

DIAS TIMES

DELHI INSTITUTE OF ADVANCED STUDIES

(An ISO 9001 : 2008 Certified Institution)

VOLUME 14 No. 4

55

OCT. – DEC. 2014

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From the Editor's desk

Dear Readers,

This quarter has been marked by several initiatives, both big and small on the part of the government to overhaul the image of India globally. One of the major initiative programs by Hon'ble Prime Minister, Sh. Narendra Modi is "Make in India" campaign which is creating a buzz in India and abroad.

The unemployed population of India is a major setback to the growth of the Indian economy. Modern technology is increasingly mechanizing industries requiring ever fewer workers per unit of output. Also, the shifting focus of companies from India to other countries is affecting our economy adversely. India ranks low on the "ease of doing business index". Labour laws in the country are not conducive. India's ailing infrastructure scenario and defunct logistics facilities make it difficult for the country to achieve an elite status as a manufacturing hub. To overcome these problems, employment of people and improving the outlook towards India is of utmost importance. But, creation of jobs equating to nearly one million per month is a humongous task.

'Come, Make in India!' is PM Modi's aggressive push to revive an ailing manufacturing sector, which has found resonance with India Inc. The 'Make in India' drive is targeted at making India a manufacturing hub, and the government is pulling out all the stops to ensure a smooth sailing for investors, by setting up a dedicated cell to answer queries of business entities within 72 hours. It will also closely monitor all regulatory processes to make them simple and reduce the burden of compliance. In addition, the government is employing intensive marketing and promotion tactics for the campaign which include relaxing the foreign equity caps in various sectors, online availability of application for licenses, increase of validity of license to 3 years, the launch of a web portal, designing and distribution of brochures relating to the targeted 25 sectors viz. Electronics, Automobiles, Defense, Aviation, Bio-technology, Chemicals and Construction to name a few.

The slogan "Zero Defect Zero Effect" is also fast picking up pace signifying the growing interest of companies in India. The response has been quite encouraging with companies like Spice Group, Samsung, Hitachi, Huawei, Mercedes Benz, BMW and many others showing their commitment to the campaign by signing MOUs for new operations and increasing the current size of their setups.

We, as the masses, hope that the much hyped single-window clearances, minimal procedures & cutting out of any red-tapism will actually be put to practice and "Make in India" campaign will provide a vital impetus for employment & growth. Kudos to Modi ji for the initiative and we wish the campaign lots of luck for its success!!!

Ruchi Gupta

Dr. Ruchi Gupta
Editor





DIAS

A Mission to Excel

Delhi Institute of Advanced Studies is a dynamic growth oriented Institution affiliated to Guru Gobind Singh Indraprastha University. Established by Shri Laxman Dass Sachdeva Memorial Education Society, the Institute is providing dynamic learning environment that is changing in response to the changing needs of society. The Institute seeks professional excellence through ethics, passion and perseverance. The guiding philosophy behind all academic activities of the Institute is to inculcate professionalism and to enhance the effectiveness of an organization.

Sh. S.K. Sachdeva, a well-known name in the educational world, is the Chairman of the Institute, Dr. S.N. Maheshwari, former Principal of Hindu College, Delhi University, is the Professor Emeritus and Academic Advisor and Dr. Barkha Bahl is the Director.

The Institute runs the MBA and MCA programmes affiliated with Guru Gobind Singh Indraprastha University. The credibility of education at the Institute is increasingly being realised and recognized by foreign universities as well as the corporate world.

The Institute's students are its brand ambassadors. Our students have been placed in some of the best companies in India like IBM, Infosys, Adobe, TCS, Nucleus Software Ltd., Intersolutions, Mahindra British Telecom, BhartiTouchtel, Reliance Infocomm, Ranbaxy, Thomas Cook, FICCI, American Express, Tata Tele Services, Jet Airways, Mahindra Finance, Alcatel, Abacus, Synergy, Torrent, Quark, Syntel, Om Logistics, BEC Foods, Hughes, BrickRed Technologies, Escosoft Technologies, Nagarro, Grapecity, Satyam, Wipro, Accenture, Caritor, L and T Infotech, HCL, Tata Infotech, ICICI Prudential Life Insurance, Reliant Infomedia, India Bulls, Tact India, Sapient, J.K Technologies, Mindfire Solutions, Momentum Technologies, ACS Infotech (P) Ltd., Interra Systems, CE Infosystems, Nagarro, Tata Teleservices, Kotak Life Insurance, UTI Bank, Kotak Mahindra Bank, Grail Research, Planman Consultancy, Blackrock, E&Y, KPMG, Capital IQ, 99 Acres, Naukri.com, WNS, Copal Amba, Zomato, Moody's Corporation, Axis Bank and many others. These ambassadors are making the Institute proud in the corporate world.

Academic

Contribution by Faculty

DR. S. N. MAHESHWARI, PROFESSOR EMERITUS & ACADEMIC ADVISOR, DIAS

Dr. S.N. Maheshwari, a prolific author with more than 150 books/monographs to his credit, has brought out the following monographs published by Vikas Publishing House Pvt. Ltd. during Oct. – Dec. 2014:

1. **Advanced Cost Accounting – II** (Cost Techniques and Cost Control), Bharati Vidyapeeth Deemed University, Pune
2. **Financial Accounting**, Course: B. Com – 103 – Directorate of Distance Education, Dibrugarh.
3. **Cost and Management Accounting** – Directorate of Distance & Continuing Education, Utkal University, Bhubaneswar

4. **Advanced Accounting** – Directorate of Distance & Continuing Education, Utkal University, Bhubaneswar.
5. **Advanced Accounting – III**, Bharati Vidyapeeth Deemed University, Pune
6. **Accounting Information System**, Directorate of Distance & Continuing Education, Utkal University, Bhubaneswar

MS. RUCHIKA SHARMA, MS. TANVI RANA, MS. ROMA JAITLY, FACULTY, DIAS

1. Published paper titled “**Work-Life Loyalties : A New Outlook For Dual Career Couples**” in *Effulgence* Dec 2014



DIAS

Faculty and Staff Development

Dr. N. Malati, Associate Professor, Ms. Divya Sahni, Assistant Professor, Mr. Prahalad Singh, A.O, Mr. Narinder Kumar, SAA, Ms. Rita Sharma, Accounts Assistant along with students Ms. Garima Bains, Ms. Lalita Khera & Mr. Rahul attended the Lecture on **“Integral Humanism (Way to Prosperity)”** conducted by Swadeshi Jagran Manch (SJM) on 01.10.2014 held at Rukmini Devi Institute of Advanced Studies (RDIAS).

Swadeshi Jagran Manch (SJM) is part of Sangh Parivar which has been promoting Swadeshi i.e Indian made goods before independence. It emphasizes on importance of using Indian goods in comparison to imported items so as to improve the economic structure of our nation. Youth are encouraged to work for our nation than to go out and work for other countries.

Swadeshi refers to anything which is natural and native to a country and society, but allows scope for assimilation of wholesome and beneficial elements from the outside. This applies to economics as well as politics; culture as well as technology. It is the principle of preferring the neighborhood to the remote. It commands need-based life, and rules out unlimited consumption as an end. It renews and relies on family, community and society as socioeconomic delivery systems. It does not substitute these traditional institutions by the State and the Market. It is not independency; but a global

alternative, which accepts only need-based trans nationalism.

Swadeshi restores economics to its earlier definition which even now the dictionary meaning of economy indicates, namely, practical human needs, frugality, savings, thrift etc. and seeks to remove the latter-day distortion of defining economics as multiplication of wants and efforts to satisfy them, powered by greed.

Stated in simple terms, Swadeshi rejects materialistic and imperialistic homogenization and aimless trans-nationalism of the Western assumption. Swadeshi is a multidimensional thought, embracing civilisational, political and economic aspects of human life and presenting an integrated vision of life in harmony with nature.

Goal & objectives of SJM are Creation of a just world order based on integral and holistic life vision, ensuring national security, unity and integrity, building a self-reliant Bharat(India) - Nourishment of Bharatiya cultural values, preservation of natural wealth and balanced development of all regions and the society as a whole.

It was a very enriching experience as it definitely provided a wide spectrum to students also about the importance of swadeshi items in today's time.

Placements

at DIAS

Placements offer students the ability to get involved with an organization for a term or academic year. It is the ideal opportunity to “learn by doing” and become familiar with an organization you support. And students of DIAS leave no stone unturned in making full use of these opportunities.

The quarter ending December 2014, witnessed many placement drives, personality development as well as skill development sessions and eventually a number of companies visiting the campus. 99 Acres, Mirus Solutions, University I8, Rural Management Consultancy Pvt Ltd, Jaro Education, our regular recruiters visited us during this quarter. Blackrock, Lava International, Laurent and Benon and IndusInd Bank were the new companies at DIAS.

Our alumni have always been a constant source of support and motivation for our students. This quarter too, DIASIANS

got an opportunity to interact with their seniors who not only helped the students gain an insight of the industry, by sharing their experiences but also involved students in Live Projects. Even sessions on Group Discussions and Resume Building along with many other sessions focused on making students more placeable in the corporate world.

The SIF (Students Industry Interface Forum) team is all the more excited as the upcoming year is expected to offer increased opportunities with increased packages. Efforts have begun for the next season and the forum is striving hard to get even better results with a hope that the 2013-2015 batch would experience remarkable placements.

MCA placement that started on a high note continued in next quarter. Training sessions like mock interviews, CV writing, group discussions were conducted to prepare the students for placement. The efforts resulted in a good number of placements in companies with 90% recruitments done by the end of December in companies like NIIT, Aspiring Minds, Pragati InfoTech and Progressive Softwares.



Activities at DIAS

'SWACHH BHARAT ABHIYAN' AT DIAS

DIAS Social Responsibility Cell "Kartavaya" and DIAS Eco-Club organized a Cleanliness and Sanitation Drive in compliance with Swachh Bharat Abhiyan on October 2, 2014 in and around the Institute Campus.

areas in and around the premises of the institute. All the faculty, staff members and students indulged in cleanliness activities.



The faculty, staff and student volunteers took pledge with Hon'ble Prime Minister, Shri Narendra Modi, in the Edusat Room. The students were sensitized for ensuring cleanliness and educated about importance of public sanitation and hygiene around the Institute campus.

The participants were motivated to spend 100 hrs per year (02 hrs per week) by voluntarily serving for the cause. The volunteers cleaned the streets and area around the institute's campus.

Also, a cleanliness drive was conducted which included cleaning the faculty rooms, class rooms, canteen, and other

DIWALI CELEBRATIONS BY 'KARTAVAYA'

The social responsibility cell of DIAS provides multiple opportunities to volunteer students to experience the joy of helping others by devoting their time towards social cause and connect with the community and its various aspects. These experiences inculcate feelings of responsibility and commitment for the society.

DIAS Social Responsibility Cell "Kartavaya" organized a visit to orphanage 'Asharan' on 17th October, 2014 and visit to NGO "Chalo Gaon ki Aor" on 21st October, 2014 to celebrate the festival of Diwali with the underprivileged children.



At Asharan, 5 infants and 7 young children were present. They were very happy to meet the DIAS volunteers and indulged in many activities like poem recitation, dance

competition, coloring etc. Students distributed blankets, diapers, sweets, story books, toys, stationery items and eatables to the children and spent quality time with them.





During the visit to the NGO, the children there, were engaged in various activities and games like singing, dancing, making cards, poem recitation, three legged race etc. Children were encouraged to go to schools and awareness was provided to keep their surroundings clean and hygienic.

The visit concluded with distribution of refreshments and Diwali gifts like pencil boxes, stationery items, soft toys etc. All the children at the NGO enjoyed the visit and promised to go to school and to keep their surroundings clean. The NGO coordinator appreciated the spirit of students of DIAS to try and bring a difference in the lives of such under privileged children.

CELEBRATION OF "RASHTRIYA EKTA DIWAS"

DIAS Social Responsibility Cell "Kartavaya" celebrated 'Rashtriya Ekta Diwas' (National Unity Day) on 31st October, 2014 on the Birth Anniversary of Sardar Patel.

As a mark of honor for his contributions to India's Unity, Safety and Security, the students were shown a Documentary film of Sardar Patel to familiarize them with the contributions made by him. In the end, all the students took 'Rashtriya Ekta Diwas' Pledge.

The students could imbibe the feelings on national unity. They remembered Sardar Patel and his teachings.

SAMANVAY - ALUMNI MEET 2014

*"Days fly-by & time passes;
But in this hectic life,
You are and will always remain close to our heart."*

With an open doorway to nostalgia for reminiscing memorable experiences and sharing stories of success, DIAS felt immense pleasure and privilege to organize "SAMANVAY" - ALUMNI MEET 2014. It was a much awaited event for many of the alumni members to relive the memories they have with their Institute. This event gave them the chance to reunite with their old friends, foster new ties and spend time at their very own alma mater. The meet was organized on 1st November 2014, Saturday at Delhi Institute of Advanced Studies.

DIAS was ecstatic to receive such a good response from its alumni members and had them coming in large number, in groups or with their kids. It felt more than happy to see many alumnus coming in with their family and feeling gratified to get back to their DIAS again. The event kick started with a warm welcome organized by the students of DIAS and then just went on like a beautiful dream or gesture.





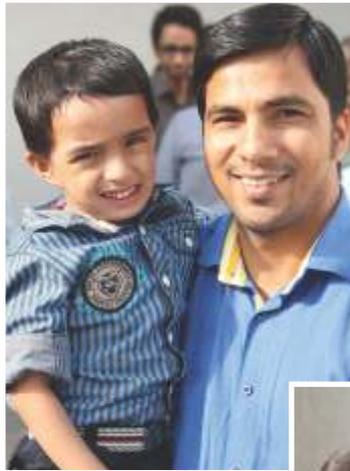
Alumni Directory 2015 was released by Dr. S.N. Maheshwari, Academic Advisor, DIAS, Dr. Barkha Bahl, Director, DIAS and all faculty members.



DIAS also honored their star alumni by presenting them awards in different categories of Excellence in Industry (In case working with corporate), Excellence in Entrepreneurial endeavor (In case of Entrepreneurs), Excellence in Research (In case of Education Industry) and Excellence in Social Responsibility at large. The event also had a video presentation that made all the alumni members emotional and reminisce their old times.



