exchange of their trust, substantial returns on their investment. Each shareholder is a co-passenger in his journey to success.
4. Innovation-the clue to rise above tough competition

He is a master innovator who initiated equity cult in business. He has the foresight to visualize the success of polyester as a commodity, bringing rich returns in a virgin market.

5. Indomitable spirit and never-say-die attitude.
“No” and “Never” are words he never utters or understands. This positive attitude makes his journey from “I can” to “I will” to “I have” so plausible and possible.
 6. Versatility in Communication skills.
The exquisite panache with which he deals with bureaucrats, rigid contractors, fellow investors, and his mentor-turned-antagonist, reveals versatility of his communication skills. Apart from being a good orator he is also an active listener. He spoke best when he was struck worst and emerged triumphant.
 7. An Inspiring team- builder.
He builds a team of dedicated co- workers, ready to give more than their 100 percent in pursuit of their common goal. His consistency, competence, consideration, candour and conviviality egg on his team to be loyal forever.
 8. Resilience to bounce back.
His resilience in times of major crises helps him overpower intimidating circumstances. His policy: “Tum jitna jor se bologe main utna hi tej chaloonga”(the louder you shout, the faster I will move).
 9. Never mix professional life with the personal.
He acts like a true management Guru, whose heart and head both work at peak efficiency at all times, never letting one interfere with the other. Indeed, his personal relationships always provide the back- up to withstand challenges. His wife, Sujata, a pillar of strength in the direst hour, Meenu, a reciprocator of unconditional love, Manikdas Gupta(Nanaji) his mentor whom he respected, envied and yet outrageously dared- all serve to consolidate his professional life never weakening it.
- By embodying the qualities of an intrinsic leader, Guru inspires all those who dream with their eyes open. He beckons all to strive, to breathe in commitment and to breathe out confidence while treading the path to their goal. And to forge ahead, relentlessly.

An Entrepreneur



Deepak Kr. Mittal
PGDM (2008-10)

An entrepreneur is one who recognizes the opportunity and grabs it with his innovative idea. He never suppresses his ideas but gives life to it and leads the world.

Generally somebody who carves out a niche in the market; and creates value by offering a product which somebody else could not. They tend to explore unknown territory, thereby exploiting opportunities and pooling their resources to make that venture a success.

The story below is about a person, who showed a true entrepreneurship spirit.

There was a watchman in an institute. He was illiterate but very sincere and honest towards his work. He has been working there for twenty years and was never condemned by anybody for his work. His employer was also very happy with him.

When the employer retired, the entire business was passed over to son. The young fellow who has graduated from top most management institute of the country set about bringing structural and organizational changes. He felt that employees at the lower level must be educated and hence a watchman who interacts with all types of people should be literate. He called him in his office and gave him an ultimatum that either he earn a graduate degree or leave the job. He gives him two days time to think and decide.

Poor watchman went home and narrated the entire episode to his wife. He was very upset because he felt that at this stage neither can't he enroll for a course nor learn anything new this stage. He was also skeptical about his employment prospects elsewhere. Somehow after two days he reached the office and resigned from the job with a heavy heart. While

returning home he wished to smoke (even though he was an abstainer), but did not find any chain shop in the street. He went to the next street but did not find any thing. Lastly he found a small shop in Third Street from the institute. Late in the night while thinking of possible things he can do, he stuck with an idea, why do not open a chain shop near institute, because it was very busy street. He started a shop with his savings there. Gradually the shop started reaping benefits. Seeing the returns and good profit margin, he decided to open another shop in the neighboring street. With that inspiration he opened one more shop in another street. He again got success in that. He started opening shops in different parts of city & opened around seventy shops in the city virtually covering each corner of the city. He deposited the profits earned by these shops in a local bank.

Once he got a call from bank manager. Manager wanted to discuss some investment opportunities. When he reached bank the manager told him that he had accumulated a sum of Rs.2.5 crores in the bank within six years. The man was surprised. The manager offered him to invest the money in other schemes of bank to have good interest. The watchman, now owner of chain of chain shops, "I do not have any idea about these, will you be kind enough to help me?". Manager agreed and gave some documents to sign. The person asked for thumb pad. The manager again asked for signature. The person said that he is illiterate. The manager jumped from the chair and said, "Although you are an illiterate person, still you accumulated such a good sum within six years. What wonder you could have done, if you were literate?" The person thought of his past, smiled & said - "A watchman".

Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation.

- Peter F. Drucker, "The Father of Modern Management"

Millennium Development Goals



Rinki Grover
PGDM (2008-10)

The Millennium Development Goals (MDGs) are the end product of numerous UN development conferences from the 1960s to 1990s.

MDGs reflect the emerging role of human rights in the international community, focusing on the economic, social and cultural rights enumerated in the Universal Declaration of Human Rights (rights to food, education, health care, and decent standard of living).

The Millennium Development Goals were set in 2000 but still they are not much known among the masses. These goals have immense potential and should be promoted on a high scale.

There are eight MDGs

Eradicate extreme poverty & hunger

Halve the proportion of people living in extreme poverty – and those suffering from hunger – by 2015 (from 1990 levels).

- Reduce by half the proportion of people living on less than a dollar a day.
- Reduce by half the proportion of people who suffer from hunger

Achieve universal primary education

Goal 2 of the Millennium Development Goals sets out by the year 2015 to:

- Ensure that all boys and girls complete a full course of primary schooling

Promote gender equality & empower women

Goal 3 of the Millennium Development Goals sets out by the year 2015 to:

- Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015

Reduce under five child mortality by two-thirds

Goal 4 of the Millennium Development Goals sets out by the year 2015 to:

- Reduce by two thirds the mortality rate among children under five.

Reduce maternal mortality by three-quarters

Goal 5 of the Millennium Development Goals sets out by the year 2015 to:

- Reduce by three quarters the maternal mortality ratio.

More than half a million women die each year during pregnancy or childbirth. Twenty times that number suffer serious injury or disability. Some progress has been made in reducing maternal deaths in developing regions, but not in the countries where giving birth is most risky.

Combat HIV/AIDS, malaria & other diseases

Goal 6 of the Millennium Development Goals sets out by the year 2015 to:

- Halt and begin to reverse the spread of HIV/AIDS.
- Halt and begin to reverse the incidence of malaria and other major diseases.

Ensure environmental sustainability

Goal 7 of the Millennium Development Goals sets out by the year 2015 to:

- Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources.
- Reduce by half the proportion of people without sustainable access to safe drinking water.
- Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020.

Create a global partnership for development, with targets for aid, trade and debt relief

Goal 8 of the Millennium Development Goals sets out by the year 2015 to:

- Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development

“The Millennium Development Goals are premised on six core values: freedom, equality; solidarity; tolerance; respect for nature; and shared responsibility.”

and poverty reduction—nationally and internationally.

- Address the least developed countries’ special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction.
- Address the special needs of landlocked and small island developing States.
- Deal comprehensively with developing countries’ debt problems through national and international measures to make debt sustainable in the long term.
- In cooperation with the developing countries, develop decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies.

The Millennium Development Goals are premised on six core values: freedom, equality; solidarity; tolerance; respect for nature; and shared responsibility.

Future of millennium development goals

The future success of the MDGs is unclear – individual countries must take preliminary steps in order to reach each and every one of the Goals. Goal 1 requires that countries increase access to food that they are already producing and stabilize market prices so that everyone can afford to eat. To achieve Goal 2 countries must first tackle domestic resource deficiencies; the success of individual countries on the education front will determine international success on Goals 1 and 3-7. Since women are the primary caregiver in most societies, Goal 3 will be central to achieving all the other Goals. To reach goals 4-6 countries must appreciably increase public access to health care. Goal 7 depends largely on a countries’ ability to provide safe drinking water, which in turn requires the government to manage its national ecosystem; without doing so, sustaining human livelihood will be almost impossible.

A website specially ment for MDGs have been started which is gaining more and more publicity now-a-days. People are willingly coming together to put forward their thoughts and they are making deliberate efforts to achive this common goal and make the world a better place to live in.

