



FDI in multi brand retail
FROM THE TEAM DESK



Interview with PPT Salon's Abhisek Sarda
ENTREPRENEUR OF THE MONTH



Chocolate Wars, Deborah Cadbury
BOOK APPETIZER

VOL 2 2011

AUGUST

**Research & Scholastic
 Development Team**

Long long ago, in a galaxy far far away ... well, in his autobiography, Henry Ford reminisced “*They can have it in any colour as long as it is in black*”. He was referring to the Ford Model T. That was a different era. In the current day “Consumer is king” paradigm, this would be out of place.

For no today can afford to take a patronizing attitude towards their customers. Into the second year of the Beacon, we’ve recognized the need to expand our offering. And expand it we have, making it a veritable pot-pourri of sorts with something in it for all dispositions and tastes.

So here it is - the August Edition of Beacon 2011-2012. *From The Team Desk* features a

topic that has been a mainstay of newspapers for a while now: FDI in Multi-Brand Retail in India. *Student Opinion* features a brief on Viral Marketing. We’ve summarized a couple of our marquee projects to present the kind of work we engage in.

Strike - Counter Strike features opinions on the evergreen issue: Are we part of a pseudo-democracy. A section that will profile upwardly mobile entrepreneurs and their ventures marks its debut this time around.

We’ve retained our trademark specialty sections - *Book Appetizer, Crossword, Innovate, Jargon Corner* - and added a section on brands, *Brandwagon*, and know how articles for each specialization.

Happy Reading !

Beacon

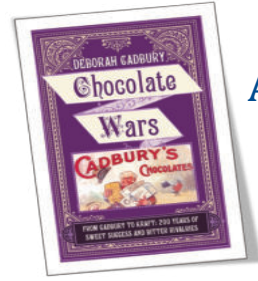


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For Your Perusal

**FROM THE TEAM
DESK**



**BOOK
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**HUMAN
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**STUDENT
OPINION**



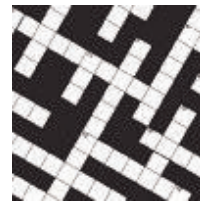
**DREAMS
UNLIMITED**



BRANDWAGON



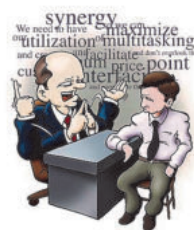
INNOVATE



CROSSWORD



**STRIKE
COUNTERSTRIKE**



**JARGON
CORNER**



**PROJECT
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FROM THE TEAM DESK

FDI in Multi-Brand Retail in India



The retail sector in India is divided into the organised and unorganised sectors. The organised retail sector comprises of the licensed retailers which include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. The unorganised retail sector comprises of the traditional kirana shops, convenience stores etc. The Indian retail sector accounts for 22 per cent of the country's gross domestic product (GDP) and contributes to 7.3% of the total employment. Organised retail in India is expected to increase from 5 per cent of the total market in 2008 to 14 - 18 per cent of the total retail market and reach US\$ 450 billion by 2015, according to a McKinsey & Company report titled 'The Great Indian Bazaar: Organised Retail Comes of Age in India'.

Unorganised retail sector in India

The unorganised retail sector consists of the traditional “mom and pop” stores which are a source of employment for millions in this country. Over 12 million small and medium retail outlets exist in India, the highest in any country. More than 80 percent of these are run as small family businesses. Small-store (kirana) retailing has been one of the easiest ways to generate self-employment, as it requires limited investment in land, capital and labour. The infrastructure for the retail industry such as warehousing, distribution and processing are largely absent in this sector. An estimated 50% of the fruits and vegetables rot by the roadside before they reach the market.

Organised retail sector in India

The Indian organized retail industry is valued at about \$300 billion and is expected to grow to \$427 billion in

2010 and \$637 billion in 2015. The retail market in India today is the second fastest growing economy of the world after China. The Indian market has become the most lucrative market for retail investment in the world. Some of the factors which have contributed to the growth of organized retail in India are: increase in the purchasing power of Indians, rapid urbanization, increase in the number of working women, and large percentage of young working population. Recognizing the short-term and long-term growth of retail in India, a number of domestic business giants have entered the retail industry or are planning to do so in the near future.

Some like Pantaloon Retail, Shopper's Stop and Pyramid Retail have been in the industry for a decade. Others like Reliance Retail Ltd. (RRL) have just entered and opened up a number of stores across the country. Many other domestic players like Birla and Bharti have also forayed into this sector. In fact retail in India has also attracted global giants like Wal-Mart who have also indicated their interest in the sector by forming a Joint Venture with Bharti. Each of these domestic and international retail giants have or will introduce a number of modern retail formats like malls, hypermarkets and supermarkets. Initial consumer response to these novelties in the retail sector has been very promising and as the middle-class continues to grow, organized retail in India is sure to see large returns. In fact, organized retail is growing at a staggering 35% per year.

Different segments in retail sector in India

Currently, the government has permitted FDI in single brand retail up to 51% in joint ventures for the sale of branded products. Brands like Adidas, Nokia, Amway,

FROM THE TEAM DESK

FDI in Multi-Brand Retail in India



Samsung, Sony etc are the examples of single brand products which are an outcome of FDI. FDI in multi brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. The present FDI regime also allows 100 per cent FDI in wholesale cash and carry.

Why is there a need for greater FDI in the retail sector in India

Industry experts feel that bringing in foreign companies will improve the retail sector in India as they will build better backend infrastructure thereby cutting wastage of food grains and food products. This move will also create a supply-chain infrastructure for agriculture and reduce wastage of crops which are currently pegged at about 30-40% of total produce. The move will also enable the smaller suppliers to take their products to a national platform that they could not previously manage due to lack of an organised supply chain of their own. This policy will also open up a large number of job opportunities. FDI will bring in greater efficiency in the retail sector, improvement of living standards, integration with the global economy and of course price reduction as a result of better technology and knowhow. As this move will impact the agriculture and manufacturing sector, it will also bring in increased profits in the agriculture and manufacturing sector. It will also bring about greater sourcing of goods from India, and benefits to government through greater GDP, tax income and employment generation and more importantly will bring inflation down to a considerable extent because of reduced prices.

Is it More Good than Bad?

With Indian retail industry expected to grow at 14% in 2013 everybody want their share of profits out of it. AT Kearney, the well-known international management consultancy has identified India as the second best attractive retail destination among the 30 emerging markets. Big foreign retail stores eye this as a lucrative opportunity to cash their balance sheet with and Indian politicians, by introducing FDI in multi-brand sector, want to cash in voters' support by seeing it as a way to tame inflation. With so much of debate going on recently regarding whether FDI should be opened in multi-brand segment of retail in India, it becomes imperative to see the pros and cons of the same before taking a stand.

FDI can be a powerful catalyst to spur retail sector in India

- Politicians and many industrialists have a crystal clear notion that infusion of FDI will change the retail landscape in India for good.
- With government being unable to contain inflation, politicians feel that opening up multi-brand retail sector for FDI would be able to reduce price gap and contain inflationary pressures which is the single factor holding India back from a trajectory of economic growth.
- It will boost agricultural output in India. At present wastage of perishable food and vegetable items amount to about Rs 1 lakh crore annually due to lack of storage and food pro-

FROM THE TEAM DESK

FDI in Multi-Brand Retail in India



cessing facilities. So, there is a stringent need for agricultural reforms especially in making large investments in development of post-harvest and cold chain infrastructure in India which opening Indian retail sector to FDI can cater to.