The event ended on a very beautiful and positive note with the vote of thanks by the event coordinators, Ms. Ruchika and Ms. Disha Verma, Faculty, DIAS. This event has created another memory album for them to cherish and go through till the next alumni meet in 2015.



There were different games and activities to involve the alumni members and live these special moments to the fullest.



INDUSTRIAL VISIT TO TOYO SPRINGS LTD., SONEPAT

An Industrial Visit was organized on 18th November, 2014 for the MBA I A students to acquaint them with the various operations undertaken at Toyo Springs Ltd. The students were accompanied by Ms. Charu Gupta and Ms. Tanvi Rana, Faculty, DIAS. The company was established in 1982 near Delhi in Rai, Sonapat, Haryana (India) under entrepreneurship of Mr.P. K. Sharma. It has emerged as a leading manufacturer of Multileaf and Parabolic Springs. Toyo has top clientele with OEM like Tata Motors, Mahindra, Maruti Suzuki, Swaraj Mazda, Volvo, Scooters India, Ashok Leyland and exports to USA, Europe, Australia and various other countries.

Students visited the Toyo Springs Workshop in its state of the art facility and understood the operations undertaken for manufacturing of different products like Multi Leaf Springs, Parabolic Springs for MUV's, SUV's, HCV, MCV, LCV, agriculture trailers, boat trailers, mobile homes, air link spring and Tractor trailer etc. as per customer's specification.



Students interacted with their highly professional and competent technical team. Students were taught the relevance and importance of their ISO: TS/16949 certification to ensure consistent quality, reliability and performance.

Students were exposed to a lot of management concepts in real life and practical scenarios. They discussed the supply chain management in a manufacturing set up and understood the importance of channel management and maintaining good supplier relationships.

DIAS Eco Club

"CRACKER FREE DIWALI" CAMPAIGN

Diyas lit on the moonless Diwali night signify the end of darkness, of ignorance and of the beginning of light that enlightens all. This Diwali, the DIAS ECO CLUB took the initiative to enlighten the students and the staff towards the hazards that boisterous celebrations of Diwali pose to our environment. We, at DIAS, sensitized our students towards



celebrating an environmentally safe Diwali by pointing out the major impact that crackers have on our environment. This encouraged our students to celebrate a green Diwali, where there is an explosion of joy without crackers.

The Latest Buzz

MANAGEMENT FMCG AD SPEND AN INDICATOR OF STOCK PERFORMANCE

What consumer goods' companies spend on advertisement and promotion of their products is considered to be their investment in building brands. Such investments tend to have an indirect impact on the company's performance as they help to push volumes with a reasonable lag of one to two quarters.

A study by ET Intelligence Group of a dozen FMCG companies reveal that the impact of their brand investments is visible on the bourses with peaking ad spends becoming a leading indicator of a rally in a company's stock.

Companies intensify advertising to face a tough economic environment or to beat competition. As the investment bears fruit for the company in the form of better sales and margins,



the stock price increases. While macro factors like crude oil prices or rupee depreciation and individual factors do impact a company's stock performance, the ad spend measure can serve as a crude indicator.

Colgate Palmolive, for instance, has been spending a high level about 18-20% of its revenues on advertising in the past three quarters; its stock has risen 32% in six months and has been the top performer in the BSE FMCG Index. The reverse is also true. For example, in FY12 at a time when most FMCG companies' advertising spend (in proportion to their revenues) was low, their stock prices also stagnated. In the quarter ended September, FMCG companies like Dabur, Godrej Consumer Products, Britannia and Emami have sequentially reduced ad spends over the previous quarter. A continuation of that trend in the December quarter will signal tapering off of the current rally in FMCG stocks triggered by falling crude oil prices.

CELEBRATION OF GOOD GOVERNANCE DAY

The Government of India, on 25th December, on the occasion of the 90th birth anniversary of former Prime Minister, Atal Bihari Vajpayee, has decided to celebrate the day as Good Governance Day. All the CBSE schools were expected to carry out various activities, like an essay competition, so that the students understand the relevance of being a good corporate citizen. However, Ministry of HRD issued a clarification stating that the essay writing competition was voluntary and schools need not remain open on December 25 as it was online.

The BJP government has been striving hard since the last seven months with the mantra of "Citizen-First" to provide a open, transparent, effective and accountable administration which works for the welfare of the common citizens and on this day the country's Prime Minister, Mr Narendra Modi reiterated the government's commitment to the people of this country. It was also confirmed that the government is working on a simpler internal work process manual, which would be delivered through an e-learning module to the citizens. The re-engineering of processes in their work spheres is yet another measure that would be adopted by the Ministries and Departments of the Government of India and they have been instructed to rationalise them. "Good Governance is the key to a nation's progress". The plea said that the notification was contrary to the preamble of the Constitution of India, rights of the citizen and would cause communal disharmony among public.

ONE IN FIVE INDIANS IS WILLING TO BUY GOLD EVEN IF PRICES RISE

One out of every five Indians is willing to buy more gold even if prices rise, says a survey by the World Gold Council and industry chamber FICCI. The survey, part of a report, 'Why India Needs a Gold Policy', said: "Among respondents, 19 per cent said they would buy more gold if prices rose and 34 per cent said their behaviour would not change. Only 14 per cent said they would stop buying gold if prices increased, while just 6 per cent said they would sell."

The survey covered 5,000 respondents and was conducted during the period when the erstwhile United Progressive Alliance Government increased the import duty and the Reserve Bank of India brought in the '80:20' scheme (scrapped recently) to check the ballooning current account deficit (CAD). Gold accounts for nearly half of the deficit. During the past five years, the average annual demand of gold has been 895 tonnes, equivalent to nearly 26 per cent of its total physical demand worldwide. Since India has little domestic supply, it depends heavily on imports.

The survey also found that consumers continue to buy gold regardless of their circumstances, as 77 per cent of the respondents bought gold at least once in 2013; more than half bought more gold in 2013 than in the previous year. A good 77 per cent said they bought gold as a safe investment, while 53 per cent considered it primarily an adornment and 50 per cent believed that it was for both.

In terms of monetisation of gold, half of the people surveyed said they would be willing to deposit their gold to earn interest, 72 per cent said they were happy to receive different gold than their initial deposit, 62 per cent said they would prefer cash or India-branded coins at maturity. The council estimates that around 22,000 tonnes of gold in Indian households can be used to fund economic growth.

RELIANCEFRESHDIRECT.COM TO DELIVER FRESH GROCERIES IN MUMBAI

The retail arm of Mukesh Ambani's Reliance Industries has taken baby steps towards ecommerce. Reliance Retail has launched a website to deliver fresh grocery products in select neighbourhoods of Mumbai. RelianceFreshDirect.com will sell fruits and vegetables, dairy products, groceries, packaged food, confectionary items and personal care products to residents of South Mumbai, Navi Mumbai and parts of Thane.



The products will be similar to what is available in Reliance Fresh and Reliance Mart stores.

The company continues to explore newer markets and channels to leverage our solid foundation. The launch of RelianceFreshDirect.com adds the 'direct delivery' channel to the network of the company, besides convenience and choice to valued customers. Over time the company will certainly augment the direct delivery model.

The venture operates through a subsidiary and follows a pilot project at the Reliance Corporate Park office in Navi Mumbai. Over the past year or so, its 10,000 employees there have availed the facility through the Reliance Fresh-Project Direct website. The company delivers the products to customers either from the nearest Reliance store or its other distribution channels. It has not said when the home delivery services will be extended to other cities. In groceries, the company will compete against firms such as Localbanya.com and Bigbasket.com, which deliver fresh products to consumers in some cities. According to consultancy firm Technopak Advisors, India's e-commerce market, dominated by travel related services, is worth \$10 billion at present and is expected to touch \$200 billion by 2020. Online retailing stands at \$600 million a year currently and may swell to \$70 billion by 2020.

SMEs PLAN TO UP INTERNET MARKETING SPEND IN 2015

Thirty-seven per cent of SMEs plan to spend more on internet marketing in 2015, according to the newly published SMB Internet Marketing Survey by ChamberOfCommerce.com and BrightLocal.

At present, 50 per cent of those surveyed spend less than 30 per cent of their marketing budget on online marketing, up only one per cent from 2013. However, 75 per cent admit internet marketing is 'effective' or 'very effective' at attracting customers.

The research revealed that 70 per cent of SMEs spend less than \$500 on marketing per month, while just 16 per cent spend over \$1000.

Meanwhile, 64 per cent of SMEs said they carry out marketing inhouse, while 18 per cent use a consultant or agency. Thirty-nine per cent of those that did outsource their marketing said they 'love' the work their agency or consultant does, in 2013 only nine per cent said this.

(Ninety-five per cent of the survey respondents were based in North America with four per cent in Europe and one per cent in the rest of the world.)

3 COMMON LEADERSHIP MISTAKES THAT MAKE A MISERABLE COMPANY CULTURE

We learn more from our mistakes than our successes, but an even better route is learning from someone else's so we can make new ones. Below are three common cultural mistakes guaranteed to make company's team miserable.

1. The crappy culture tax.

Otherwise known as "golden handcuffs," this common mistake is when a company or department compensates for cultural deficiencies or poor leadership with a boatload of money. It's understood that people stay for the cash, not because they love their work or feel good about what they do each day. Nobody wants to sell out. People want to be valued and feel good about where they work and what they do. Rather than holding employees hostage, build a culture that supports these goals so people will stay even when they could make more money elsewhere. No amount of money can substitute for a constructive culture.

2. A Communist leadership philosophy.

People don't feel valued in a culture where the leaders are considered authorities and everyone is expected to shut up and do what they're told. Their ideas and passions are squelched. Signs of such a culture include people running everything by a leader, employees lack independence and leaders withholding information from the people because they feel they can't handle it. This approach says, "Leave the decisions up to us (the smart ones) because you're not smart enough." If we run a business like a communist culture, we don't get to complain about lack of innovation and employee engagement. Instead, give people freedom to make decisions and share ideas. Share knowledge and information so everyone has ownership in company initiatives and is personally driven to reach company goals.

3. Having different standards for leaders.

Initiative loses credibility when direction comes from the top but leaders don't invest their own time in the goals or vision. One symptom of a hypocritical leadership philosophy is when employees are required to go through training but leadership is exempt. Leaders can't say "I don't understand why people don't take this seriously" if they aren't making time for it.



Leaders must be willing to do what they require from everyone else. In fact, leaders should be the MOST invested and in tune with company initiatives. Rather than saying, "It's not my issue, it's everyone else's," leaders need to speak the language better than anyone and lead by example.

For a constructive culture, leaders must value people individually, welcome everyone to contribute their unique talents and personally invest in the initiatives they require from everyone else. We all for trial by fire and believe wholeheartedly in learning through our mistakes, but avoiding the above gaffes altogether can pave the way for quicker progress (and new gaffes).

E-COMMERCE MAY DOMINATE MARKETING TRENDS IN 2015

As technology continues to grow rapidly, e-commerce players are adopting newer techniques to facilitate both sellers and buyers to sell and buy online more efficiently.

More recently, with the introduction of flash sales and daily deals from various companies, e-commerce has brought forward technnovation in the retail sector. Nothing has surpassed the power of innovative e-commerce companies, which have proved to be as successful. with the ever dropping rates of internet surfing, both for web and mobile interfaces, which is complimentary to the soaring population of internet users, the e-commerce industry is shaping both online shopping and selling trends in India.

Consumers are more connected than ever before and have more information and choices at their fingertips today. They are leaving behind their preferences, behaviour and interests, which create a knowledge ground for e-commerce companies to analyze behaviour pattern and offer more interesting and competitive products.

Some key trends that will amplify branding and customer growth are as follows: Firstly, content marketing will gain prominence; the focus will be on original and informative content rather than generic content.

Secondly, SEO and social signaling will start merging: Search engines like Google will continue their push to provide the most relevant content to the consumer. This is within their interest as well as it impacts online ad rates.

Lastly, social media marketing will diversify: For now a majority of e-commerce brands use Facebook to drive a bulk of their potential customers.

This 'PayFor-Exposure' trend is likely to see a higher adoption by other social media platforms like Twitter, Instagram and Pinterest etc, as they start monetizing their networks. For brands, it means that they won't be able to depend on just one/limited channel for traffic and will have to therefore diversify their networks.

RUSSIAN ECONOMIC CRISIS

Russia will be pushed "into a recession deeper than that observed following the crisis of 1998", as a cocktail of falling oil prices and ongoing uncertainty over Ukraine has resulted in a near collapse in the value of the rouble.

The rouble began losing strength almost a year ago, when signs of the Ukraine crisis emerged and more recently an oil price crash continued that weakness.

A weakening currency has made imports more expensive and increased inflation.

Russia's second largest bank, Khanty-Mansiysk Otkritie Bank, has experienced surging demand for foreign currency. The Central Bank of Russia (CBR) has projected that capital flight will reach \$130bn this year. Such a move would eradicate Russia's credibility on international markets.

Analysts expect intensified capital controls that may be used as a move of last resort to stem the rouble's slide. According to Paul Crugman, "When a country has big balance-sheet problems involving foreign-currency debt, an interest-rate hike tries to discourage capital flight damages to the economy."

A Russian recession could see money leave emerging economies for strengthening developed ones. The economy is expected to contract sharply next year, while inflation could pick up drastically. So the central bank's interest rate hikes will provide little comfort for Russian economy.

GOOD TIDINGS FOR RETAIL

Consumers are buying and browsing via mobile and social, but they're still making most of their purchases in-store, research shows "Omnichannel" has been a buzzword in the retail marketing industry for quite some time, but this holiday season, having a strategy to reach shoppers in whatever channel in which they're browsing or buying is more important than ever.

Thirty percent of shoppers have made a purchase via social media in the last year, a 12% increase over 2013.



Forty-four percent will discover new products via social networks, and 49% will make purchases based on referrals from social media, via recommendations either from friends in their social networks, or from brands that they follow on Facebook or Twitter, according to the E-Tailing Group Holiday 2014 Omni-Channel Gift Behavior report, a survey on consumer buying trends conducted by the E-tailing Group Inc., a Chicago-based e-commerce consulting group, and Market Live Inc., a Petaluma, Calif.-based e-commerce research provider.