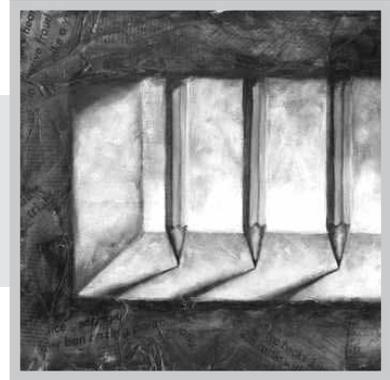
Jawaharlal Nehru National Urban Renewal Mission, 2005

Government of India has launched various urban poverty alleviation programs since independence. These includes Jawaharlal Nehru National urban Renewal Mission in 2005. The objectives of the JNNURM are:

- (a) Focused attention to integrated development of infrastructure services in cities covered under the Mission;
- (b) Establishment of linkages between asset-creation and asset-management through a slew of reforms for long-term project sustainability;
- (c) Ensuring adequate funds to meet the deficiencies in urban infrastructural services;
- (d) Planned development of identified cities including peri-urban areas, outgrowths and urban corridors leading to dispersed urbanization;
- (e) Scale-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor;
- (f) Special focus on urban renewal program for the old city areas to reduce congestion; and
- (g) Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation, and ensuring delivery of other existing universal services of the government for education, health and social security.

(For details visit www.jnnurm.nic.in)

Illiteracy - A Curse On Mankind



Harneet Kaur
PGDM (2008-10)

*Allow one to touch wisdom,
May I be in temple of learning
Allow me to beat the knowledge drum
May I satisfy my inner yearning,
Let me have a pen and a book
Allow me to fly ad Infinitum*

It is a paradox for the country of the Vedas, the land of the wisdom, that its seven million children are still out of the schools, wandering as street dwellers and beggars. My pen aches when I write such sad words about the future citizens of India. Their cries could be heard in the streets, traffic signals, where they are seen begging just for a rupee.

The chief cause of this is our collapsing infrastructure of social services, deteriorating effort of government and falling standards of political thoughts.

The report of United Nations Development Project 2006 discloses that India has very large number of illiterates. It is a clear slap on the face of all the government efforts like Sarva Shiksha Abhiyan, National Literacy Mission, Janshala, Operation Blackboard and the like. Rhetorics cannot hide reality all the time.

Despite of claims of the government, literacy in India is only 64.84 Percent (census 2001). Rest of the Indians are still doomed with the curse of illiteracy.

Government spends very little on education, while the children in our country especially belonging to below poverty line families, are still considered vital due to the economic worth of their manual labor.

In case of Surat diamond industry; parents force upon their children, at early age of ten, the work of cutting polishing diamonds. They deliberately make them child labourers.

In many schools in some states of India, books, sports equipments etc are contained in a single steel trunk. Human capital, the quality of which can be raised through investment in primary and secondary education, has been realized but to a dismal extent.

The rapid economic progress through universal education in Korea, Thailand, and Singapore etc. has yet to open the eyes of our leaders.

It is said that literate population is never poor and no illiterate population is other than poor. Moreover spread of education, particularly among women, reduces birth rate as it is proved in Kerala.

It is not that our leaders don't realize that a well-fed, healthy, and educated population provides the best guarantee for rapid economic growth. However they are scared of educated population who will resist exploitation of all kinds.

Illiteracy make a person enemy of mankind. It is like a curse on his life, family and nation because the work of illiterate is that of an inhibitor. The more the illiteracy rate the harder it is for the country to develop. America whose illiteracy rate is below than 5 percent and Canada 8 percent are developed countries whereas countries like Turkey with illiteracy as high as 61 percent make it one of the underdeveloped nations.

Uneducated population is un skilled and less productive. It is the fact that it is always tougher and more expensive to train illiterate rather than the educated one.

In Surat the labor is illiterate therefore companies take full advantage of them, they enforce them for overtime, give low wages, no vacations, no promotions, they remain petty wagers for whole life. In this way they become enemies of their own and remain poor.

Winston Churchill said, "The empires of the future are the empires of the mind..."