- Due to decentralization in distribution quality check on goods is not up to mark and fails to keep up to required standards. FDI infusion can help in streamlining production operations and can prevent food adulteration and black marketing.
- It will lead to efficient value chain thereby making shopping experience better.
- Customers will get more value for money as the retailers will be able to buy directly from producers (farmers) thereby reducing intermediaries or middle men and benefitting consumers and producers all the more.
- Consumers will be able to get a wide product variety to choose from as product choices will increase manifold due to global sourcing capabilities of big retail giants.
- Indian products will also get exposed to a wider market as these global players will be able to source from rural and urban producers and provide these products in their respective foreign markets.

Opening FDI in multi brand retail will not benefit Indian market

- At present 40 million people are employed in Indian retail sector but with the entry of big retail giants we will witness heavy cuts on employment

level. The government proposes to open FDI in multi-brand retail in cities with population of more than a million people. But even if that happens 4 lakh people will lose their jobs.

- If the organized sector, which is currently 5% of total retail sector, grows to about 20% (likely) then with the entry of the global players as many as 8 million people will lose their jobs. Surprisingly, according to the Government Labour Bureau survey in 2010 - 4 crore people did not have a job. This shows that unemployment has increased from 8% in 2002 to a staggering 9.4% in 2010. Can we afford to let unemployment touch greater heights?
- In the 2011-2012 Union Budget, the government virtually allowed FDI in farm warehousing and cold chains and the result was the emergence of clones of Indian companies registering themselves massively in the farm sector. This is a threat to the 72 crore people in farm sector whose livelihood might get endangered with the entry of global players.
- The organised retail chains might benefit in terms of increased competition thereby putting efforts in increasing efficiency of their services but the kiranas might not be able to bear the price pressure exerted by foreign retailers if they start leveraging on their global sourcing capabilities and start slashing their prices.
- Looking through a holistic lens we see that even the Indian organised retail sector is not that efficient and lacks substantially in handling modern retail business and with onset of these global

FROM THE TEAM DESK

FDI in Multi-Brand Retail in India



players it might not be able to sustain itself in the short time span available to boost their productivity and efficiency

- There is also a threat of these large retail giants joining hands to create monopolies in the market putting the large as well as the small retail stores at a great disadvantage.
- In terms of infrastructure, large scale multi-brand retail giants will find it a difficult proposition in India to set up their stores in the wake of commercially viable locations not being easily available.
- And last but not the least the entry of big retail giants will nurture a whole new culture in itself taking us farther from kirana – mom and pop store shopping which forms an integral part of our culture and upbringing and is a symbol of deep rooted Indian culture. Indian consumption patterns are also very different from western consumption patterns. We like more Just In Time

grocery products rather than going to stores and buying products for whole week and dumping them in refrigerators and it is here that we like buying from these kirana stores which provide us products on a daily basis.

What next

- The government moved a step closer to allowing majority foreign direct investment (FDI) in multi-brand retail after the committee of secretaries (CoS), headed by cabinet secretary Ajit Kumar Seth, gave its approval on this issue. The recommendation of the committee to permit 51% FDI in multi-brand retail will now go to the cabinet committee on economic affairs, which will take a final decision on conditions to be imposed and the level of FDI to be allowed. The committee also decided that the overseas mega retail chains will have to pump in at least half of their investment in the back-end supply chain such as cold storage.

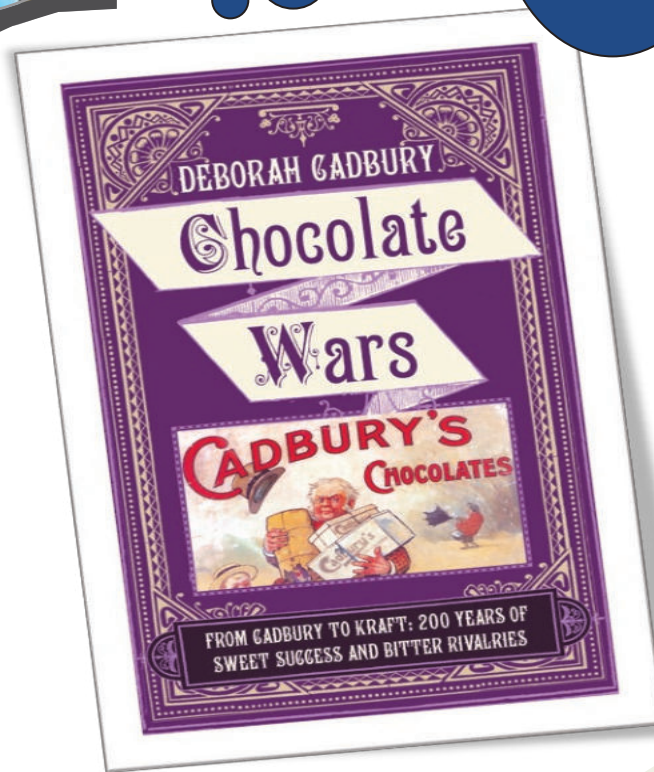
BOOK APPETIZER



“Quaker directives ensured that no man should ‘launch into trading and worldly business beyond what they can manage honourably... so that they can keep their words with all men.’ Even advertising was dismissed” as dishonest...”

This masterful account of chocolate industry by effect on the mind which the one that chocolate has traces the growth of chocolate phase as a bitter the rich through the transformation from a product to its current status by the masses.

The book takes a good look at the origin of today's confectionery giants like Kraft, Cadbury, Hershey, Lindt and some like Fry and sons which have merged into one of the giants. Who would be surprised to know that Quaker chocolate czars like Cadbury and Fry were among the first to adopt policies for employee satisfaction and development, after all the business of chocolate is to be comfort food. And to those who say religion, ethics and business cannot work together, the answer lies in the story of the first advertisement campaign of Cadbury drinking chocolate!



the evolution of the Deborah Cadbury has an is curiously similar to on the heart. Cadbury chocolate from its introduction to its milestones in its commercially viable status as a commodity con-

STUDENT OPINION

Viral Marketing



Esha Prasad
MBA-I Marketing

Viral marketing or word of mouse is a sure fire way in today's age to get the product idea to be planted into the consumer's minds. It is a low cost way to spread the word. The fabric of technology penetrates almost 30% of the world and has seen a growth rate of 480% in the past decade. The internet generation shops in malls, aspires for an enhanced lifestyle and is constantly upgrading to superior value.

The idea is to pick a few people to seed your product or service or message; and then watch how it goes viral. Makemytrip.com created by Webchutney is a successful campaign that stands out for its *Sita haran*, *Chidiya udi* and *Sholay* type flash videos. These videos were widely circulated. The client and employee base acted as the seeds for the project. The social campaign 'Help Bihar' was another successful implementation of viral marketing. Internationally, *FlashMobs* and the *Star Wars Kid* had the desired effect on consumers. Even job sites like Naukri.com and Monster Jobs have benefited from their word of mouse campaigns.

The star wars viral video has a 15 year old boy named Ghyslain from Quebec. Using a golf ball retriever as a makeshift light-saber, he recorded himself doing his best Jedi Knight impression as he fought a mock battle with invisible forces of evil. The 148 seconds video shows the guy fumbling and tumbling against the invisible force. Ghyslain's so called friends found the tape that he made, and uploaded the video to the web as a joke. Knowing this was never meant to go public, the audience felt his pain (while enjoying a giggle or two). The enduring viral video had 10 million hits and Ghyslain will forever be remembered as the star wars kid. However, for each viral marketing campaign that succeeds, there

are many more attempts that fail.