Moreover, during the 2014 holiday shopping season, 36% of shoppers plan to buy gifts from their mobile devices, a 29% increase from 2013, according to the study. "Typically, mobile has been an afterthought, but in the last year, retailers are seeing 40 to 50% of their traffic go to their mobile sites, so you need to promote mobile and make sure customer experiences are optimal for it," says Ken Burke, founder and CEO of Market Live.

Although mobile purchases are rising, consumers primarily are using their smartphones to research products before buying. Seventy percent of respondents to the E-Tailing Group survey said that they plan to research products on their mobile devices and then purchase them in-store, while 56% plan to use mobile devices to reserve products for in-store pick up.

Product recommendations are more effective in social channels, while promotional messages work best for mobile, Baird says. "Don't try to incent somebody who's engaging with your products via a social channel to buy them because they're still in the product research mode in that medium. When they're on the phone, they're much more likely to be in a 'buy' mode, so you need to be more promotional."

Price and product availability should be featured prominently on retailers' mobile-optimized websites so that consumers can get the information that they're after while researching potential purchases on their mobile devices, says Lauren Freedman, president of the E-tailing Group.

Mobile-optimized, user-friendly e-commerce sites tied to savvy social media strategies are integral for bricks-and-mortar retailers looking to reach omnichannel consumers, but the majority of purchases still will happen in-store, Freedman says. "Ninety percent of the goods are still purchased at retail, so at the end of the day, you have to be available in the most convenient fashion for all of your shoppers."

INFORMATION TECHNOLOGY

SMOOTHING THE PATH TO AN INDEPENDENT LIFE: VIRTUAL REALITY BASED TRAINING SYSTEMS BOOST COGNITIVE FUNCTIONS

Virtual reality is a powerful tool to simulate real-life environments and situations. Scientists from The Hong Kong Polytechnic University are exploring the medium as a way to help people with cognitive limitations overcome difficulties in life. Among the many kinds of disabilities, cognitive deficits may bring more hindrance to a person's life than others. For example, dementia affects a patient's ability to do basic tasks such as grocery shopping or travelling to a specific place, while the slow responses related to mental disorders make it difficult for a sufferer to get hired.

But patients with cognitive impairments can now be better prepared for challenges in life. Two non-immersive VR computer programmes, namely Virtual Reality based Vocational Training System (VRVTS) and VRehab, have been developed by Professor David Man and his team at the Department of Rehabilitation Sciences. Running on personal computers or tablet PCs, the programmes reconstruct real-life scenarios that would be experienced by users in the community or a workplace, enabling them to learn various skills virtually. As virtual environments activate brain processing in a similar way the real world does, patients can easily apply the skills to their daily life.

VRVTS simulates a typical workplace where users build necessary work skills before hitting the real job market. In the 3D virtual boutique, users assume the role of a shopkeeper and meet with non-real customers, listening and responding to their concerns by observing a set of pre-defined business rules and workflows. Basic and advanced sales techniques such as greeting customers, selling goods and checking stock will be acquired during the course of training.

Based on well-established psychiatric research, VRVTS was also designed to improve attention, memory, sequencing, sorting, and problem solving, thereby enhancing patients' cognitive functions. For example, the use of frequent prompts for actions and decisions induce higher levels of attention and brain activities.

While VRVTS addresses to the patients' need for job hunting, VRehab aims to develop community living skills in them. The training involves a wide range of situations, including grocery shopping, money management, making phone calls, as well as



using pedestrian facilities, public transportation, and using ATMs. By completing different tasks in the virtual space, users gradually pick up the everyday skills that can be applied in the real world.

In conventional rehabilitation programmes for patients with cognitive deficits, real-life exposure is only available in later or final stages of training. With VRVTS and VRRehab, patients can start the training early on, as the systems provide a safe and comfortable environment where they can obtain the gradable, necessary skills without being distracted or interrupted by complicated circumstances of the real world. "Training should start as early as possible because the thought of living alone can be daunting," said Prof. Man, a specialist in memory and cognitive research. "Effective training in the early stage of rehabilitation is essential to their independence and community integration."

Apart from that, the vivid audiovisual stimulation and the interactive VR experience are entertaining and appealing to patients. The difficulty levels can also be easily customized as users progress in training, increasing their motivation to carry on. Also, the tasks and virtual environments based on the real world familiar to them encourage them to transfer the skills acquired to daily life. Preliminary trials at the Department of Rehabilitation Sciences have already supported the new approach as patients taking part found themselves grow in confidence and ability in managing daily life after training.

TELCOS MUST INFORM CUSTOMERS ABOUT DATA USAGE: TRAI

India's telecom regulator TRAI has made it mandatory for telecom operators to issue notices in form of USSD or SMS about data usage to its customers at regular intervals.

Mobile network operators now need to send information about the usage to data users at every 10MB of data consumption except customers opting for special schemes like add-on packs, combo offers and others. The consumers are to be provided with an option to opt out if they do not desire to receive such information.

For customers using special data packs, the operator has to compulsorily inform the customer whenever the limit of data usage reaches 50%, 90% and full exhaustion of the allotted data limit.

The Telecom Regulatory Authority of India (TRAI) also ordered the operators to intimate customers when the data

balance available in the account reaches 500MB, 100MB and 10MB.

Operators also need to send an alert to international roaming customer cautioning the person to deactivate data service if one does not intend to use data services.

The regulator further said data services should be activated only with the explicit consent of the subscriber through a toll free short code - 1925. The same short code can be used to deactivate the data services as well.

Additionally, the customers also need to be informed through SMS at periodic intervals about the prescribed procedure for deactivation of data.

GOOGLE'S FULLY FUNCTIONAL DRIVERLESS CAR

Google's unveiled its new driverless-car prototype on 22 December 2014, unlike the mock-up car Google first shared in May, this version is fully functional. It even has real headlights. The round, white and gray car is designed without permanent driving tools like a gas pedal or wheel. However, to comply with California state law, there are still removable, temporary controls for the required "safety driver" -- a real person who needs to be in the car and ready to take over in an emergency. The goal is to eventually remove any interior controls so that passengers can take a nap or knit while the car does all the work.

Google's self-driving car team will continue to test the vehicle on a private track in California, where it works its way around traffic lights and mock construction zones. Google has said it's interested in launching a pilot program for the cars in the coming years.

When the tech company first started experimenting with self-driving technology, it modified existing cars, like a Toyota, Audi and Lexus, by adding multiple cameras and sensors and an onboard computer. Now Google has moved on to making its own car from scratch. The car's dome-like shape is optimal for giving sensors the widest field of view.

A car could help put people's minds at ease about the controversial technology. Before self-driving cars can start ferrying us to work, companies need to figure out ethical issues (does it hit a deer or crash into the median?), improve basic driving functions, and work with governments on legislation to allow driverless cars on all roads.



Google is just one of many companies developing driverless car technology. Universities and major auto manufacturers such as BMW and Mercedes are working on similar vehicles. Google hopes to have its version on the road by the end of the decade.

SYNTEL LAUNCHES 'SYNTEL DIGITAL ONE' TO FOCUS ON SMAC

Nasdaq-listed software services firm, Syntel has launched a new cross-industry service line called Syntel Digital One. The new entity will consolidate Syntel's existing digital enterprise services, including enterprise mobility, cloud computing, big data analytics, social media and Internet of Things, enabling the

company's clients to transform into future-ready digital enterprises.

As per Syntel's management, all its top 30 clients today use social, mobility, analytics, cloud, big data (SMAC) in some form or another, but there was a need for a single platform delivering these multiple solutions. Thus, Syntel devised this new service line, for which it will be setting aside a sizeable investment in employees as well as plugging gaps in its offering by tying up with new partners or going in for an acquisition, especially in the cloud, mobile transactions, social media, and analytics and third-party intellectual property products space. Besides new partners, Syntel's existing partners include the likes of Jasper and Pega, Cisco and Microsoft.

BOOK REVIEWS

INTERNATIONAL MARKETING MANAGEMENT

Author(s) : Varshney R.L., Bhattacharyya B.

Publisher : Sultan Chand & Sons

Edition : 2015

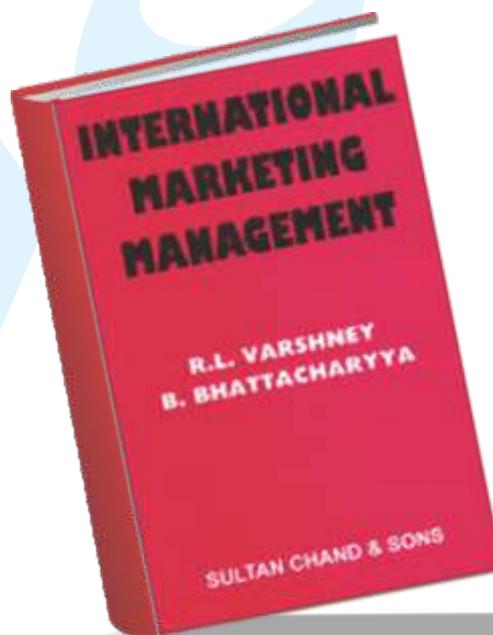
Pages : 806

Price : ₹ 350

Reviewed by : Ms. Charu Gupta, Faculty, DIAS

The book under review deals with the Why, When, What, Where and How of export marketing. The authors have tried to make a blend of theory and practice which makes the book useful to the students, teachers, exporters, practicing businessmen and bank officers working in international divisions or export service organizations such as export promotion councils.

The book introduces a number of case histories and cases. The language is easy to read and comprehend. Each chapter is designed systematically and the content is well organized. The data provided in the tables is apt for relating the facts and figures with the theory. The concepts are explained in a simplified way.



The book is organized in five main parts. The first part deals with international trading environment. It describes the framework of international marketing, basis of international trade, recent trends in world trade, foreign trade and economic growth, balance of payments and instruments of trade policy, international economic institutions and regional economic groupings. Second part is related with India's foreign trade. The various trends in India's foreign trade,



institutional infrastructure for export promotion in India, trade policy and export assistance are discussed here.

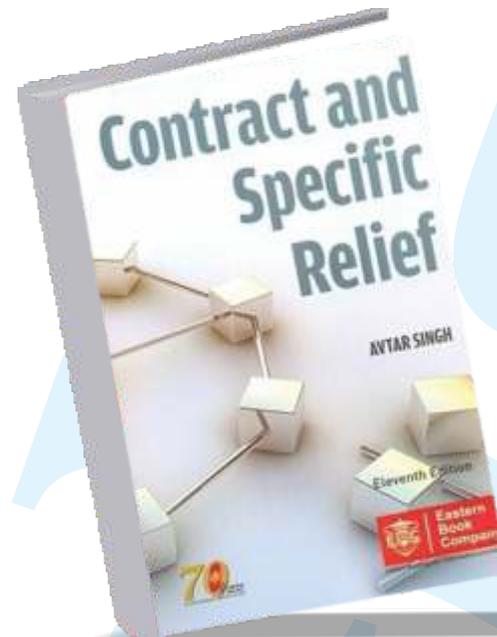
The third part focuses on international marketing by identifying foreign markets, product planning for export, pricing for exports, studying market entry and overseas distribution system, understanding distribution logistics for exports, promoting products internationally, overseas market research, building marketing plan for exports, explaining decision-making framework for export operation, describing new techniques in international marketing, terms of payment and export finance, management of risks in international marketing, project and consultancy exports, global marketing of services, multinationals role in international marketing, state trading in India, legal dimensions of international marketing, export documents and procedure, outward FDI from India and Indian multinationals

The fourth part highlights the issues related to globalization by explaining major drivers, status, and implications of globalization and global financial meltdown on Indian economy. The most significant new feature of the 25th edition is the addition of fifth part which sensitizes the readers about international marketing in action. It has several modules like motivation and internationalization process, politics in international marketing, cross-cultural issues in international marketing, investing abroad, mergers and acquisitions and outsourcing, off-shoring and global sourcing.

In the book, more than 40 examples across the world have been included which when used in conjunction with theories, will show the readers how international marketing is actively carried out. Its special features include up-to-date data, developments and policies, both national and international. Foreign Trade Policy 2009-14 has also been thoroughly revised.

Many useful items have been placed in the Appendices. The authors have provided selected sources of information and suggested readings which readers can use for research work or to enhance their knowledge of the subject.

Overall, the book will be useful to the readers for gaining knowledge and to understand the concepts of International Marketing. The authors have presented the content in a precise and easy to understand manner by supporting the theory with practical examples in the form of data, facts and case studies. The book is highly recommended.



CONTRACT AND SPECIFIC RELIEF

Author	: Avtar Singh
Edition	: Eleventh
Publisher	: Eastern Book Company, Lucknow
Pages	: 955
Price	: ₹ 495
Reviewed by	: Dr. Anju Batra, Faculty, DIAS

The structure of Indian law revolves around approximately 140 years old 'The Contract Act', which defines a legal framework for formulation of trade, business and commercial transactions. The book opens with scholarly work covering all the aspects of the subject, with provisions and principles offered by the Act, including the latest developments in the field in India and abroad.

The framework of book is knitted around three parts consisting of sixteen chapters.

Part one discusses 'General Principles' related to Agreement, Contract and Proposal, its acceptance and consideration in chapter 1-3. This also highlights the capacity to contract, meaning & implications of free consent as well as the mistakes in business as per law, in chapters 4-6. The intricate issue of 'Legality of object' has been treated by author in chapter 7,



whereas chapters 8 & 9 explain in detail 'Discharge of Contract' & 'Discharge by Breach'. Certain relations resembling to contracts, which are in fact Quasi Contracts, have also been explained by the author along with illustrations in chapter 10 of this book.

Part II is dedicated to the Contract of Indemnity, Guarantee, Bailment, Pledge and Agency, which are in fact, complicated and controversial concepts. The author explicates the issues related to these topics in such a way that even a beginner may have no difficulty in understanding the intricacies of this growing branch of law.