Illiteracy lessens the number of think tanks of a country, thus debilitating the power of democracy. On the other hand literacy empowers the citizen of country with weapons of understanding, rational thinking, liberty and mutual harmony; literacy is a big force in attenuating undemocratic forces like cumbersome social and political problems of terrorism, communalism etc.

When our leaders talk of making India a developed nation, they should keep in mind that without literacy, their efforts in any field are an unarmed combat and India would become a barren land inhabited by useless people.

The very reason that despite achieving 9 percent GDP growth rate our country is still infested with poverty, unemployment,

**“Ask me my three main priorities
for Government and I will tell you,
education, education and education.”**

—Tony Blair

inflation, smuggling, black marketing on one hand and social problems communalism, drug peddling and many more on the other, is illiteracy.

Even more demonic are the genetic effects of illiteracy.

The son of an illiterate inherits poverty and illiteracy. As the father is either unemployed or a low wage earner, he is unable to fend for the education of his children. Lack of awareness makes the various poverty alleviations projects inaccessible for them.

The monstrous nature of illiteracy is revealed by the fact that an uneducated person is not satisfied and harmonious citizen. Dissatisfied and frustrated, he either becomes a thief or a chain snatcher or drug peddler, unable to lead the nation,

more prone to mislead.

Our political leaders – great mass movers and great orators – should move the Indian mass towards the light of literacy.

The memorable words of former British Prime Minister Mr. Tony Blair should be reminded to the government repeatedly, “Ask me my three main priorities for Government and I will tell you, education, education and education”.

It is rightly said that action delayed is action denied. It is imperative now for the government to abandon its lackadaisical approach and start illiteracy eradication program on a war footing.

Efforts to curb Illiteracy in India

The National Education Policy - 1986, as modified in 1992, recognized the National Literacy Mission as one of the three instruments to eradicate illiteracy from the country. The National Literacy Mission has been striving to spread basic literacy among adult illiterates in nearly 600 districts of the country through the Total Literacy Campaigns and Post Literacy Programs, strengthened further by the Continuing Education Program. In the 328 districts covered under the Continuing Education Program, more than 2 lakh Continuing Education Centres have been established, with each Centre catering to a population of approximately 2500 persons. In 198 districts, Jan Shikshan Sansthan that is, Institutes of Peoples Education, are enabling people to acquire new vocational skills and improve upon old ones. State Resource Centres continue to provide resource support to the States, train volunteers and publish a large number of literacy materials for neo-literates. These institutions need to be strengthened so that they work in consonance with each other.

The flagship programme, Sarva Shiksha Abhiyaan, addresses the issue of illiteracy in the 6 to 14 years age group and aims to achieve universal elementary education. It ensures that future generations become educated by proper implementation and monitoring of this program.

CSR at Tata Motors



Saumyadeep Dalal
PGDM (2008-10)

“Wealth came to him in full measure, but he remained to the last what he was by nature, a simple, modest, gentleman, seeking neither title nor place and loving with a love that knew no bounds the land that gave him birth.”

JAMSHEDJI NASSERWANJI TATA, founder of Tata group of companies, establishes Tata Motors at a small city called Kalimati (now Jamshedpur) in Jharkhand, established in 1945, Tata Motors presence indeed cuts across the length and breadth of India. It is India's largest automobile company, leader I the commercial segment & world's second largest medium and heavy bus manufacturer.

At the core of the company's approach to doing business is the Tata Business Excellence Model. In cooperating sound business principles, like customer satisfaction quality, attention to detail, conservation of resources and protection of the environment, this model shapes the way Tata Motors designs, manufactures and markets its products. The management of the company is in the hands of some renowned people like Ratan Tata, J. J. Irani, Ravi Kant, Narsee Monjee and others. The brainstorming session to manage the company is done at 24, Homi Modi street, Mumbai. Being a leader in the global market, products are diversified extensively. The products can be classified as light commercial vehicles (gross vehicle weight of 4-8 tones) intermediate commercial vehicles (gross vehicle weight of 9-11 tones), medium and heavy commercial vehicles (gross vehicle weight of 12-50 tones) and heavy commercial vehicles (gross vehicle weight of 12-50 tones) and defense vehicles.