The big-seed approach allows companies to benefit from the insights of viral marketing while avoiding its pitfalls. Big seed combines old-fashioned mass media with word of mouse in a way that yields far more predictable results. The traditional viral method is analogous to an infectious viral disease. The rate at which each starting seed infects their friend is known as the reproduction rate, R . If $R > 1$, then the person who gets the message first propagates it to more than one person and the chain continues leading to a high rate of success. However for $R < 1$, then the project is termed a failure. The big seed approach says that with a large number of starting seeds and a rate $R < 1$, an impactful campaign is possible.

If the initial seeds number equal N and reproduction rate is constant and less than 1, then the final number would be equal to $N/(1-R)$. Procter & Gamble incorporated a viral campaign to promote Tide Coldwater as an energy-efficient alternative to regular detergents. This campaign registered a much lower reproduction rate of 0.041 but was initiated with such a large seed—over 900,000—that it still reached some 40,000 more individuals than it would have without the forwarding capability.

There is an over exposure to ads on television, internet and billboards today. The target market is the educated, urban class that makes quick buying decisions based on feedback from other users. The essence of these techniques lies in using these strategies to reach the correct touch points in the consumers buying chain and link it to the entire integrated marketing scheme so that maximum return on investment is generated.



PROJECT CORNER



Projects - Tata Capital

During the course of the second semester 2010-11, two of our students from MBA-I Finance were given the opportunity to work on Winter Internship projects of 2 months duration with Tata Capital. Their projects came under the purview of the Special Situations Investment group within the organization. The following are brief summaries of the projects including the scope, duration, methodology, deliverables, learning and difficulties faced.

The Special Situations Investment Group

Very often, businesses face unforeseen situations like excessive leverage, unfulfilled working capital requirements, plummeting sales, underutilized capacities etc. The Special Situations investment fund has been created at Tata Capital to cater to the needs of small and medium enterprises that generally have less access to institutions that can provide them with turnaround funds.

Indian Sector Analysis - Swati Kalra



Project Statement

“Swati, we want to invest money in a financially sick company. This company should be an ancillary. It should be sick because of its managerial capability or operational inefficiency or lack of capital. We want to provide our expertise and capital in such a company. Also, this ancillary should have great future prospects and give us good returns. This is your project” - These were the words I heard from my guide on the very first day at Tata Capital.

Project Course

My project came under the purview of the Special Situations Investment unit of Tata Capital. This project had huge scope but no direction and hence this

was my first deliverable – chalking out a path of how to proceed in the upcoming months. I got started with Indian sector analysis. With the help of data from CRISIL reports, IBEF (Indian Brand Equity Foundation) and other handbooks of statistics on the Indian Economy, I gained an understanding of the major Indian sectors such as Manufacturing, Power, Real estate, Telecom, Medicine, Education to name a few.

In these sectors, I analysed the sector having maximum FII and FDI investments along with the number of deals happening in each segment. This first step paved the way for future analysis. Digging deep in these sectors, I was able to identify two to three companies that fitted the criteria as specified to me.

During my winter Internship I used the CMIE (Centre for Monitoring Indian Economy) database which helped me analyse the financials of a few companies. Due to the lack of data on sectors, let alone specific companies, the bulk of my project was based on primary research.



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Learning

How to look at different sectors from the view of a potential acquirer and not an investor. Investors who want to put in their money in buying shares of a company mostly consider the intrinsic value of the company by using different valuation techniques whereas for a potential acquirer factors like regulation, market growth, threat of suppliers, threat of substitutes, market penetration etc have a lot of importance.

- Not every company that looks profitable is a worthy target.
- It is beneficial to make a detailed report of your findings before jumping on to make a presentation.
- How to apply the theory learnt in economics into making sense out of the trends seen in the industry.

Difficulties

- Data pertaining to ancillary industries and companies within certain industries was not available
- Access to CMIE database was unavailable
- Chalking out the flow of a project with a large degree of subjectivity involved was challenging

Working on the project was a great learning experience particularly because it gave me the opportunity to interact with the relevant people from various industries and get their insights.

Turnaround strategy for a distressed company - Mridula Muraleedharan



Project Statement

The project I was working on was for the purpose of developing a turnaround strategy for a distressed company in the ceramic sector which was being plagued by low sales and dropping margins despite being one of the best in terms of quality of product. The company is a leading manufacturer of premium bone china in India and is a major supplier of high quality bone china to many of the world's leading producers of luxury tableware. The company was now facing declining sales and falling profits because of economic slowdown as well as reduction in demand for premium bone china worldwide.

Project Course

As a primer to devising a new strategy for the company, I first had to thoroughly study the Indian luxury market with special focus on luxury ceramic and tableware industry to determine the major demand drivers. India has the fastest growing population of millionaires in the world, and so, is a potential target for luxury brands. According to KSA Technopak, India's luxury market is now valued at \$1.8 billion of which 4% comes from home decor. Luxury



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tableware is part of home décor. Most of the demand in the bone china industry comes from the hospitality sector followed by retail. I then had to understand the key buying factors of each sector. This was done through primary research wherein I collected data collected from around 20 high end restaurants/hotels, 8 premium bone china retailers and also around 60 individual consumers.

In the organized hospitality sector, the main buying factor is price, discounts and relationship with the suppliers. There is a demand for premium bone china from a very niche sector among hotels which is largely unfulfilled leading to imports. And in case of retail stores, in spite of being pricey (Rs.80000 to 6 lakh), the sales of each store is on the upward trend. The clientele mainly consists of corporates and HNIs. There is also a huge demand for tableware as part of corporate gifting.

The next task was to estimate the demand and build a demand model. For this I had to rely on many secondary data sources, as well as the primary data. This was a very challenging task because of difficul-

ty in finding reliable sources of data. Once the demand model had been built, the next step was to form feasible turnaround strategies. I had to focus on ways to market a new luxury brand and also advise on some M&A strategies.

Learning

- Understanding of the luxury ceramic and tableware industry
- Demand modeling
- Analyzing different means of achieving turnaround by assessing feasibility and impact

Difficulties

- Lack of resources for sector-specific information (CMIE)
- Obtaining responses during primary research

Overall, it was a very exciting project for me especially because it gave me an insight into the marketing domain and its scope. As a student of Finance, it was a real learning experience for me.

BRANDWAGON

Branding with Style

Logo Logic

Sony Vaio

We all know the Sony Vaio brand but did we know that the Vaio's logo had a hidden meaning? Well, the first two letters represent the basic analog signal. The last two letters look like 1 and 0, representing the two binary digits.



NBC

The NBC (National Broadcasting Company) is one of the biggest American television networks. Most of us are familiar with the peacock in the logo. The peacock has 6 different tail feathers referring to the six divisions at the time that this logo was created. The peacock's head is flipped to the right to suggest looking forward, not back.

Cisco

The name "Cisco" is not an acronym but an abbreviation of San Francisco. The founders hit upon the name and logo while driving to Sacramento to register the company. On their way they saw the Golden Gate Bridge framed in the sunlight, and hence the bridge in the logo.



FedEx

Behind the FedEx logo's simplicity lies an arrow located in the negative space between the 'E' and 'X' pointing rightwards. While the arrow in the FedEx logo becomes quite obvious when pointed out, it sure is neglected by many. This arrow has been used as a form of subliminal advertising of the brand, symbolizing forward movement and thinking.

Toblerone

Toblerone's production originated in Bern– Switzerland. Bern is called the city of bears. A bear hidden in the logo signifies the city of its origin. The mountain in the logo is Mount Matterhorn, a peak in the Alps. Toblerone insiders maintain that you should say "I want an Alp" when asking for a triangular piece of the chocolate.