Part III of this book, Chapter 16, tackles with 'Law of Specific Relief'. The author covers 'The Specific Relief Act, 1963' in a coherent and comprehensible manner indicating that a contract is necessary for an order of specific performance. There can not be unilateral cancellation of a deed as court order is required under 'The Specific Relief Act, 1963'. Appropriate and latest Indian and foreign cases have been interspersed to make the points in discussion clearer.

In this book, the author has used colloquial language in a very lucid manner, while addressing host of difficult, complicated and controversial concepts concerned with law. Up to date information & recent cases have been put up in the book for easy comprehension of readers. It also brings out several unexplored and evolving dimensions to further enhance the understanding of the subject.

Over all, this book will prove to be of great help to students, academicians, IP professionals, industrialists, lawyers, judges and those interested in the study of Contract and Specific Relief.

OPERATION RESEARCH (QUANTITATIVE TECHNIQUES FOR MANAGEMENT)

Author : V. K. Kapoor

Edition : Ninth, 2014

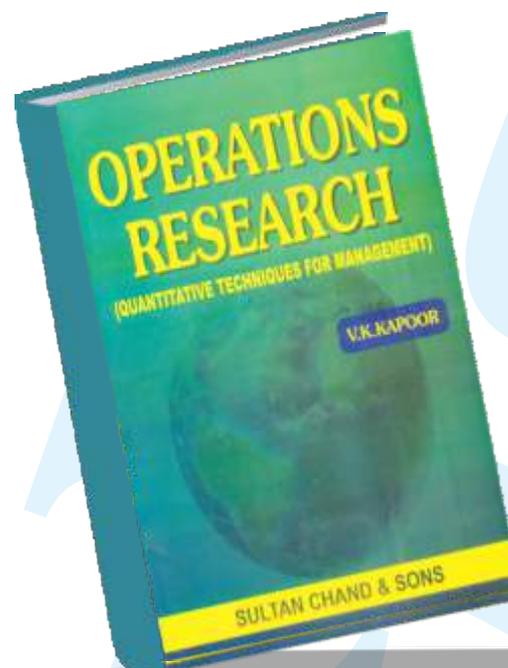
Publisher : Sultan Chand and Sons

Pages : 622

Price : ₹ 525

Reviewed by : Ms. Pratiksha Tiwari, Faculty, DIAS

The book covers the typical models and techniques used in making decisions in organizations. Operations Research is concerned with optimization problems in which one seeks to maximize or minimize the objective function. It plays an



important role in objective decision making in the industry, agriculture, business and other areas of economy.

The first edition of the book was published in 1985. Till date, the book has been revised and reprinted several times. The present edition is completely revised and improved. The first few chapters of this book are based on optimization via linear programming, assignment and transportation methods. The current edition includes large number of numerical problems from the world of business, specifically keeping in mind the management perspective of problems.

Subsequently, the book includes topics on sequencing theory, replacement and queuing theory, decision theory along with game theory for the beginners. The next subject delved is that of inventory models - allowing shortages, allowing price discounts, risk conditions, etc., and their mathematical modeling. Next, network analysis is covered. It is the general name given to certain specific techniques which can be used for the planning, management and control of projects.

Two different techniques for network analysis were developed independently in the late 1950's - PERT (Program Evaluation and Review Technique) and CPM (Critical Path Management). These techniques are also covered in the outline. Finally, the book covers some advanced decision analysis techniques such as simulation, goal, integer and dynamic programming including Markov chains. The main



emphasis of the book is on modeling business-related scenarios and the generation of decision alternatives.

The book encompasses fully solved examples from many business areas to illustrate the main concepts without getting bogged down in technical details. The book presents an approach to operations research that is heavily based on modeling and makes extensive use of sensitivity analyses. It is a

result of many years of combined teaching experience of the author.

The ninth edition includes several new topics at appropriate places to make the treatment more comprehensive and complete. Solved examples and unsolved problems from latest examination papers of various universities have also been included. The book is an asset for any student.

Alumni Speaks

Life has been a wonderful and a great learning experience. The two years that I spent here have helped me in an overall development as an individual and also as a professional. DIAS has taught me to work in a group, work as a leader, value time and put in right efforts. They have also taught me how to handle stress, pressure and work under it. I had a great time at DIAS and faculty has been very supportive and wonderful.

INDERPREET KAUR
MBA (2012-2014)

DIAS has given me the platform to learn, grow and shape my fortune. I am thankful to DIAS for making me what I am today.

ABHISHEK TEWATIA
MBA (2012-2014)

I had pleasant and learning experience at this Institution. I made many friends and got the learning bodies in the form of faculties. I have learned a lot of things such as working in a group and have inculcated the spirit of team work in me. I will definitely miss this stay of two years at this Institution. The journey is memorable one.

SAKSHI KHOSLA
MBA (2012-2014)

My experience with DIAS was excellent. I learnt good values along with the academics. I made friends for life over here. The teachers of this college are very good and supportive. The quality of education is no doubt excellent and praise worthy. I will always cherish my association with DIAS.

VAIBHAV SHARMA
MBA (2012-2014)

Article

CLEANLINESS IS NEXT TO GOD

Dr. J. P. Bhutani, Professor, DIAS

About 40% of the people are infected by infectious diseases every year. In some cases, it might have proved fatal also. What is the genesis of these diseases? How can we get rid of this menace?

The main cause of these diseases is filthy environment around us. I can say emphatically that the areas around railway lines, restaurants, hotels, airports and chemical industries etc. is extremely filthy and untidy, which is the haven of breeding mosquitos. Certainly, we wear clean clothes, keep ourselves scrupulously clean, rather our houses are so clean that we

walk bare foot inside the house. Our religious places are also very clean but we don't bother to keep our surroundings clean. On our national festival "Diwali", we whitewash our homes, clean the curtains and every corner of the house every year. Why our country is so dirty as compared to other countries like USA, UK and other European countries. When we go out of our home, we find our roadside littered, rainy water standing here and there. Is it the municipal corporation workers who are not doing their job? Is it local leaders who should ensure the cleanliness of the city?

This is neither the duty of municipal corporation workers nor our leaders to keep the city clean. But if we truly want to keep our country clean, we should think seriously and vow that we



will not litter and also will not make our roads, offices, railway stations, hotels, restaurants etc filthy.

We think that this is not our responsibility and someone else should pick up the broom and clean it all the time. In Western, Northern or European countries, we find such remarkable cleanliness but the cleanliness is not because of local authorities only. This is because of cooperation of local population also.

We think differently, when we are in or out of the home. "As there is litter on the road already, if I dump some more on this pile then what difference does it make?". With this mentality, if we have an army of municipal workers, working 24 x 7, even then we can not keep our country clean. But every one wants our country to be spick and span. For that, should our celebrities take the broom in their hand all the time and clean it? Our patriotic PM too took the broom and cleaned the streets. But, this will not serve the purpose. Our patriotic PM has launched the scheme SWACHH BHARAT ABHAYAN on 2nd Oct, 2014 that this is the duty of every citizen of India to clean his place first and also think about places outside their house. Only then, we can think of Clean India in coming years.

Infrastructure plays an important role in keeping the city clean. Laws and imposing of fines have some significant effects. However, all this will come to naught if we Indians do not change our mentality about our home and outside the home. The country is ours. This is our duty to keep our surroundings clean all the time. Until, we have collective sense of responsibility, we cannot do so. Then, the collective sense of responsibility towards cleanliness will escalate the country to higher level of cleanliness. We must be ready for cleanliness all the time but at least 100 hours a year is a must as our PM said.

So, Swachh Bharat is indeed very possible but only when Swachh Mansikta prevails in every citizen of India.

With cleanliness, we can save 40% of the population suffering from various diseases like Dengue, Malaria etc, the money we spend on medicines and their adverse effects on our bodies every year and save lives too. Swachhata can be prove to be miraculous and wonderful for India socially, economically and also from health point of view.

Swachh Bharat -----Zindabad.

Scholastic Impressions

MANAGEMENT

SEGMENTATION OF BANK CUSTOMERS BY LOYALTY AND SWITCHING INTENTIONS

Gurjeet Kaur, R D Sharma, and Neha Mahajan

In this highly competitive world, switching has a significant impact on a firm's performance. Hence, it is crucial to understand the reasons as to why customers switch. Just as satisfied customers are not necessarily loyal, dissatisfied customers do not always exit (Yanamandram & White, 2006). The study aims at predicting customer switching through various relational and switching factors, viz., quality, value, satisfaction, trust, commitment, loyalty, switching costs and barriers, particularly in the context of Indian private banking. Further, the study investigates those traits of the customers, which would facilitate bank managers in formulating different retention strategies.

The main findings of the study are that majority of respondents have no intentions to switch their prime bank, but at the same time these respondents cannot be classified as true loyals; there exist two groups of respondents, i.e., 'loyal stayers' and 'spurious stayers'; There is a direct relationship between 'customer switching intentions' on the one hand and 'quick and effective responses to service failures', 'core services up to expectations', 'reasonable prices', 'switching costs' and 'switching barriers' on the other.

Thus, banks need to undertake a lot of initiatives to increase customer retention among bank customers. For example, promote commitment by implementing and demanding higher standards of conduct from the bank employees; Develop schemes/services that provide value to their customers in a sustained way and maintain them overtime in order to generate competitive advantage; Satisfy its customers, which can be implemented only when customers' needs are known; every bank should have a separate R&D department to pursue market surveys on continual basis; Concentrate on the core service delivery and recovery, so as to seek competitive advantage and Focus on CRM strategies and develop wide-ranging relationships with their customers so as to make it difficult for them to switch their bank. In order to build profitable relationships, firms should not attempt to attract all



customers in the market indiscriminately, but focus on those who are more valuable to the company.

Ms. Charu Gupta, Faculty, DIAS
(For full text, please refer to VIKALPA, Volume 39, No. 4,
October - December 2014, Page No. 75-89)

DETERMINANTS OF THE SOURCES OF FDI INTO INDIA

Prathyush Sarasa, Disha Singh, Sebastian Morris

Inward FDI flows over 2000-01 from many source countries into India, one of the fastest growing large developing economies in the period, have been explained by an extended gravity model and the extended allometric models by incorporating other variables such as common language, tax status, interest differential, and distance to arrive at the importance of these variables. Additionally, in representing the “size” in the both models by not GDP but as a constitution of per capita income and population, the difference between countries with the same GDP but at different levels of development are accounted for in the normalization itself so that the influence of the economic variables is more robustly estimated.

The allometric model is found to be superior in explaining the overall variance in FDI inflows. The study looks into the determinants of sources of FDI inflows into India over the period 1996-2012. Beginning with the basic gravity model, the study incorporates several variables in order to explain the FDI inflows better. In addition to this, an allometric model is also proposed as an alternative.

The final analysis shows that the allometric model explains FDI inflows better than the augmented gravity model. FDI inflows into India over the period of study are seen to be positively correlated to GDP per capita of the source country, population of the source country, GDP of the host country, Tax haven indicator, and Common language indicator; are negatively correlated to “distance” between source and host country capitals, and growth rate of world FDI outflows with a lag of one year.

The study also suggests that in studying aspects of economies, and especially in their interactions, a base level allometric

model should be used over which the variables from specific economic theories can be considered.

Ms. Haritika Chhatwal, Faculty, DIAS
(For full text, please refer to W.P. No. 2014-11-05,
November 2014, Indian Institute Of Management,
Ahmedabad, India)

CSR AND MANAGEMENT STUDIES: AN EXPLORATORY RESEARCH ON CREATING STUDENT'S ATTITUDE POSITIVE FOR CSR

Dr. Sanjoy Roy, Dr. Ashutosh Gaur and Bharat Kaushik

Industrialist and Corporate houses are running their units, business and shops, etc. without having a thought of the impact on the society and environment. The global business units are expected to realize that corporation should be accountable for its environmental and social impact and therefore to educate the concept of CSR to our upcoming managers i.e. the Management students, has become the prime responsibility.

Management education gives a holistic picture to the students about how to manage the four “Ms” of any organization i.e. money, material, man and machine. However, the context of social work there is less emphasized. Hence, it is a dreadful need for including business ethics in course curriculum and broadening the outlook of the students about concepts like CSR to increase the capabilities of future professionals to make more responsible decisions.

It should be started from the base of management education where students in collaboration with industrialists/managers take up initiative for the betterment of the community. Universities are the most important areas of imparting education. Educational systems should not become commercial organizations stressing upon only growth in number of students and span of control. CSR should not be viewed as an additional or extra duty but it should be treated as core of every business ethic.

Ms. Shilki Bhatia, Faculty, DIAS
(For full text, please refer to Effulgence, July-
December, 2014, Vol.12, No.2, Page No. 63-70)



PUBLIC SECTOR BANKS: AT CROSS ROAD

India has a real long history of banking, as money lending activity could be traced back to the Vedic period, i.e. 2000 to 1400 BC. After independence also, the banking sector was given due importance, keeping it regulated and in tune with the respective economic policy.

The public sector banking commenced in India with the nationalization of the then Imperial Bank as State Bank of India in 1955. One of the defining moments of Indian banking industry is the nationalization of banks in 1969, when 14 private sector commercial banks were nationalized. In the aftermath of a balance of payments crisis in 1991, economic reforms were introduced and India embarked upon financial sector liberalization in a phased manner. Banking sector was deregulated by the way of allowing entry of new private sector banks.

Ten new private Indian banks were set up in 1993 followed by two more in the year 2003. Under deregulation movement permission for up to 74% foreign investment in private sector banks; doing away with licensing of branches of domestic scheduled commercial banks in a phased manner; deregulation of interest rates and widening / deepening of financial markets were introduced.

But in recent times the public sector banks' position in the banking pecking order has been seriously challenged. There is lot of churning of ideas to restore greater strength in them.

Dr. Anju Batra, Faculty, DIAS
(For full text, please refer to RBI Bulletin,
February 2015, Page No. 31-34)

DO CAPITAL INFLOWS ENHANCE ECONOMIC GROWTH? ANALYSING BRICS' PERFORMANCE

Pragya Atri

In the recent decades BRICS countries- Brazil, Russia, India, China and South Africa have attracted large capital inflows and exhibited high rates of economic growth. Using annual data for these countries from 1970-2012 this study explores the question whether large volumes of capital inflows are responsible for high rates of economic growth. In order to explain economic growth other control variables like trade openness, school enrolment, fertility rate, inflation, size of government and level of infrastructure were also used.