If we look at the success story of Tata motors we will find that it had attained it after a lot of hardships. Being a technological product and cut throat competition in the global market, it had to give a second thought for redesigning and restructuring. Redesigning of the Tata Cummins engine, engine oil, mileage, ignition problem, visibility area etc had to be resolved. The Experiment and Research department (ERD) looked into it very closely and the redesigned engine came in the year 2003 Viscosity of the engine oil was improved. KMPLCC (KILOMETER PER LITRE CHECKING CAMPAIGN) was done in the year 2008 to improve the mileage. The ignition problem that was faced

by defense vehicles was removed by injecting ethylene into the combustion chamber that would mix with aerosol and leading to fast firing.

Health issues were the second most important hardship faced by the company. World Health Organization defines health as a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. The health status is usually measured in terms of life expectancy at birth, infant mortality rate, fertility rate, crude birth rate and crude death rate.

Staff shortages, non availability of drugs, inadequate OPD services was found in the state. So therefore the company decided to achieve the MILLENIUM DEVELOPMENT GOALS which included antenatal care, anemia detection, combating HIV/ AIDs / MALARIA, immunization drives for polio, and measles were conducted.

Education in India can be understood if the literacy ratio is looked upon. The literacy ratio of India is 6538% with male literacy at 75.85% and female literacy at 54.16%. Tremendous discrepancy in terms of availability of educational facilities in rural and urban areas and even from one region to the other leads to poor educational facilities. Shiksha Prasar Kendra, a Tata Motors society at Jamshedpur, supported 18,000 students (of which 7,500 are girls) from across 33 schools, Scholarships for higher studies awarded to 375 students. Infrastructure was improved at 13 schools, promoting higher education for 2,000 children from over 25 villages.

Unemployment in India is basically unintermittent. This is mainly because of the absence of regular employment for many workers. United Nations Industrial Development Organization's 'Industrial; Development Report 2002-03', highlights that the country's skill base is weak and deteriorating and in this regard has warned that India may face skill constraints when it tries to upgrade technologies in a large range of activities to complete in liberalized markets.

As a part of its skill development programme, the company has identified 10 it is across the country to upgrade their facilities and enhance the relevance of their programmes

“The dominate factors to which recent climate change has been attributed all result from human activity.”

to industry needs. 1,085 youth from areas adjacent to the Company’s plants, were trained in various technical and vocational trades. 1,058 women have been trained in manufacturing food products and utility items, sewing and beautician courses. Environmental issues facing the world today is that of Climate Change. The dominate factors to which recent climate change has been attributed all result from human activity. They are:

- Increasing atmospheric concentrations of greenhouse grass
- Global changes to land surface, such as deforestation
- Increasing atmospheric concentrations of aerosol

Over 175,242 saplings have been planted with 80% survival rate smokeless chullahs constructed to promote use of environment-friendly practice of agricultural training imparted to minimize the use of environmentally hazardous materials and methods. Bharat Nirman Target i.e. to create 10 million hectares of additional irrigation capacity by 2009.

Thus we can see that the company has not forgotten the CORPORATE SOCIAL RESPONSIBILITY apart from earnings profits and has done a lot to achieve the TATA BUSINESS EXCELLENCE MODEL.

CSR initiatives by Indian Corporate

Aptech Limited

To propagate education among all sections of the society throughout the country, especially the underprivileged, Aptech fosters tie-ups with leading NGOs throughout the country, including the Barrackpur-based NGO, Udayan, a residential school for children of leprosy patients in Barrackpur, established in 1970. The company strongly believes that education is an integral part of the country’s social fabric and works towards supporting basic education and basic computer literacy amongst the underprivileged children in India.

ICICI Bank Ltd

The Social Initiatives Group (SIG) of ICICI Bank Ltd works with a mission to build the capacities of the poorest of the poor to participate in the larger economy. The group identifies and supports initiatives designed to break the intergenerational cycle of poor health and nutrition, ensure essential early childhood education and schooling as well as access to basic financial services.