FINANCE KNOW HOW

Efficient Market Hypothesis and Random Walk Models

Efficient Market Hypothesis

The Efficient Market Hypothesis as we know it today evolved in the 1960s from the doctoral dissertation of Eugene Fama, who argued that a market with many intelligent, well informed investors would price securities correctly and would reflect all the available information i.e. all securities would be priced at their intrinsic (loosely “fair”) value. The interesting implication being that in such a scenario it would be impossible to outperform the market benchmark. The Efficient Market Hypothesis has 3 forms:

- The **Weak Form** asserts that all past market prices and data are fully reflected in securities’ prices. In other words, technical analysis is of no use.
- The **Semi-strong** form asserts that all publicly available information is fully reflected in securities’ prices. In other words, fundamental analysis is of no use.
- The **Strong form** asserts that all information (public and non-public) is fully reflected in securities’ prices. In other words, even insider information is of no use.

The debate about efficient markets has resulted in thousands of empirical studies attempting to determine whether markets are “efficient” and if so to what degree. The vast majority of studies of technical theories have

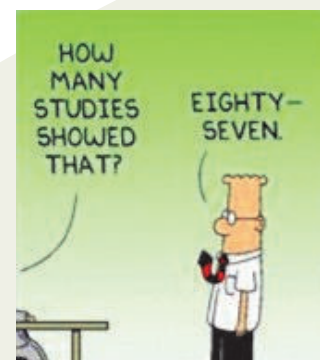
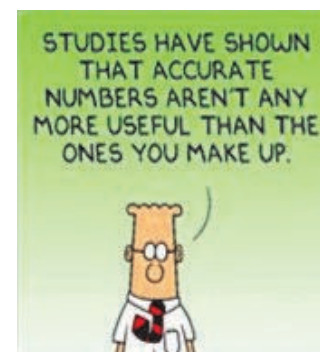
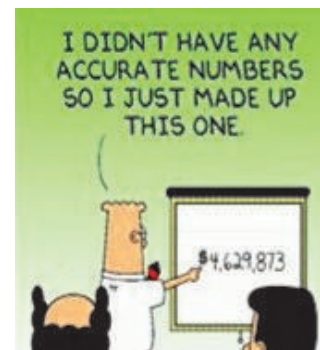
found the strategies to be useless in predicting securities’ prices. Most believe that markets are neither perfectly efficient nor completely inefficient. All markets are efficient to a certain extent, some more so than others. Rather than being an issue of black or white, market efficiency is more a matter of shades of grey.

The paradox of efficient markets is that if every investor believed a market was efficient, then the market would not be efficient because no one would analyse securities. In effect, efficient markets depend on market participants who believe the market is inefficient and trade securities in an attempt to outperform the market.

If markets are indeed efficient, the serious question then is that do investment professionals have a role to play. Those that accept the EMH generally reason that the primary role of a portfolio manager consists of analysing and investing appropriately based on an investor’s tax considerations and risk profile. The role of the portfolio manager in an efficient market is to tailor a portfolio to those needs, rather than to beat the market.

Random Walk Theory:

A random walk can be described as the path a drunkard takes going along a sidewalk from one lamp post to another. Each step that he takes could either be forwards or backwards with





FINANCE KNOW HOW

Efficient Market Hypothesis and Random Walk Models

some probability. In fact you can generalize this to say that at each step i , the drunk moves by a distance x_i , from where he was before; where x_i is drawn from some arbitrary distribution, not necessarily a Gaussian. Simply put, a random walk is a mathematical denotation of a trajectory that consists of taking successive random steps.

The **Random Walk Hypothesis** is a financial theory stating that stock market prices evolve according to a random walk and thus cannot be predicted based on past values i.e. the price in the next time period cannot be determined by the price(s) in the past period(s). It also adds that prices maintain an upward trend over the long term and is mathematically consistent with the efficient-market hypothesis.

The theory gained popularity when Princeton professor Burton Malkiel tested it and wrote the investment classic *"A Random Walk Down Wall Street"*. Malkiel recorded the daily values of a hypothetical stock whose closing price he determined everyday

by a coin toss. A head would imply a half point increase and a tail would imply a half point decrease. When he charted the results obtained over a period of time and took them to a technical analyst, he was advised by the analyst to buy the stock. The analyst was stunned when Malkiel told him that the values were purely random and did not reflect prices of an actual stock. Malkiel argued that this indicates that the market and stock prices could be just as random as flipping a coin, thus a random walk.

While many are ardent followers of Malkiel, others believe that today's investing landscape is very different than it was when Malkiel wrote his book nearly 30 years ago. Today, everyone has easy and fast access to relevant news and stock quotes, thus making the playing field more level and deterministic.

It's difficult to take sides as there is evidence to both support as well as to contradict the above theories. Our suggestion is to pick up a copy of Malkiel's book and draw your own conclusions.

DREAMS UNLIMITED

Entrepreneur of the Month



“ *Start! Start! Start! Don't think too much. People tend to get caught up in a lot of jargon and management talk. Stay clear of that. If you have a good idea and if you are confident about it just start up* ”

*Some say dreams are the refuge of people who fantasize about life, some say dreams are meant to be seen with closed eyes. Ask young **Abishek Sarda** and he would disagree. In spite of not having tasted corporate life, here is someone who believed in presentations and understood their criticality to the business world. And with this idea, he made a head-start with a venture called **PPTSalon**. His venture makes personalized presentations for conferences, investor meets, internal meetings, business plans and pitches which are information rich, visually stunning and persuasive. We talked to Abishek about his venture and other things. This what he had to say.*

How did you start with the idea of entrepreneurship?

I took a gap year after I finished school. I'd gone to college for a couple of days but then dropped out. Meanwhile I was trying to figure out what I wanted to do. I wanted to study law, but didn't want to become a lawyer. I was very interested in Architecture, but hated math. But it happened that when I was in school I'd come across an interesting advertisement of a Design Company in Goa that I'd cut-

out and saved. I applied for a 6-months internship there and surprisingly, they accepted me, right out of school, without any college education or experience. I really loved my time at the company and I fell in love with Goa. They liked me too and I continued working there after my 6 month internship. I managed communication design projects, started a business incubator, a niche brand of handmade soaps and worked on several other very interesting projects.

Tell us about your first venture.

My first venture was a Service Design company called Guts Service Design. Before I started Guts, I managed branding and marketing communication projects for some service companies. The client would come to us and say “differentiate our brand”. But their service would be completely identical to every other brand in the market. So there was no real differentiation, only a shallow layer of branding and marketing that was used to differentiate identical services. For instance, every bank offers the same kind of accounts, the same features, and the same touch-points. Guts Service Design was built on the premise that, just like products, services should be “designed” to make them more useful and usable for the customers and help build the brand on a “real differentiator”.

How did the idea of your second venture PPTSalon germinate?

My second venture, PPT Salon, was launched almost by accident. We were doing a lot of communication design projects to pay the bills. One of the projects was stuck in a loop and we were waiting for feedback from the client. The idea of PPT Salon had been floating in my mind for a couple of years and I decided to start building the website to keep my designer busy, with no intention of actually launching it. But the website developed really well and we had a ball writing and designing it. That’s when I started getting excited about it and thought it might be a good idea to actually launch the venture. So if the client hadn’t stalled work on the project, I might never have launched PPT Salon!

How did you finance your business?