The empirical results show that episodes of high economic

growth do not seem to be attributable to corresponding episodes of capital inflows. However, trade openness is a significant determinant of economic growth but only for Brazil and South Africa. While human capital and inflation are significant only in case of India, size of government is significant only for South Africa. It is found that fertility rate and infrastructure is not significant for any of the BRICS economies.

Ms. Neetu Chadha, Faculty, DIAS
(For full text, please refer to, Viewpoint, Vol. 5, No 2,
2, July-December 2014, Page No. 3-10)

AN ANALYTICAL STUDY OF SPILLOVER EFFECT ON DIFFERENT BRANDING ELEMENTS ON CUSTOMER BASED BRAND EQUITY

Smritishikha Choudhary and Rinalini P Kakati

Customers are the most important entity for a brand. The brand managers take into account various brand elements like brand uniqueness, brand imagery, brand performance, brand loyalty and brand resonance in order to establish brand equity in the market.

The authors in the study under review strive to evaluate the spillover effect of the branding elements using structural equation modeling technique. The paper also attempts to empirically test the interrelationship of different branding elements with CBBE (Customer Based Brand Equity), especially for durable products. The study is conducted in Guwahati and employs descriptive research approach and adopts survey method for data collection. Respondents above 18 years of age have been chosen as sampling units.

The findings indicate spillover effect of different branding elements in developing the brand equity of a global and Indian brand of durable sector. It also suggests that the future of durables is on the verge of evolving from a mere utilitarian product to a truly energy-efficient, well connected, and value-added product. Brand loyalty has been found as one of the most influencing dimensions of brand equity.

Ms. Roma Jaitly, Faculty, DIAS
(For full text, please refer to IUP Journal of Brand
Management, IUP Publications, March 2014,
Vol XI, No I, Page No. 30-47)



WORK-LIFE CONFLICT AMONG IT PROFESSIONALS

Shubham Goswami

In the scenario where competition is so intense irrespective of the sector concerned, it's important to manage the pressure and stress amongst the employees. Also women, becoming the major part of the organization, are more prone to face stress and conflicting situations at home and workplace. Due to the targets and rushing fight to beat the competition it gets difficult for individuals to step in both the professional and personal life successfully.

This article talks about the work life conflicts amongst the IT professionals and its impact on their satisfaction and commitment towards the organization. The different sources of conflicts are considered to be work-life imbalance, time based conflict, and Strain based conflict, role ambiguity, management support and organisational commitment. The different companies such as Accenture, Amdocs, Bitwise, BNY Mellon, IBM, iGate, Infosys and TCS are part of the study.

The demographics included were Age, Gender, Experience and management levels. The three hypotheses are defined in a way to find whether the work-life conflict is similar among all demographic characteristics, factors identified for work life conflict significantly explain the imbalance and is there a relationship between work-life imbalance and organizational commitment.

The present study showed that work-life imbalance is negatively associated with job commitment in IT-ITES industries. There seems a dearth of formal friendly initiative to provide supportive environment and culture that benefits both the organization and employees. Work Life conflict poses all kind of stress such as improper time management, role based conflict and all these have implications for less loyalty and commitment of employees towards the organization.

To conclude, the management should take serious steps to accommodate employees who are parents of young children or have aged parents. These steps are very important to retain and satisfy the right talent within the organization.

Ms. Ruchika, Faculty, DIAS

(For full text, please refer to The IUP
Journal of Organizational Behavior, Vol. XIII, No. 4,
October 2014, Page No. 38-56)

ROLE OF ORGANIZATIONAL COMMITMENT IN DETERMINING THE ATTRIBUTES OF JOB ATTITUDE: A STUDY IN PUBLIC AND PRIVATE SECTOR ORGANIZATIONS

Shweta Awasthi, Sanjeev Bansal

The whole study is conducted with two specific objectives. Firstly, the study explores the job attitude formation process and its underlying components in public and private sector organizations. Secondly, it also appraises the impact of commitment process on job attitude in different organizations. The study uses primary data collection through structured questionnaire with convenient sampling from 598 respondents and finally the variables are reduced in factors using factor analysis. Further, this study also measures the impact on job attitude with regression method with individual commitment process as well as in total.

The limitation of this study is that it is restricted to public and private sector organization in Delhi/NCR due to time and resource constraints. Practically the policy makers, HR managers, floor managers etc. in public and private sector organization can devise suitable strategies to align the mission and vision of the organization taking care of job attitude process differently restricted to Delhi/NCR region only.

Results indicate that the bonding with superior and colleagues, different task, and sense of autonomy seem to be the primary contributor in job attitude in public sector organizations, whereas monetary incentives and their frequencies occupy the prime role in private sector organizations. Further, we also observe that all levels of commitment have significant impact only in public sector organizations on job attitude formation process.

The study explores the difference in attributes of job attitude between public sector and private sector organizations and argues strongly that the bonding, autonomy and sense of achievement seem to occupy the primary component role in public sector organizations in contrast to monetary benefits and their frequency in private sector organizations. The results unilaterally support the job attitude with all types of organizational commitment as primary determinant in public sector organizations which is absolutely negated in private sector organizations. Thus, suitable management strategies need to be devised to align with the mission and vision of the organization.

Ms. Divya Sahni, Faculty, DIAS

(For full text, please refer to Delhi Business Review,
Vol.15, No.2, July – December 2014)



INFORMATION TECHNOLOGY

A LITERATURE REVIEW ON RECENT ADVANCES IN NEURO-FUZZY APPLICATIONS

Nidhi Arora, Jatinder Kumar R. Saini

Abundant studies have been carried out which have revealed the limitations of traditional methods in dealing with problems of today. The methods currently used in business are somewhere incapable of prediction of future events to act proactively due to vagueness and mass of the data or due to complexity of the problem. Everything cannot be represented precisely due to unavailability of proper information, lack of information or unclear information. A significant research contribution in finding solution to above said problems has made companies to see a gradual shift from traditional methods to advanced systems. A variety of machine learning techniques are being developed for possible application into various fields to experience intelligent information systems.

Fuzzy logic and neural networks complement each other in developing intelligent systems. Neural networks form low-level computational structures and can deal with raw data while, fuzzy logic sits on a higher level and uses linguistic information. Looking from the other viewpoint, fuzzy systems lack the ability to learn and cannot adjust to a new environment, but neural networks can learn and generalize. A general problem with neural networks is that they are black box with number of hidden layers whose operation is opaque to user. Integrated together, the resultant neuro-fuzzy system can perform parallel computation and learn like neural networks and can represent human-like knowledge with explanation abilities of fuzzy systems making the overall system more transparent.

From the viewpoint of different researchers, all financial institutions use more traditional financial analysis as well as external ratings to measure risk. Their study involves the use of Adaptive Network-Based Fuzzy Inference System (ANFIS) prediction of the crisis of corporate finance. They applied factor analysis of the screening variables, and compared ANFIS with ANN. The results show ANFIS correctness rate of 93.94% which is significantly higher than ANN accuracy rate of 89.49% and proved the effectiveness of ANFIS in prediction of corporate financial crisis as compared to ANN. In banking and finance domain, article has demonstrated effectiveness of ANFIS in bankruptcy prediction on a data set consisting of financial ratios of bankrupt and non-bankrupt firms in Tehran. They used two procedures for selecting predictive variables;

without any feature selection method and with T-statistic feature selection method. In which, presented a model for bankruptcy prediction also known as the Altman's Model in 1968 using five financial ratios. The Altman model is found to give better results and the model is recommended to investors to predict bankruptcy of companies.

Almost all business problems suffer from vagueness which demands proper attention from business leaders. To remain in the competition, business leaders need some tools which can assist them in decision making. Recently a variety of methodologies have been proposed expected to give promising results in their respective areas. The paper has attempted to review current advancements in business using neuro-fuzzy hybridized approach. To sum up, a comprehensive review of applications combining neural network and fuzzy logic in business has been presented, by discussing some studies published between 2011 and early 2014.

Ms. Dimple Chawla, Faculty, DIAS
(For full text, please refer to IJANA record,
Volume 6, Issue 3, Nov.-Dec. 2014, Page No.14-20)

CONSISTENCY CHECKING AND ADJUSTMENT ALGORITHM OF FUZZY COMPLEMENTARY JUDGMENT MATRIX

Vidushi Sharma, Sachin Rai, Anurag Dev

The paper demonstrates the survey where the authors elaborated the concept of Artificial Neural Network or ANN and its various characteristics and business applications. In this paper they had shown that "what are neural networks" and "Why they are so important in today's Artificial intelligence?" Because, numerous advances had been made in developing intelligent system, some inspired by biological neural networks. ANN had provided a very exciting alternative and other application which can play important role in today's computer science field.

The paper mentioned few facts about the concepts of ANN which were basically introduced from the subject of biology where neural network played an important and key role in human body. In human body, work was done with the help of neural network. Neural Network was just a web of inter connected neurons which were millions and millions in number. With the help of these interconnected neurons all the parallel processing was done in human body and the human body was the best example of Parallel Processing.



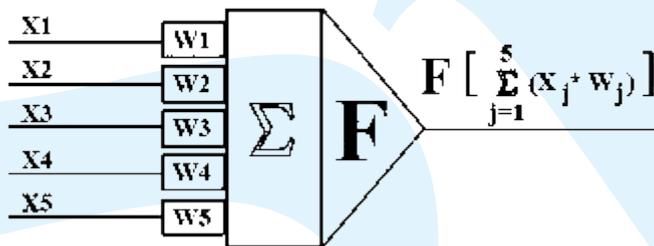
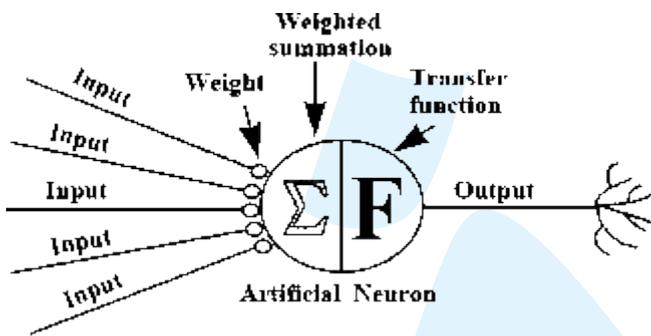
Further, the paper focused on the long evolution which had given many best and excellent characteristics to brain of human being which were not present in modern computers like Massive Parallelism, Distributed representation and computation, Adaptability, Learning Ability, Generalization Ability, Inherent Contextual Information Processing, Fault Tolerance and Energy Consumption.

ROLE OF SMAC TECHNOLOGIES IN E-GOVERNANCE AGILITY

Mr. Hardik Goel, Mr. Vivek Gondilla

Social, Mobility, Analytics and Cloud abbreviated as SMAC are separate platforms with technologies that evolved during last few years and have shown enormous enhancement. Current corporate organizations have started using them as integrated entity. This has resulted in more connected corporate world which is more collaborative and productive.

The term E-Governance refers to technology driven governance. It is the application of information, communication, technology and networking for the services based on Government policies. It includes information transactions between Government to Consumer (G2C), Government to Business (G2B), Government to Government (G2G) and other interaction of entire government framework. The current model of the current framework is not useful enough to provide better services of e-governance as they evolve complex and slow procedure. This leads to the application of SMAC tools and techniques to the functional aspects of e governance. There are many state governments of India who have started moving e-governance SMAC way. The new generation of e-governance will be known as EGP(E-Governance) 2.0 or e-Kranti.



Functions of an Artificial Neuron

The study of artificial Neural Network concluded that Parallel Processing had the ability to save more time and money in any work related to computers and robots.

The authors described the future work that they had to develop much more algorithms and other problem solving techniques so that they can remove the limitations of the Artificial Neural Network and if the Artificial Neural Network concepts are combined with the Computational Automata and Fuzzy Logic they will definitely solve some limitations of this excellent technology.

Ms. Neha Rajan, Faculty, DIAS

(For full text, please refer to International Journal of Advanced Research in Computer Science and Software Engineering, Vol 8. No.1 December 2014)

SMAC increases exposure of e-governance related services,

- It provides scope of development of loyal users of e governance services,
- It is helpful in reducing market related expenses of e governance
- It is also improving search ranking of e-governance and its related activity
- It allows to grow business partnership of e-governance with other business sector
- It allows cost saving

The platform approach eliminates other types of interface of external entities that includes TRAI, Central Government, RBI, Banking sector and other financial sectors too.

SMAC is thus going to play a pivotal role in revolutionizing the way Government interacts with the rest of the world.

Ms. Tripti Mishra, Faculty, DIAS

(For full text, please refer to CSI Communications, Volume No 38, Issue No 7, October 2014, Page No. 7-9)



Feedback From Employers

Preeti Gupta (MCA 2011-2014) has laborious capability, takes initiative and have the eagerness to learn new things. She has good listening skills.

**Abhishek Gupta, Tech Lead,
Indus Valley Partners**

Krishna Kabir Sabri (MCA 2011-14) is a quick learner with sharp mind. He is always ready to take challenges and learn new things. With this, the best quality in him is that he is a self starter, and is used to doing some self-research on topics. I wish he carries on these qualities in future and he will have a great professional life ahead.

**Suman Kumar, Sr. IOS developer,
Vectoscalar Technologies**

The Men In News



DILMA VANA ROUSSEFF

“We fought and participated in a dream to build a better Brazil, we learned a lot. We did a lot of nonsense, but that is not what characterizes us. What characterizes us is to have dared to want a better country.” Dilma Vana Rousseff.

Former Indian President Dr. A. P. J. Abdul Kalam once said “Dreams are not what you see in sleep, Dreams are the things which don't let you sleep”. Dilma Vana Rousseff, President of Brazil, dared to have dreams which did not let her sleep,

hence, she pursued them and made them come true.

Born in 1947 to a Bulgarian couple, and brought up in an upper middle class household, she had every comfort of life. It was during her higher education where she became aware of the political situation of her country, the dictatorship established after the military coup. She joined the *Politica Operaria-POLPO* and became a believer of Marxism. It was here that she met her future husband.