Infosys Technologies Ltd

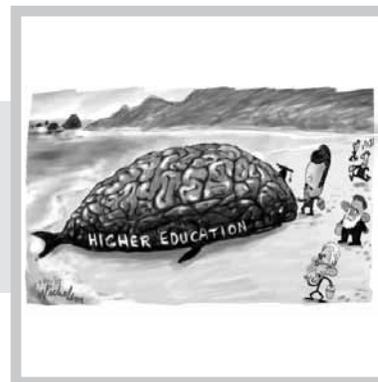
Infosys is actively involved in various community development programs. Infosys promoted, in 1996, the Infosys Foundation as a not-for-profit trust to which it contributes up to 1%PAT every year. Additionally, the Education and Research Department (E&R) at Infosys also works with employee volunteers on community development projects.

Mahindra and Mahindra

The K. C. Mahindra Education Trust undertakes a number of education initiatives, which make a difference to the lives of deserving students. The Trust has provided more than Rs. 7.5 Crore in the form of grants, scholarships and loans. It promotes education mainly by the way of scholarships. The Nanhi Kali project has over 3,300 children under it.

(Source: www.karmayog.com)

A Review of Trade in Higher Education from India



Ms. Rashmi Taneja
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The largest and the most complex Uruguay Round of trade negotiations was launched by the contracting parties of the General Agreement on Tariffs and Trade (GATT)- the outcome was a full fledged legally constituted organization- World Trade Organisation (WTO). One of the most important achievements of this round is incorporation of a significant area i.e. Services (General Agreement on Trade in Services) which has provided the member nations access to trade in services also. Under this gamut of new agreement – GATS, various commitments were made by the member nations to open the different service sectors. However liberalization in Education Sector took place in later years. **“Statistics reveal that over a five-year period, from 1999 to 2004 the number of students studying abroad rose by nearly 50 percent, from 1.64 million in 1999 to 2.45 million in 2004 and if, we indicate export of education in terms of revenue generated on account of the number of students enrolled in a foreign university the revenue of the five major exporters (USA, UK, New Zealand, Canada and Australia) accounted 71 percent increase in their export revenue from \$ 16 billion in the year 1999 to \$ 28 billion in 2005 (Bashir,2007).”** No doubt, Indian institutes of higher education have also been attracting foreign students but the pace of growth of India in this area has always been marginal and now declining.

Table 1: Number of Foreign Students in Indian Universities

Indian Universities	No. of Students in Indian Universities
1999–2000	6,988
2000–2001	7,791
2001–2002	8,145
2002–2003	7,738

Source: Education Statistics of India, Ministry of HRD, 2005, New Delhi

Table 2: Number of Indian Students in Foreign Universities

Year	No. of Students Studying in Foreign Universities
1999–2000	51,414
2000–2001	61,977
2001–2002	87,987

Source: Compiled Organisation of Economic Co-operation and Development – UNESCO Institute of Statistics

Table 1 exhibits that the number of students coming from the different. On the other hand, the students going abroad from India has been continuously rising as shown in Table 2. **Now, on seeing the difference a few issues can be raised - Why Indian students are moving in different countries to acquire higher education and Why India is not capable of attracting more number of foreign students in Indian Universities, in spite of possessing various distinctive competitive advantages viz. vast pool of knowledge in traditional areas, low cost of education, second largest provider of education, etc?** The answer to these questions lies in the problems in Indian Education System, few of these problems are:

1. Capacity Constraint i.e. in India there are just 4400 AICTE (All India Council for Technical Education) approved Universities ;
2. Lack of need based education and;
3. Lack of good residential facilities, transport facilities, absence of language training facility;
4. Limited number of seats available to foreign students, sometimes limited to 5 percent of the total strength;

In this era of globalization where even education has become a globally tradable activity and a major source of revenue for the major exporters, the need has emerged to overcome these existing constraints and consider education not only as a social activity but also as a tradable activity. This approach may lead India, to make education a major source of earning foreign exchange for the economy.

“The history of the world
is full of men who rose to
leadership, by sheer force of
self-confidence, bravery and
tenacity.”

– Mahatma Gandhi

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