There was no real investment required to start with. I ran the company from the spare bedroom of my house until 12 weeks back, used old chairs borrowed from my grandmother’s house, my brother’s old laptop... you get the picture! And I still don’t have busi-

ness cards! PPT Salon has been completely self-funded and bootstrapped and I expect it to be so for the foreseeable future. We’ve been frugal and smart about how we go about doing things.

How many employees do you have?

For a long time, PPT Salon was a one-man army, though most people didn’t realize that and I was happy to leave it at that. Now we have a team of five. This summer we took a couple of interns and moved to a beautiful new office (from the spare bedroom of my house where PPT Salon was started). We are taking new interns from different disciplines almost every month, so the size of the company keeps fluctuating.

Who are your customers? What are your most significant products or services?

We’ve worked with more than 150 clients from 17 different countries including US, UK, Japan, Australia, the Middle East and a lot of European countries. Our clients include Fortune 500 companies, large Indian companies, Entrepreneurs and Startups, College Professors and even Film-makers. Pepsi, Johnson and Johnson, Deloitte, Kotak Group, Outlook, SaReGaMa, Siemens, Dr. Reddy’s, Bloomberg UTV and Cleartrip are some of the better known companies we’ve made presentations for.

What are the most crucial things you have done to grow your business? What plans do you have now to expand your business further?

PPT Salon is a business where we grow by adding people and become more profitable by improving efficiency and productivity. The next phase of growth is to build a strong delivery team and good processes that ensure outstanding work. Apart from that, I’m in the process of building another venture like PPT Salon, which will focus on a small niche in the design industry. It is called Invite Salon!

What has been your most effective marketing tactic or technique?

We haven't made much effort to market PPT Salon yet. People discover our website or hear about us on Facebook and we had a pretty strong start when we got featured on several national and international websites, magazines and newspapers. And when clients love our work, they talk about us and recommend us to colleagues and friends. So "word of mouth" is a huge source of projects for us. And then there are repeat clients, who make several presentations a year.

What's the worst business advice you've ever received?

I'm very bad at taking advice! I usually make my

own mistakes and don't have anyone to blame!

What three pieces of advice would you offer entrepreneurs starting out today?

I'm too young to be offering advice! But since you ask: "*Start! Start! Start! Don't think too much.*" People tend to get caught up in a lot of jargon and management talk. Stay clear of that. If you have a good idea and if you are confident about it just start up.

Don't start thinking about venture capital and using management jargon before you've built anything. First build a product/service that is interesting, have something brilliant to show for your idea and then think about funding.



MARKETING KNOW HOW

Brand Equity

Brand equity is the financial value of a brand which provides capital/value to products and services. Brand equity is related to future returns that customers generate to the product or service. Developed brand assets in the past enable the brand to leverage its strength and deliver future value to the brand. Hence brand equity fulfils a bridging role where it connects the past to the future. Brand equity is an intangible asset that delivers value to the customers on one hand and value to the organization on the other hand. Although it continues to be famously difficult to quantify in exact terms, numerous models have been propounded over the years by marketers and academic researchers to arrive at methodologies that come close to defining brand equity. This article seeks to present two such models of Brand Equity. The first is *Brand Equity Ten* by consultant David Aaker.

Brand Equity Ten

This model defines ten brand equity components under five headings:

1. **Brand Loyalty** which results in reduced marketing costs as well as ease of attracting and retaining customers

2. **Brand Awareness** which results into strong recall for brand as well as familiarity and liking for brand.

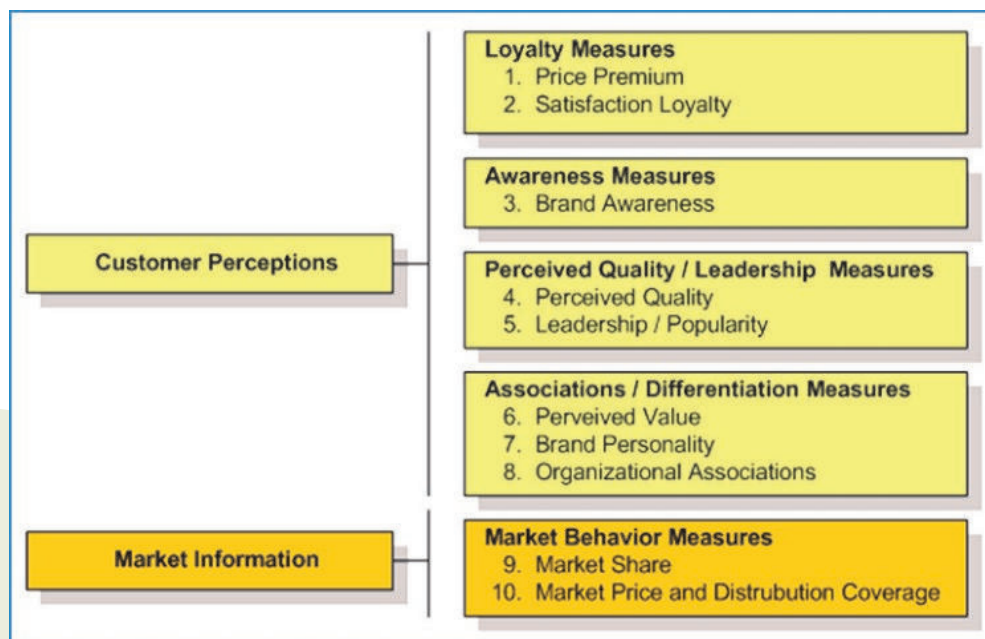
3. **Perceived Quality** which shows extent to which brand is considered trustworthy to provide quality products

4. **Brand Association** which differentiates the brand from its competitors and plays a role in buying process

5. **Proprietary Assets** which includes patents and exclusive trade agreements which provides a competitive advantage



Real market tangible data also forms a component of brand equity calculation. Given below is a pictorial representation of the Aaker model.





MARKETING KNOW HOW

Brand Equity

The second is the Brand Valuation Model by the global brand strategy agency *Interbrand*. The Interbrand approach is a variation on the Brand Earnings approach. Interbrand determines the earnings from the brand and capitalizes them after making suitable adjustments. Interbrand takes the forecast profit and deducts a capital charge in order to determine the economic profit (EVA). Interbrand then attempts to determine the brand's earnings by using the "brand index".

The "brand index" is based on seven factors. The factors as well as their weights are:

1. **Market** (10%) – Whether the market is stable, growing and has strong barriers to entry
2. **Stability** (15%) – Brands that have been established for a long time that constantly command customer loyalty
3. **Leadership** (25%) – A brand that leads the sector that it competes in

4. **Trend** (10%) – Gives an indication where the brand is moving

5. **Support** (10%) – The support that the brand has received

6. **Internationalization/Geography** (25%) – The strength of the brand in the international arena

7. **Protection** (5%) – The ability of the company to protect the brand

The advantages of this approach is that it is widely accepted and it takes all aspects of branding into account; by using the economic profit figure all additional costs and all marketing spend have been accounted for. On the basis of this approach, Interbrand releases an annual ranking of the best global brands by value. The Top 10 brands according to Interbrand for the year 2010 are as shown in the table below.