Rousseff participated in the militant activities of the *Comando de Libertacao Nacional - COLINA* (National Liberation Command) and advocated Marxist Politics among Labour Union Members and as editor of the newspaper, *The Piqueet*. According to the magazine *Piaui*, she handled weapons and is reported to have engaged in organization tasks of the group.

Rousseff was the main leader of *VAR Palmares*, a political military organization of Marxist – Leninist partisan orientation which aimed to fulfill the tasks of the revolutionary war and the establishment of the working class party, in order to seize power and build socialism. She was defined as “one of the brains” of the revolutionary schemes.

Rousseff is believed to have been a part of many schemes and plots, just a few of which have been proven. She was captured by the authorities and jailed. It is said that she was tortured brutally. Reports supporting these claims have been squashed as rubbish. She served her period in prison and joined the university to study further but never took her degree. This point was raised and scandalized during her campaign for the Presidential post.

Rousseff has held the positions of Municipal Secretary of



Treasury, State Secretary of Energy, Incumbent Minister of Energy, Chief of Staff and has been selected for the Presidential Position twice. Her career had its shares of scandals, controversies, blames but she has also been applauded for changes and achievements. With her determination to do the finest for her country, we may only assume that future holds great times ahead for Brazil.



KAILASH SATYARTHI

“India may be a land of over a 100 problems, but it is also a place for a billion solutions” – Kailash Satyarthi.

Our country has been in news for many reasons, sometimes gathering accolades and sometimes, garnering unpleasant remarks for heinous crimes committed by its citizens. But there has always been a person who has made it proud. The latest feather in its cap has been the gem named Kailash Sharma aka Kailash Satyarthi. Born in 1954 in Madhya Pradesh, he completed his degree in Electrical Engineering and a Post Graduate Degree in High-Voltage Engineering.

He is a human rights activist who gave up his career to fight against child labour. He made the issue of child labor a human rights issue, not a welfare matter or just a charitable cause. He pointed out that child labor can be a root cause for illiteracy, population explosion, poverty, unemployment and many more social problems. He played an important role against

child labor to achieve the status of “Education for All”.

His efforts have not only been applauded in our own country but have been commended worldwide. He is Secretary General for the Bonded Labor Liberation Front, founder of Bachpan Bachao Andolan, and is involved with the Global March against Child Labor and its international advocacy body, the International Center on Child Labor and Education (ICCLE), worldwide coalitions of teachers, trade unionists and NGO's. He has been President of Global Campaign for Education from 1999 to 2011.

Voluntary organisation, Good Weave International, manufacturing rugs in South Asia without the use of Child-Labour, has raised awareness in Europe and United States too. He has been a member of UNESCO, Center for Victims of Torture (USA), International Labor Rights Fund (USA), and the International Cocoa Foundation. He is now reportedly working on bringing child labor and slavery into the post-2015 development agenda for the United Nation's Millennium Development Goals.

Satyarthi has been the subject of numerous talk shows, documentaries, television series and awareness films. Honors bestowed on him are both national and international. He has been presented with Ashoka Fellow (US), the Aachener International Peace Award (Germany), The Trumpeter Award (US), Robert F. Kennedy Human Rights Award (US), Golden Flag Award (Netherlands), Friedrich Ebert Stiftung Award (Germany), Wallenberg Medal (University of Michigan), Freedom Award (US), recognized in the list of “Heroes Acting to End Modern Day Slavery” by the US State Department, Gold Medal of the Italian Senate, Alfonso Comin International Awards, Defenders of Democracy Award and the latest is the Nobel Peace Prize which he has been awarded along with Pakistani activist Malala Yousafzai for their struggle against the suppression of children and young people and for the right of children to education.

His book Globalisation, Development and Child Rights with Zutshi, Bhupinder has been much talked about. He has contributed to the development of important international conventions on children's rights. With his passion of child welfare, the day is not far off when India will be able to boast of a country free of child labor & slavery. Let us join hands with him and pledge to make our country a proud country.

Ms. Rita Sharma
Accounts Assistant, DIAS



Books For Review

NEW AGE INTERNATIONAL (P) LIMITED, PUBLISHERS

Title	Author	Edition / Year	Price
Introductory Rural Sociology	Chitambar, J.B.	2014	250

AITBS PUBLISHERS, INDIA

Title	Author	Edition / Year	Price
Be An Effective Manager	Dr. V.K. Narula	2015	250

Readers' Views

DIAS TIMES is an attention grabbing newsletter which has diverse sections. It is a reader's delight and keeps you engaged throughout.

Mandeep Bhatia, Content Editor, Zomato

It was a pleasure to receive a copy of DIAS TIMES. It's a thought provoking newsletter which not only is informative but also interesting to read. Thank you for giving me the

opportunity to read it.

Pragati Malhotra, Digital Marketing Executive, Lenskart

The quarterly newsletter of Delhi Institute of Advanced Studies is a noble step towards inculcating writing as well as reading habits in the students. Through its various articles it evokes interest in the minds of the readers and also encourages the students to speak their minds and give their opinions.

**Sanjay Bajjal, Chartered Accountant,
S. Bajjal & Co., Lucknow**

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Particulars	Per Insertion	Per Annum
Full Back Cover	15,000	50,000
Inside Front	13,000	45,000
Inside Back	12,000	40,000
Full Page	8,000	30,000
Half Page	6,000	20,000
Quarter Page	4,000	15,000
Annual Subscription :	₹ 500/-	Quarterly: ₹ 150/-

*Subject to change without prior notice.



STUDENTS' SECTION

“SURGING UP OF MICROMAX”

Ms. Anubha Aggarwal¹, Ms. Vibhanshu Singh¹, Dr. Anju Batra²,
¹Student, Delhi Institute of Advanced Studies
²Faculty, Delhi Institute of Advanced Studies

“MICROMAX! NOTHING LIKE ANYTHING”

The logo itself connotes a lot.

There might have been many indigenous companies which tried to prove their mark in the Mobile industry. Some failed, some remained somewhere and a few came and rose above all. Among these few, the most noticeable and prominent one is Micromax. Initially started dealing in rural areas of India, it now ranks second in the Indian mobile industry and 10th worldwide. It entered the Indian market on March 2008 and at that time, Nokia, Samsung, Motorola, RIM were the only brands that people knew. Now Micromax has established itself into such a big empire in India, that, LG, RIM, Motorola, Reliance, HTC, come after it.

For a few years now, Samsung has been the number one choice for smart phones in the country. To gain the 'people's favourite' place, Nokia and Samsung began offering a wide range of smart phones to their potential buyers. In addition to this, Samsung realized that the market was price-sensitive and offered these smart phones across a range of prices. This captured the buyers' attention and everybody could now own a 'Smartphone', thanks to Samsung.

Samsung continued to maintain this goodwill in the market with a slew of smart phones being introduced every year and backed up its innovative adoption with hefty marketing budgets. As Samsung fought a global war with Apple over the patents and showcased new features for its high-end smart phones, the company gathered a following of its own in the country. Apple always had the reputation of being an elite and expensive product. With the Android OS, Samsung brought in an alternate option and made it famous. In what one would call a masterstroke, the company made the Android OS available over most of its products making it available to one and all. As against Apple, people saw Samsung products as egalitarian and took to them readily. All was well for Samsung until Micromax came into the picture.

MICROMAX

Micromax is an Indian consumer Electronics Company founded in the year 1999 and the founders are Rahul Sharma, Sumeet Arora and Vikas Jain. The company is headquartered in Gurgaon, Haryana, India. It is in the business of manufacturing of Mobile Telephones, Tablet Computers, 3G Data cards and LED Televisions. It has 23 offices in India and an international office in Hong Kong.

Micromax started as an IT software company in 2000 and worked on embedded platforms. It entered the mobile handset business, and became one of the largest Indian domestic mobile handsets company operating in the low cost feature phone segments by 2010. The Company has a 22% market share in the smart phone segment in India as per IDC for Q2 2013. The company claims to have introduced the first 30-day battery backup mobile, first dual SIM mobile, dual-boot Android device, etc. Today Micromax is present in more than 560 districts through 125,000 retail outlets in India. The company has sales spread across Bangladesh, Sri Lanka and Nepal and was once present in UAE and Brazil. On 24 January 2014, Micromax became the first Indian mobile company to start its sales in Russia.

HISTORY OF MICROMAX

Micromax started its mobile phone manufacturing operations in 2010 when multinationals ruled the industry. With an understanding of the rapidly changing consumer preferences coupled with the use of the latest technologies; Micromax differentiated itself from other players with its pricing. Everything started with a truck battery in the year 2007. In the powerless city of Baharampur in the Indian state of West Bengal, Mr. Rahul Sharma saw an Airtel Pay Phone being powered by a truck battery. Every night, the PCO owner would lug the battery 12 km to an adjoining village on his cycle, charge it there overnight, and lug it back to Baharampur in the



morning. Rahul was fascinated by the nature of innovative adaptation to suit the difficult conditions which the payphone operator had employed and his interest only grew when he found out that to everyone's surprise, the operator was also able to earn a tidy sum of money. Based on this experience of innovation arising from constraint, Micromax soon launched its first phone with a month long battery back-up known as XIi. In 2011, Micromax entered the pallet market with the Canvas series.

On 28 July 2011, Micromax withdrew its 4.66 billion rupees (about \$106 million) initial public offering(IPO) due to volatile market conditions. Bhagwati Products Limited is a subsidiary unit of Micromax which is located at Rudrapur, Uttarakhand.

Micromax is a top Indian smartphone brand occupying the 2nd position behind Samsung in the Indian market and with rapid growth is charging towards becoming the biggest brand.

CHALLENGE & THE TURNING POINT

In the year 2010, when Micromax had just introduced the Andro A60 mobile phone with the Android Éclair OS, Samsung was concentrating on its just introduced Galaxy series. The oddly- shaped Andro A60 did not have anything similar to the Galaxy phones, except that it was powered by an Android OS. Samsung was too busy to notice what an Indian manufacturer could possibly do. Probably, even Micromax did not completely realise the potential of its actions, but the company had hit the jackpot when it decided to use an Android OS for its phones.

As Samsung increased popularity of its Galaxy phones, it was also doing a world of good to the popularity of Android OS in the country. Micromax took baby steps to prove that it was selling good quality phones and after the company was confident that it could play the big game, it introduced its Canvas series, powered by the now popular Android OS phones, which offered good hardware configuration at prices far lesser than that of Samsung. Suddenly, Samsung phones lost the egalitarian touch they once had and became an elite product. On other side, Micromax did everything possible to deliver good configuration to the consumers and the fast-growing market responded swiftly. The release of A116 Canvas HD just ahead of Samsung's Galaxy Grand was a major turning point for the popularity of Micromax. By the time Galaxy Grand came in the market, one could clearly see that it was an inferior product with a higher price tag.

Micromax instantly knew that they had the lead and must capitalise on their strategy that had struck gold. It also helped that Micromax's prediction of people adapting to phones with larger screen sizes came true and every phone they introduced afterwards became popular instantly. Since both manufacturers offered phones with similar plastic builds, it could only be loyalty to the brand Samsung that would make people stay away from Micromax's offerings.

Micromax is not the only mobile making company which tasted glory in India. Spice once used to have the same position as that of Micromax. Unfortunately, it could not catch up with the emerging trends of mobile technology, though slowly it is gaining some ground. Karbonn is another native company which is growing and expanding very fast in India, but it needs refinement in its products to compete with Micromax.

DOMINANCE AND PROMINENCE

Micromax started off with the model A60, the first budget Android mobile phone in India. It sold well and gave the company the much needed boost to slowly emerge. It has come a long way from A60 and has struck gold with its mobile model Q7, a QWERTY set. The next big thing happened to it when it launched the A100, a dual-core Android phone. A dual-core handset at Rs.10,000 just made people go gaga over this phone. The phone proved to be the best buy and in return Micromax made a huge profit from it.

Recently, Micromax has been able to deliver the Canvas HD, a product which has made the company to compete with the likes of Samsung. This is the first ever phone in India with a quad-core, 1GB of RAM, 5" 720p HD display and capable of shooting 1080p videos at 30fps! And all these features are provided at a price of Rs.14,500 only! Same thing from Samsung or Nokia will cost around Rs.40,000 or even more. Now, what people tend to think is, if Micromax is giving so many features at such less price then it means the phone will not work or doubt about its quality. But 'Micromax standing in the 2nd position of mobile making industry in India' is a sufficient answer to it. Although, there was a flaw with the after sales support of Micromax products but now it has been resolved and the official website also indicates the nearest service centre in the neighbourhood.

MARKETING STRATEGIES OF MICROMAX

The reason behind getting it huge was the marketing strategy



Micromax used, in order to be in the top position. It housed all the goodies that a customer desires in his/her phone at a very affordable price, which Samsung or Nokia provided at a premium price. Micromax was able to do this by partnering with other handset makers located in Japan, China and Taiwan and save the cost of the phone by distributing the production of a specific phone. For this reason, some say it re-brands Chinese phones, which was technically not correct.

Being perceived as a Chinese brand, Micromax was a preferred brand in the rural areas and for the same reasons was not considered desirable in the urban areas. To penetrate the urban markets, an image correction was required and a brand strategy was needed to fade the memories of Nokia from the minds of the consumers.

- **Promotion strategy** -To increase visibility further, Micromax bombarded the market by advertising through outdoor, online, radio, exchange schemes and promotions via social causes.
- **Place strategy** – By placing the product in popular stores like Croma, The mobile store, Reliance Digital, etc., high visibility was assured along with the competitive brands. Tie ups with local distributors for easy availability helped to tap the customers who did not visit the popular stores.
- **Distribution strategy** – For the B2C model, higher margins up to 15 per cent were offered to the dealers, which was higher than the industry average of 6 per cent to 10 per cent. This helped them penetrate deeper into the urban markets. In B2B model, where corporate selling was involved, tie ups with major corporate houses saved the margins of the distributors and Micromax could provide the corporate houses a lesser price than the market. Thus, the target market of professionals was reached.
- **Customer acquisition & retention** – Micromax provided better after-sales service and an extended warranty of 2 years, thereby gaining the trust of the customer. Exchange offers played a major role in customer retention and created a chain of transactions with the customer.