TOP TEN BRANDS IN 2010		
1	Coca-Cola	70,452 (\$m)
2	IBM	64,727 (\$m)
3	Microsoft	60,895 (\$m)
4	Google	43,557 (\$m)
5	GE	42,808 (\$m)
6	McDonald's	33,578 (\$m)
7	Intel	32,015 (\$m)
8	Nokia	29,495 (\$m)
9	Disney	28,731 (\$m)
10	Hewlett-Packard	26,867 (\$m)



HUMAN RESOURCES KNOW HOW

Kirkpatrick's Four Levels of Training Evaluation

Training evaluation checks whether a training programme has had the intended effect. It forms a crucial part of the post-training phase by serving as feedback, contributing to research and indicating whether an intervention is required if the actual outcome is not in line with expected outcome. One of the most success-

ful models for training evaluation that exist today is Donald Kirkpatrick's Learning Evaluation Model.

Donald L Kirkpatrick, Professor Emeritus, University Of Wisconsin, first published his ideas in 1959. His book 'Evaluating Training Programs' released in 1994 expounded on these ideas, further increasing aware-

Level	Description	Examples	Relevance
Reaction	How the delegates felt about the training or learning experience	<ul style="list-style-type: none"> Feedback forms based on subjective personal reaction to the training experience Verbal reaction which can be noted and analysed Post-training surveys or questionnaires or real time surveys 	<ul style="list-style-type: none"> Can be done immediately after the training ends Very easy to obtain reaction feedback Feedback is not expensive to gather or to analyse for groups
Learning	It is the measurement of the increase in knowledge - before and after	<ul style="list-style-type: none"> Typically assessments or tests before and after the training Interview or observation 	<ul style="list-style-type: none"> Relatively simple to set up; clear-cut for quantifiable skills Less easy for complex learning
Behaviour	It is the extent of applied learning back on the job - implementation	Observation of Performance 360° Survey	Measurement of behaviour change typically requires cooperation and skill of line-managers
Results	It is the effect on the business or environment by the trainee	Measures are already in place via normal management systems and reporting - the challenge is to relate to the trainee	<ul style="list-style-type: none"> Individually not difficult Process must attribute clear accountabilities

The value of information becomes greater as we go up the levels of information and like most levels of information, the ones that are most valuable are often more difficult to obtain. Thus we readily do the easy ones (levels one and two) and obtain a little information about our training efforts, while bypassing the more difficult ones (three and four) that would provide the most valuable information for the organization.

Because of the appropriateness to the business setting, the evaluation model that emerged from

the work of Dr. Donald Kirkpatrick and Dr. Jack Phillips has become the most credible and most widely used training and HRD evaluation methodology in the world. In particular, the Phillips ROI Methodology offers a practical way to forecast the potential payoff of a proposed training or human resources development initiative before funds are committed. The Phillips' model evolves from, and can be distinguished from, the earlier Kirkpatrick model by the adoption of return on investment to yield additional, critical insight. ROI allows deci-



HUMAN RESOURCES KNOW HOW

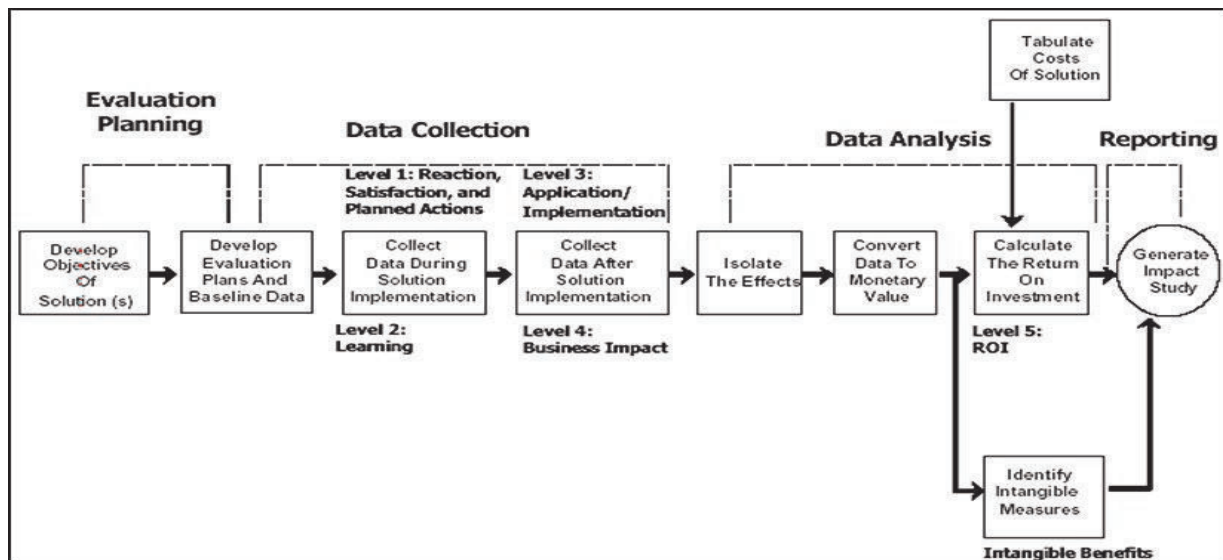
Kirkpatrick's Four Levels of Training Evaluation

sion makers to compare the ultimate value of a training investment with other potential investment opportunities. This final measurement of the training program might be met with a more balanced approach or a balanced scorecard, which looks at the impact or return from four perspectives:

- **Financial:** A measurement, such as an ROI, that shows a monetary return, or the impact

itself, such as how the output is affected. Financial can be either soft or hard results.

- **Customer:** Improving an area in which the organization differentiates itself from competitors to attract, retain, and deepen relationships with its targeted customers.
- **Internal:** Achieve excellence by improving processes such as supply-chain management, production, or support.



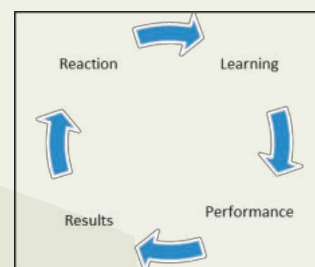
Rather than presenting this tool as merely an evaluation tool, this tool can be presented as a planning and evaluation tool. The levels can be turned upside down to convert this model into a planning model. Thus, planning and analysis needs to work backward by identifying:

- The desired impact (outcome or result) that will improve the performance of the business
- The level of performance the learners must be able to do to create the impact
- The knowledge and skills they need to learn in

order to perform

- What they need to perceive in order to learn (the need to learn)

This ensures that there is a circular causality for this model.



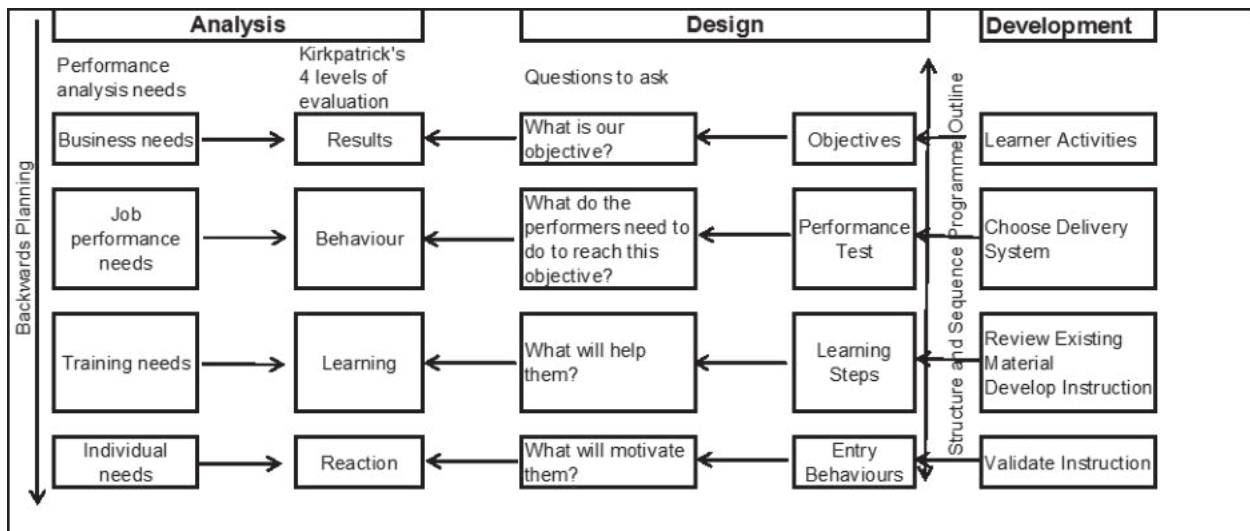


HUMAN RESOURCES KNOW HOW

Kirkpatrick's Four Levels of Training Evaluation

The learners' perception of the need to learn should motivate them to learn, which in turn causes the desired performance that drives the impact desired by the customer or client. This causality should continue in a circular fashion in that the results achieved should now drive the performers' perceptions of the need to

learn more and perform better in order to achieve even better results. Of course this assumes that not only the customer understands the level of impact achieved, but also the performers/learners' perception on how close they came to achieving the desired result.

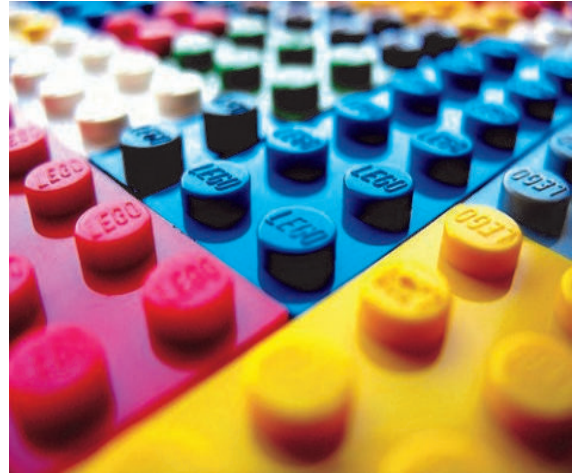


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LEGO

BUILD!-DISMANTLE!-REBUILD!

Some toys are so well known and ubiquitous that they create a place for themselves in the hearts of most serious of people. Among these is Lego which has been around for almost 50 years and still continues to grow in popularity. It has been around for so long that it has crept into the lives of people of all age groups and all walks of life.



ORIGIN

The origin of Lego can be traced back to 1932 when it was created by a joiner and carpenter named Ole Kirk Kristiansen from the village of Billund, Denmark. After losing his job during the great depression, Kirk set up a firm to manufacture stepladders, ironing-boards and wooden toys. He wanted to make simple toys using his experience as a carpenter and thus was born the building block.

Two years later he renamed his company to LEGO, a combination of Dutch words 'leg' and 'godt' which means 'play well'. Curiously though, the name can also be translated into Latin to mean 'I put together' or 'I assemble'.

HIGH ON INNOVATION

In 1947 the LEGO Company was Denmark's first to buy a plastic injection-molding machine for making toys. Making toys from plastic was a fairly radical idea at that time. In 1949 the company produced about 200 different plastic and wooden toys, including Automatic Binding Bricks, a forerunner of the LEGO bricks we know today.

Kristiansen loved the idea of making a brick which was easy to attach and not too difficult to separate. The stud-and-tube coupling design for the modern brick was invented and patented in 1958, and after some trial and error, the perfect material (Acrylonitrile Butadiene Styrene, or ABS) was selected. This coupling mechanism made the models more stable and the number of possible combinations ran into astronomical figures.

Their most enduring legacy is consistency - today's bricks fit perfectly with the first models, although they were created nearly 50 years ago!



OPERATIONS KNOW HOW

SCM SaaS: To Be or Not To Be

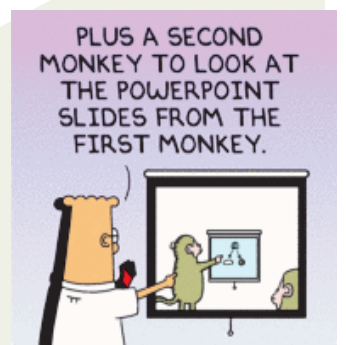
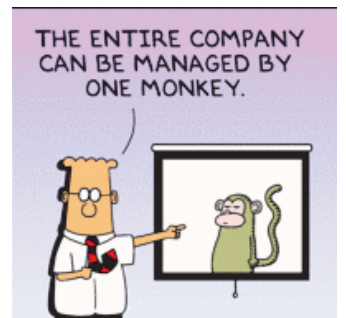
Among the more interesting projects we received over the course of the academic year 2010-11, there was one involving a market research study for assessing the potential of SCM SaaS amongst Indian companies in possessing certain attributes as defined by the client who awarded the project. The discussions we engaged in to prepare ourselves for the project and the insights that emerged form the basis for this article. Firstly, a few introductions are called for though.

Software as a Service (SaaS) is a concept based on cloud computing to deliver software, suites and even packages to the user over the internet. This removes the necessity for purchasing the software and possessing the infrastructure to run and host the same. Although SaaS does warrant a certain degree of infrastructure (particularly in the browser) or the content delivery in the form of Java Environments, the requirements are considerably toned down in comparison to the alternative. Simply put, Google Docs is the SaaS alternative to Microsoft Office or Open Office.

SaaS offers advantages galore. It is paid for on the basis of usage (through subscription) and requires considerably less in terms of memory, RAM and processor performance. Multi-editing and version control are usually built in to the service delivery system. The one absolute requirement comes in the form of a robust and reliable internet connection. On the other hand, there are disadvantages. Furthering the example stated above, Google Docs is no-

where close to offering the sheer range of functionalities that an MS Office Suite can. And unless, cabling, server and storage infrastructure improve by leaps and bounds, the SaaS concept necessarily entails a pared down offering. Security can also be a concern. Despite such potential issues, SaaS has been making inroads into areas previously the preserve of legacy software. Its target over the second half of the previous decade in the USA has been the discipline of Supply Chain Management.

Going by the above introduction to SaaS, it is not difficult to see why companies would consider an offering like this. With the current emphasis on cost reduction in all business processes whilst managing to keep productivity at high levels, an ERP system would drive costs up in addition to forcing the firm to reorient its business processes to suit the ERP implementation. SCM SaaS (Supply Chain Management Software as a Service) has emerged as a solution that can potentially address these needs. Boasting of considerably higher customizability, lower capital spend and operational costs than ERP, SCM SaaS is particularly relevant for companies that wish to minimize Total Ownership Cost (TOC) or distribute it across the entities in a fragmented supply chain. In the Indian context, this could apply to companies in the ` 50 - 150 crore annual turnover bracket. The Benefits to Costs Ratio (BCR) would most certainly make an ERP implementation, however customizable, for such firms infeasible. In sum, SCM SaaS offers the opportunity to cut capital costs,





OPERATIONS KNOW HOW

SCM SaaS: To Be or Not To Be

save on deployment space, and avoid license fees.

SaaS originally gained prominence in the Customer Relationship Management (CRM) space in the mid-to-late nineties. Online B2B hubs served as virtual marketplaces where firms could collaborate and share information about what their customers were saying about them, the newest buying trends and so on. Salesforce.com is a firm that has become synonymous with Cloud CRM services and through a series of takeovers supplemented by internal development, has emerged as a one-stop shop for CRM requirements. This initial wave of success attracted the attention of vendors who saw potential in offering other functions in the cloud format. The problem lay in the sheer amount of computational transactions involved in the other functions of Supply Chain Management. Traditionally, such interactions meant that a client-server model was more reliable than multiple tenants hosted interacting with each other on a single server. This problem was overcome with the advent and advancement of web technologies that made it possible for such interactions to occur seamlessly. Today, the multi-tenant model is one of the major reasons for the continual attractiveness of SCM SaaS.