CURRENT POSITION

Micromax, which is the second largest smartphone player in

India, held about 16 per cent market share in Q4 2013. Micromax's revenues were Rs 3,168 crore for the financial year 2012-13 and it expected to clock revenues of \$1 billion for the fiscal ended March 2014. In 2013, Micromax announced that it would be producing 30+ products and also stated that it is numero uno in the mid-range mobile segment or the budget mobile area. There is no doubt about this, as A116 just blew off its competitor Samsung Galaxy Grand Duos (Rs.21,000) in performance and style.

Micromax has surely become one of the best and the finest mobile making company in India but should keep up to it as the most emerged companies like RIM (makers of Blackberry), have failed to keep up with the pace.

How loyalties are quickly changing can be seen in the sales figures for the first quarter of the year 2014. According to figures released by research firm IDC, Micromax holds 22% market share in the Indian market, which is alarmingly close to Samsung's 26%. With people's faith increasing in the durability of their phones and a total of 30 new models to be launched before the end of the year, Micromax is just at the brink of toppling Samsung as the preferred smartphone supplier in the country. In the coming months, Samsung has two choices: one, offer something revolutionary to suit the Indian buyer and win them over once again, two, mutely witness Micromax overtake them as the number one smartphone brand in the country.

The rising demand for affordable smartphones in major emerging markets of India and China has helped local mobile manufacturers surpass shipments by the established global brands like Samsung and Apple. According to the data given by IDC in Asia - Pacific excluding Japan region, home grown vendors shipped 46 million units, while Samsung and Apple combined shipped 35 million units in total. Other global brands like HTC, BlackBerry, Nokia, Sony, LG and Motorola shipped 10 million units collectively, whereas, the internal vendors from China like Huawei, ZTE and Lenovo shipped a total of 27 million units in April-June 2013. Asia - Pacific region saw mobile shipments of 119 million units in April-June 2013 which is an increase of 10 per cent quarter-on-quarter and a huge jump of 75 percent from Q2 2012. The IDC report further informs that the 4 inch plus screen size segment drove most shipments, the 5-6 inch segment saw its first gain in both China and India, it added.

IDC identified Micromax, Karbonn, Lava, Maxx and Intex as the rising players in the emerging smartphone market in India.



The research firm said local brands in the world's two most populous country, part of Asia - Pacific excluding Japan region (APEJ), have aggressively up scaled their operations and are competitive on both price and hardware specifications.

IDC chairman commented, "In emerging markets like China and India, IDC has seen many local competitors spring up, but only in the last few quarters have we seen them aggressively scale up, competitive on both price and hardware specialties like bigger screens. We are now hitting a place where there are smart phones for every price point, where the masses will benefit from the slew of players bringing in more options."

When it comes to price category, the two most sought after handset price categories are- the Rs. 5,000 to Rs. 10,000 band and the high-end phones above Rs 20,000.

Micromax Canvas Turbo, Micromax Canvas 4 A210, and Micromax A116 Canvas HD are the latest launches of micromax which are selling like hot cakes.

SWOT Analysis

STRENGTHS

Innovative products and features - Marathon battery mobile phones with a 30-day battery life, phone which is programmable as a universal remote control, gravity phones are some of the features which have increased the popularity of the product.

Low cost of production - With its plants located in China, Micromax bears a low cost in production due to availability of labour at cheaper rates.

Effective promotions campaign - Micromax has been promoting its products through famous celebrities and has also had tie ups with MTV.

WEAKNESSES

Weak brand image in urban areas - Micromax has still not been able to establish itself well in the urban market as its main concentration had been on the rural population.

Perception of low quality Chinese brand - Micromax has a manufacturing unit set up in China which has strengthened this perception among people.



Source: IDC

OPPORTUNITIES

Increase penetration in urban market - Since Micromax has not yet entered this market; it has a huge opportunity to establish itself in this market.

Entry into international markets - Micromax has the potential to make its presence felt on a global scale eventually as it establishes itself in the domestic market.

THREATS

Increasing competition from local and international players - With well-established players like Nokia, Samsung, etc., Micromax faces a tough competition.

Replication of business model by competitors - Micromax's business model has been replicated by many new players which again pose a threat to Micromax.

POTENTIAL IN FUTURE

Microsoft has partnered with Micromax to offer Windows 8.1-powered operating system smartphones in the country. The deal that was announced on 2nd April, 2014 at Microsoft's BUILD conference in San Francisco is expected to intensify competition in the smartphone and tablets space. Microsoft Executive VP (Operating Systems) Terry Myerson said, "We are thrilled to welcome 11 new Windows Phone partners since Mobile World Congress in February, with the addition of Micromax and Prestigio".



QUESTIONS:

1. Discuss various differentiating strategies adopted by Micromax?
2. Why did Micromax target Indian and Chinese markets only?
3. To be a global leader, what other strategies should be adopted by Micromax?

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CORPORATE

EXECUTIVES' OPINE



SUSHOBHAN DASGUPTA, MD OF JOHNSON & JOHNSON MEDICAL INDIA

LEADERS SHOULD TAKE BLAME AS WELL AS CREDIT

Sushobhan Dasgupta has been the MD of Johnson & Johnson Medical India for the last two years. He describes his journey as a roller-coaster ride amid a slowing economy and regulatory issues among other things. He believes that in challenging times, a leader must have a clear vision, well-defined strategies and he must walk the talk.

He describes that a leader must have a very immaculate, convincing, sharp and focused vision, which will appeal to everybody in that particular area of responsibility he or she is in for the overall business. Secondly, there has to be clearly defined strategies, which should be able to reach that vision. And thirdly, what the leader is doing to really get the followers to achieve that vision. In that come people's development, recruitment, resourcing, expertise and technicalities among others.

The first thing to become a leader is to have a tremendous urge and aspiration to be a leader. To create leaders, succession plans must be planned on a regular basis. He believes in the concept of "ready now, ready later, ready future". "Ready now" means that a person is ready to take over between 0-1 year from another person. "ready later" is a person ready to take over between 1-3 years and "ready



future” can take over from 3-5 years and then comes emerging leader, which is beyond 5 years. There should be consistency in delivery under the same conditions or different model of dynamics. He defines his one line leadership mantra as **“Develop people who are better than you.”**



**JOSEPH GEORGE, CEO,
LOWE LINTAS- PARTNERS, INDIA**
ASPIRE FOR THE ROLE, NOT THE POSITION

Joseph George, CEO, Lowe Lintas- Partners, India believes in being a practitioner and running the company like a professional cooperative where employees are groomed as stakeholders. He defines a leader as anyone who is an inspiration across functions and levels. They must see beyond the immediate reporting lines. The focus should not be aspiring for the position but to aspire for the role. One cannot be sure, once the designation is achieved, how long it will last. The trick lies in inspiring people about the role they would play.

He believes that job of a leader is to get as many people in the company to believe that they are stakeholders of the company. This can be done by believing in the product and

leader's behavior with other clients and vendors. It is also important to learn the culture of the stakeholders.

He thinks that making mistakes is a part of life. An idea can go wrong. The only thing that matters is to find out what went wrong and how to fix it.

*As complied by Ms. Charu Gupta,
Assistant Professor, DIAS*

Parents' Feedback

I am extremely thankful for the knowledge and discipline that DIAS has inculcated in my daughter (Deepti K Nair, MCA Batch 2012-2015). She got many opportunities to showcase her talent with the support of the management and faculty. I am more than satisfied with the way of teaching and the facilities provided to the students at DIAS. The placement records speak volume about the amount of hard work done by the faculty and I feel proud to see my daughter being placed at NIIT Technologies Ltd. as associate software engineer.

I have seen her confidence level increasing in these 3 years. The college encourages students in academics as well as extracurricular activities and has played a significant role in overall growth of my daughter's personality.

Mr. K.K. Nair
Executive Secretary SAIL
(Steel Authority of India Ltd.)

Recent Notifications

CORPORATE AND OTHER LAWS INSIDER TRADING NORMS TO RAISE COMPLIANCE HURDLE FOR COMPANIES

The Securities and Exchange Board of India (SEBI)'s new norms to prevent insider trading in listed companies are likely to lead to some hurdles for companies. The regulations also cover third-party entities. The regulator has also tried to reduce ambiguity around due-diligence activities. Companies will, by law, be entitled to require third-party connected persons to disclose their trading and holdings in securities of the company. In legal terms, a third party is any individual or



entity that does not have any direct connection with the company but could be impacted by the goings-on in it. This will mean companies will have to insist on disclosures from third-party vendors and manufacturers if they hold stake and shares of the company, which might lead to an increase in compliance costs.

SEBI's insider trading rules seek mandatory disclosure of shares and securities, including of third parties. This means that companies would also have to look at entities such as suppliers and distributors and their holdings. Keeping an eye on such outsiders would come with its own set of difficulties and increase compliance burden for listed entities. The regulator has also allowed communication of price-sensitive information for legitimate business transactions. Regulations will protect PEs and VCs against charges of insider trading while conducting due diligence.

Companies feel though the move might not result in a rise in costs, it will increase the compliance burden.

The SEBI board repealed the two-decade-old Prohibition of Insider Trading (PIT) Regulations by widening the definition of insider and connected persons and clearing a new definition of unpublished price-sensitive information. To protect the interest of investors, companies will now have to disclose unpublished price-sensitive information at least two days before trading, in case communication of such information is allowed. Communication of such information is prohibited except for legitimate purposes or for discharge of legal obligations. Experts believe this will mean companies and private equity (PE) players looking at potential mergers or acquisition of a large chunk of shares will be allowed to conduct due-diligence on the companies. This provision will protect PE players, venture capital funds and other similar investors against the charge of insider trading while conducting due-diligence.

'E-IPO' TO BE LAUNCHED SOON

Market regulator Securities and Exchange Board of India (SEBI) aims to reduce the period between the closing of an initial public offering (IPO) and commencement of trading on stock exchanges to five-six days, against 12 days at present.

The SEBI board has approved a discussion paper on using the secondary market mechanism for issuance of shares in initial public offers through e-IPOs. 'e-IPO' is a mechanism where investment in IPOs can be made online, without signing any

document. It has the potential to reduce costs as well as time.

SEBI'S NEW DELISTING NORMS 'WIN-WIN' FOR ALL

The amendments to delisting regulations by the SEBI board remove tax hurdles for sellers of shares as well as marginally reduce the cost for acquirers, in addition to saving time, resulting in a 'win-win' situation for stakeholders. The biggest change in the delisting rules allows the use of stock exchange platform for tendering shares in delisting, buyback, and takeover. This removes the liability of capital gains tax, and sellers will instead have to pay securities transaction tax (STT). This, along with the clause to achieve at least 25% minimum public shareholding, raises the possibility of better price discovery and increased success in delisting shares from the stock exchanges.

Offering the stock exchange platform, at par with the takeover code and buyback regulation, will result in these transactions of delisting, also as market transactions, reversing the downfalls that were earlier experienced in the process. This change could encourage larger retail participation in delisting offers in future. At present, an investor is liable to pay long term capital gains (more than one year) tax at 10% without indexation and 20% with indexation whichever lower in an open offer. This is then added to the income of the investor and taxed according to the tax bracket he falls under – 10%, 20% or 30%. In case the tenure of shares held is less than a year, an investor is liable to pay short-term capital gains which are directly linked to the income tax slab of the investor. However, if a shareholder sells the shares in the secondary market, no tax would be payable if the shares are held for more than a year except STT at 0.1% on the equity transactions.

Apart from tax benefits, merchant bankers also highlighted certain cost benefits for the acquirers, albeit with caveats, as allowing interplay with the takeover code will help company to dump three-way process and achieve delisting in a single shot, provided it succeeds. Companies would save about 40-60% of intermediary costs which are spent on document filing, merchant banker fees, advertising costs among others. As per earlier regulations, a company was required to reduce its shareholding to 75% to comply with minimum public shareholding (MPS), if a mandatory open offer was triggered at the time of acquiring a majority stake in a company. However, with SEBI aligning MPS norms, takeover



regulations, and delisting, the company can achieve delisting in one attempt instead of going through the hassle of reducing its promoter holding to 75% under the MPS if it crosses the approved limit.

DIRECTORS CAN BE HELD LIABLE FOR DISHONOUR OF CHEQUE

The Supreme Court has ruled that all directors involved in the day-to-day running of a company can be made liable for a bounced cheque, but not one who resigned before the cheque was issued.

The directors should normally face prosecution if there is no incontrovertible evidence to show their non-involvement such as long illness, resignation, etc. The complainant only has to make a specific averment in the complaint that a person is in charge of and is responsible for the conduct of the business of the company to maintain it.

The complainant does not have to elaborate on the role played by each of the directors in the transaction. The individual role of a director is exclusively in the realm of internal management of a company and at the initial stage of a complaint, it would be unreasonable to expect a complainant to elaborate the specific role played by a director in the transactions.

Vicarious liability is contemplated in the Negotiable Instruments Act to ensure greater transparency in commercial transactions, the court said. This object has to be kept in mind while considering individual cases and hardship arising out of a particular case cannot be the basis for directors to try to wriggle out of prosecution.

GOVERNMENT EXTENDS VALIDITY OF INDUSTRIAL LICENCES TO 7 YEARS

The Department of Industrial Policy and Promotion (DIPP) has extended the validity of industrial licenses to as much as seven years from three to encourage domestic manufacturing. As a measure of 'ease of doing business', henceforth, two extensions of two years each in the initial validity of three years of (an) industrial license shall be allowed up to seven years.

The BJP government is working to promote India as a manufacturing hub, with Prime Minister Narendra Modi launching the 'Make In India' drive. DIPP has also relaxed the stipulation on annual capacity for defense items for industrial

licenses to encourage more companies to enter the sector and allow manufacturers to scale up. Licensees will however have to submit half-yearly production returns to DIPP and the department of defense production (DoDP).

Licensees will be allowed to sell defense items to government entities under the control of ministry of home affairs, state governments, public sector units and other valid defense-licensed companies without prior DoDP approval. However, for sale of the item to any other entity, the licensee shall take prior permission from DoDP.

All applications related to DIPP will be processed within 90 days. In the case of defense manufacturing, the ministry of home affairs will give security clearance within three months, which will ensure faster clearances.

SEBI SAYS MF SCHEMES WITH BONUS OPTION 'NOT LEGITIMATE'

The capital market regulator has plugged the loophole that allowed savvy mutual fund investors to lower tax by bonus stripping. Securities and Exchange Board of India (SEBI) has spelt out that it's not in favour of fund houses launching new schemes with bonus option in their arbitrage funds. The regulator has told some of the asset managers that it will not give the go ahead to these schemes if they are filed for approval. The bonus option involves an investor selling the original units for a loss and holding on to the bonus units which are sold later to realise long-term capital gains.

Investors then sell the original units at the reduced price and set off losses against capital gains in other assets. The accumulated bonus units are treated as tax free after a year since arbitrage funds are treated like equity funds for tax treatment. In addition, SEBI rules say bonus units are not subject to exit load. Typically, high net worth investors invest in a bonus plan to set off the newly created capital loss against capital gain in other assets.

Till a few years ago, wealthy investors used 'dividend stripping' to save tax. Here, investors would buy units based on advance information on dividend and then, sell the units after receiving the dividend. Since the ex-dividend NAV would be lower, they would book a capital loss with the intention of setting it off against some other capital gain. In 2004, the government plugged this loophole. It tweaked the rule to discourage setting off any capital loss from the transaction against other capital gains from other assets. Such accounting (for the



purpose of tax saving) was disallowed up to the value of the dividend income exempted if an investor buys units within 3 months prior to the record date for dividend and sells those units within 9 months after the record date.

BANKING

RBI AGAINST BROAD-BASING CRR TO INCLUDE FOREX, GOLD

The RBI is against broad-basing CRR, the portion of total bank deposits kept with the Reserve Bank, to include forex and gold reserves as it would entail an additional burden on the lenders. A study by Prof Errol D'Souza has proposed a Gold Monetisation Scheme, under which forex and gold reserves could be allowed as CRR up to 30 per cent of the requirement.

RBI has opined that as the CRR is maintained in domestic currency, it would entail additional cost on part of banks to maintain gold and forex as their valuations keep on changing and would require monitoring on a frequent basis by banks.

The proposal is counter intuitive. In case of capital inflows, the banks may be asked to keep forex and gold as CRR. Assuming constant inflows, the value of rupee against dollar is likely to rise. Hence, the value of stock of forex and gold kept as CRR, will diminish with rising rupee. The study recognises the role of foreign currency or gold for maintaining CRR as part of the RBI's liquidity tightening moves to check volatility in the foreign exchange market.

However, the central bank is of the view that the impact of maintenance of CRR in foreign currency with the central bank may have a desired policy impact on the credit market, while it is not clear how the same policy impact on domestic liquidity can be achieved by prescribing CRR to be maintained in form of gold. The RBI also said in case it allows gold for required reserve under CRR, the study needs to explain the transmission mechanism on domestic liquidity and hence credit market.

RBI SUCKS OUT LIQUIDITY OF OVER ₹ 2.5 LAKH-CR IN NOVEMBER

The Reserve Bank of India (RBI) sucked out liquidity of ₹ 2.5 lakh-crore in November, using various tools — variable reverse repo, daily reverse repo, open market operations (OMO) sale of government bonds and cash management bills.

In a situation when the central bank is fighting inflation, excess liquidity can lead to pressures which the central bank does not want. Currency dealers say most of this liquidity was added due to the central bank's intervention in the foreign exchange market, where RBI was buying dollars through state-run banks.

Not all of the liquidity was added due to RBI's dollar buying. At the start of November, there was bond maturity which added to a liquidity injection worth ₹ 46,000 crore. To suck this out, the cash management bills auction was held.

CHEQUE RELATED FRAUD CASES - PREVENTIVE MEASURES SUGGESTED BY RBI

The rise in the number of cheque related fraud cases is a matter of serious concern. It is evident that many of such frauds could have been avoided had due diligence been observed at the time of handling and/or processing the cheques and monitoring newly opened accounts. Primary (Urban) Co-operative Banks (UCBs) are, therefore, advised to review and strengthen the controls in the cheque presenting/passing and account monitoring processes and to ensure that all procedural guidelines including preventive measures are followed meticulously by the dealing staff/officials. The following indicative list gives some preventive measures UCBs may follow:

- I. Ensuring the use of 100% CTS - 2010 compliant cheques.
- II. Strengthening the infrastructure at the cheque handling Service Branches and bestowing special attention on the quality of equipment and personnel posted for CTS based clearing, so that it is not merely a mechanical process.
- III. Ensuring that the beneficiary is KYC compliant so that the bank has recourse to him/her as long as he/she remains a customer of the bank.
- IV. Examination under UV lamp for all cheques beyond a threshold of say, ₹ 2 lakh.
- V. Checking at multiple levels, of cheques above a threshold of say, ₹ 5 lakh.
- VI. Close monitoring of credits and debits in newly opened transaction accounts based on risk categorization.
- VII. Sending an SMS alert to payer/drawer when cheques are received in clearing.



The threshold limits mentioned above can be reduced or increased at a later stage with the approval of the Board depending on the volume of cheques handled by the UCBs or its risk appetite.

In addition to the above, UCBs may consider the following preventive measures for dealing with suspicious or large value cheques (in relation to an account's normal level of operations):

- a) Alerting the customer by a phone call and getting the confirmation from the payer/drawer.
- b) Contacting base branch in case of non-home cheques.

The above may be resorted to selectively if not found feasible to be implemented systematically.

It has been reported that in some cases even though the original cheques were in the custody of the customer, cheques with the same series had been presented and encashed by fraudsters. In this connection, UCBs are advised to take appropriate precautionary measures to ensure that the confidential information viz., customer name / account number / signature, cheque serial numbers and other related information are neither compromised nor misused either from the bank or from the vendors' (printers, couriers etc.) side. Due care and secure handling is also to be exercised in the movement of cheques from the time they are tendered over the counters or dropped in the collection boxes by customers.

RBI TIGHTENS NORMS TO DEAL WITH ERRANT BORROWERS

Banks can now classify errant borrowers, particularly promoters of companies that have not repaid dues, as 'non-cooperative', making it difficult for them to get fresh loans. The new norms will apply to individuals, promoters and directors of companies, excluding independent directors and directors nominated by the government and the lending institutions.

A non-cooperative borrower is a defaulter who, despite having the ability to pay, stonewalls lenders by not providing information sought and by denying them access to collateral. The rules are applicable for loans over ₹ 5 crore. Banks will have to disclose such accounts to the Central Repository of Information on Large Credits.

The new category is in addition to the one on willful

defaulters. According to bankers, it is difficult to tag a willful defaulter because of the legal recourse available. Banks also need evidence of funds being siphoned off to establish willful default. The rules about non-cooperative borrowers do not have any such provision. Banks will, therefore, find it easier to label a borrower 'non-cooperative'. The provisioning requirement for subsequent loans to such borrowers will be higher.

Banks/financial institutions will be required to make higher provisioning as applicable to substandard assets in respect of new loans sanctioned to such borrowers as also new loans sanctioned to any other company that has on its board any of the whole time directors/promoters of a non-cooperative borrowing company.

LEVY OF PENAL CHARGES ON NON-MAINTENANCE OF MINIMUM BALANCES IN SAVINGS BANK ACCOUNTS

Banks should not take undue advantage of customer difficulty or inattention. Instead of levying penal charges for non-maintenance of minimum balance in ordinary savings bank accounts, banks should limit services available on such accounts to those available to Basic Savings Bank Deposit Accounts and restore the services when the balances improve to the minimum required level. While levying charges for non-maintenance of minimum balance in savings bank account, Primary (Urban) Cooperative Banks and State and Central Co-operative Banks shall adhere to the additional guidelines given in the Annex. The guidelines will come into effect from April 1, 2015.

Levy of charges for non-maintenance of minimum balance in savings bank account shall be subject to the following additional guidelines :

- i) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank should notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.
- ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.



- iii) The policy on penal charges to be so levied may be decided with the approval of the Board of the bank.
- iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account. A suitable slab structure for recovery of charges may be finalized.
- v) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- vi) It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

MOBILE BANKING TRANSACTIONS IN INDIA - OPERATIVE GUIDELINES FOR BANKS

As banks have started offering mobile banking services at different points of time, there are differences in procedures adopted by banks for registering customers for mobile banking as well as in the channels of delivery and authentication process. Generally, banks are offering mobile banking services through the SMS, Application-based solutions and USSD channels. Lack of awareness as well as standardization of procedures at banks also adds to the problems which have led to a situation of slow pick-up of mobile banking services despite the high mobile density in the country. This is of particular importance when customers are using inter-operable mobile banking platforms

Thus, there is a need for greater degree of standardization in procedures relating to onboarding of customers for mobile banking (new customers, existing account holders whose mobile numbers are available with the bank but not registered for mobile banking, and existing account holders where mobile number is not available with the bank), as also the subsequent processes for authentication, including accessible options for generation of MPIN by customers.

Banks should strive to provide options for easy registration for mobile banking services to their customers, through multiple channels, thus minimizing the need for the customer to visit the branch for such services. The time taken between registration of customers for mobile banking services and

activation of the service should also be minimal. In order to quicken the process of MPIN generation and also widen the accessibility of this process to their mobile banking registered customers, banks can consider adopting various channels / methods such as

- a. Through the ATM channels (similar to option available for change of PIN on their own ATMs as well as in inter-operable ATM networks)
- b. Through an option provided in the USSD menu for mobile banking (both their own USSD platform, if any, as well as under the inter-operable USSD Platform for mobile banking)
- c. Banks' own internet banking website, with necessary safeguards
- d. Use of MPIN mailers (like PIN mailers for cards)
- e. Common website can also be designed as an industry initiative

Banks are also advised to undertake customer education and awareness programme in multiple languages through different channels of communication to popularise their process of mobile banking registration/activation and its usage etc.

ACCOUNTING

GOVERNMENT COMES OUT WITH ROADMAP FOR NEW ACCOUNTING STANDARDS

Prescribing the road map for the implementation of the new Indian Accounting Standards (Ind AS), the Corporate Affairs ministry specified the class of companies that have to move to the new accounting system that are close to the International Financial Reporting Standards (IFRS).

Ind AS will be applicable from the next financial year on a voluntary basis and from April 2016 it will be mandatory for companies with net worth of ₹ 500 crore. Companies which have a net worth of ₹ 250 crore or more but less than ₹ 500 crore will have to mandatorily move to Ind AS from April 2017.

A statement from the government said that companies whose equity or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of ₹ 500 crore or more will move to Ind AS from April 1, 2016. Companies other than these, but having



net worth of ₹ 500 crore or more and also their holding, subsidiary, joint venture or associate companies have to mandatorily move to this standard from April 1, 2016.

Companies with net worth of ₹ 250 crore or more but less than ₹ 500 crore and their holding, subsidiary, joint venture or associate companies have to mandatorily move to Ind AS from April 1, 2017. However, companies whose securities are listed or in the process of listing on SME exchanges will not be required to follow Ind AS. Such companies will continue to comply with the existing Accounting Standards unless they choose otherwise.

Once a company opts to follow the Indian Accounting Standards (Ind AS), it will be required to follow this for all the subsequent financial statements. Companies not covered by the above road map will continue to apply existing Accounting Standards prescribed in Annexure to the Companies (Accounting Standards) Rules, 2006.

Banking Companies, insurance companies and non-banking finance companies (NBFCs) will not be covered under this notification and will have a separate road map.

INSURANCE

IRDA ASKS INSURERS TO DISCLOSE GUARANTEE SCHEME DETAILS

Insurance Regulatory and Development Authority (IRDA) has clarified to insurance companies that they can promote claim settlement guarantee only if they file it along with the product during file and use. While IRDA does not have an issue with companies giving a guarantee for settlement of insurance claims within a certain number of days, these insurers can do so only after making it a part of the product filing. Several life and general insurance companies offer claim settlement guarantee, promising to pay within seven to eight days on an average, after the claim is intimated.

One of the biggest challenges that the industry faces is delay in the payment of claims. Hence, the companies had instituted this scheme to provide an idea of how many days it takes to resolve claims. While insurance rules stipulate that the claim, once intimated, has to be settled within 30 days or let the policyholder or their nominees know that an investigation is required. However, on an average, most companies pay the claim within 10 to 15 days unless there are issues such as suspicion in death claim or absence of documents or non-

disclosure of facts.

Whatever the case may be, the customer has the right to be informed about the status of their claim within this stipulated time period. If the claim information is not resolved or if the customers are not satisfied with the insurer's reply, then can contact the insurance ombudsman.

Though insurance companies offer these guarantees, death claims, which require investigation, are usually excluded. The guarantee period is calculated from the date of receipt of all the requisite documents for deciding on the claim. The interest payment is applicable for death claims of policies which have completed a certain number of years (usually two or three years from the date of policy commencement). From now on, since disclosures are to be made while filing a product, insurance executives said they have stayed away from offering any such guarantees for new products.

NEW REFORMS IN THE INSURANCE BILL MAY SHAKE UP OLD JOINT VENTURES

The amendments to insurance law are unlikely to make all stakeholders happy, particularly since joint venture agreements which were signed over a decade ago may not be honoured under the revised norms. If the two promoters had agreed upon a certain route — whether FDI or FII as per the joint venture agreement subject to the valuation rules of the land — then there is case of a conflict.

Large life insurance companies, which do not need to raise capital for business growth, could face a problem while choosing whether to divest stake and through which mode and at what valuation. If the JV agreement is not to increase stake at fair value, then the Reserve Bank of India may not approve of the transaction. Conflict between joint venture partners will be more evident now on issues like valuation, sale of shares through primary market or secondary market or IPO. The Insurance Regulatory and Development Authority has estimated an additional capital need of ₹44,500 crore in life insurance and ₹10,500 crore in the non-life insurance sector over the next five years.

Under the proposed amendments, the management team in an insurance firm will have to function under the board which is dominated by the Indian promoter even as foreign promoters in at least three-four insurance companies in need of capital are expected to increase stake to fund growth.



Technology

Browser

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