The nature of this offering has created an industry that, for the moment, remains a fragmented one with many players offering services tailored to functions or sectors or a combination of both. Until now, there have been very few offerings catering to supply chain strategy and the majority of the vendors have restricted themselves to supply chain operations. Within the latter, solutions for transportation and logistics have ruled the roost. SaaS solutions in this space offer the advantage of easy on-boarding of any new carriers and inter-connectedness of the carriers. Trends in 2009 and 2010 have shown that solutions in the Warehouse Management Solutions space are catching

up fast. Production continues to be seen as an internal function requiring little, if any, collaboration with supply chain partners. This insular view means that procurement, distribution, warehousing and logistics are on the SCM SaaS bandwagon while production is yet to do so. Judging by the trends and applying market theory to this industry, it would only be a logical extension to state that with further expansion and consolidation the SCM SaaS will have players who offer a full range of features in the future. This is very much the manner in which the ERP industry evolved.

At some point into the discussion regarding the potential for SCM SaaS in Indian companies in the retail, infrastructure, logistics and construction sectors, it dawned on us that the issue at hand was not 'Why would Indian companies adopt SCM SaaS' but 'Why not'. For any paradigm change to occur in the way Indians conduct business, there has to be a compelling reason to do so and more importantly, very few arguments for not embracing the change. If one were to understand the manner in which small and medium scale component suppliers go about their business (to serve as an example), their reluctance to adopt a concept that would involve complete transparency in information sharing with supply chain partners forms a significant business trait. This will probably remain the biggest hindrance for SCM SaaS to become widely prevalent in India.

When we discussed the issue further with Professors, another point emerged and served to reinforce this view. Knowledge Process Outsourcing firms (KPOs) have been eager to adopt SCM SaaS solutions. Firms like Evalueserve, Ugam Solutions, WNS and Copal Partners have active SaaS implementations for the same reason that firms in core industries prefer not to. The performance of the KPO industry depends, to a major extent, on how updated their knowledge systems and databases are with the latest market trends.



OPERATIONS KNOW HOW

SCM SaaS: To Be or Not To Be

This necessarily entails a lot of knowledge sharing. Undaunted, there are indigenous SCM SaaS firms determined to make the most of this concept. Take Solu-

tions, Chennai is targeting sectors such as the Pharmaceutical Industry and Oil & Gas E&P (Exploration & Production). The consensus seems to be this: target industries with huge CapEx.

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SERIOUS

CLOSEOUT LIQUIDATOR

Firm that buys all or most of a closeout stock of another firm and sells it other vendors

MAZUR PLAN

Retail store management technique under which activities are divided into four major areas: Merchandising, Publicity, Store management, and Accounting and control

FAD SURFING

Adopting one fashionable style after another in business

CONJOINT ANALYSIS

Market research technique in which consumers make tradeoffs between two or more features and benefits of a product on a scale ranging from 'Most Preferred' to 'Least Preferred'

KICKER PATTERN

A pattern that takes the shape of a two bar candlestick. This pattern is used for predicting a change in the direction of the trend for the price of an asset.

FRIVOLOUS

PHONESIA

The affliction of dialing a phone number and forgetting whom you were calling just as they answer

CLICKLEXIA

A disorder often suffered by novice computer users in which they have a tendency to double-click on items which only require one click, often resulting in two items opening instead of just one

PHONESIA

The affliction of dialing a phone number and forgetting whom you were calling just as they answer

BLOATATION

Filling non-essential positions instead of recruiting core staff. It usually occurs just before bankruptcy

SEAGULL MANAGER

A manager who interacts only when a problem arises, makes hasty decisions, and leaves behind a mess to be cleared by others

If you have a funny spin or take on an established jargon and would like to share it with one and all, mail us at rsdt@sibmpune.edu.in with the same

STRIKE - COUNTER STRIKE

Are we part of a
pseudo-democracy in India?

..... a question that resonates in the minds of scores of Indians. Given a chequered history that has been a witness to the cesspits of decrepitude as well as resounding triumphs for democracy, every well-meaning citizen has probably had this on his or her thoughts. Despite this history of rumination, are we any close to answering this question? Or more significantly, have we understood what it means to ask this question? For democracy is a rather loosely defined concept in India. It means different things to different people. In the wake of the two years just gone by, and the tribulations they have wrought on the country, is it not important that we ponder over this question, again?

..... and so emerged this section. We intend to present to you both sides of the coin - those who say nay and those that say aye-aye - through two sets of opposing views . One from within the team and the other from the batch. Read on and nota bene, lector !

Aye-Aye

Niket Khaitan, MBA II Finance

We love being called the “World’s Largest Democracy” but rarely do we pause to think what the word “Democracy” really means, what it has now come to denote and which version of the meaning actually applies to us. The word democracy is derived from the Greek word *dēmokratía* which means “rule of the people” and therein lies the substance of this form of government.

The first and most critical step towards genuine self-rule is informed opinion formation which, I believe, is thoroughly lacking in the majority of the country. I concede that Indians do have clear and aligned viewpoints for some important matters such as terrorism, gross injustice and corruption but I have two main issues with these opinions. My first issue is that the very nature of these subjects invokes strong emotions and makes opinion forming merely a matter of choosing between a few prominent lines of thought. The poor quality of the opinion formed which consists mostly of emotion, is driven by societal compulsions and has very lit-

tle personal insight does little to help the cause. The second issue is that although the subject matters mentioned are very important in themselves they actually form an insignificant portion of governance. Crucial subjects like systems of governance, policy making rationale and the idea of a democracy remain outside the purview of opinions. We cannot have good proxy governance unless we can have a clear rational picture what we expect from it.

We as a people have not been encouraged to have insightful opinions on governance issues. The two main reasons that hinder opinion formation are a poor education system and the gross unavailability of information. Although the Right to Information and the Right to Education Acts are good first steps in the right direction they are just that, first steps. Unless we understand the spirit of these laws and incrementally improve them in that direction, the dream of an opinionated India and by implication, a democratic India is but a distant dream.

STRIKE - COUNTER STRIKE

Are we part of a
pseudo-democracy in India?

Nay
Priyanka Pandit, MBA I Marketing

Thousands of people with candles in their hands gathered at Jantar Mantar in New Delhi, the site of Anna Hazare's hunger fast to support his campaign for a tough anti-corruption Jan Lokpal Bill. Hundreds of activists helped the Gujarat riot victims to get justice in India's courts. The RTI Act provides all the citizens of India access to Government documents regarding everything from Kargil martyrs to exam evaluations. Can we still say that we live in a pseudo democracy? Perhaps not.

India has been a vibrant democracy for the last 64 years where each and every citizen has had the right to express his/her own opinion freely. It has often been commented that the rural masses, mostly illiterate and poor, are exploited in India and the booming middle class which forms the backbone of the Indian economy doesn't have a say in the important issues plaguing the country. These factors combined with several events over the last 64 years have led people to believe that India is a pseudo democracy and that its citizens do not really have a say in matters of national importance. I would like to refute these arguments by considering all the factors as well as the events one by one. Firstly, though the majority of the population is settled in rural areas and is mostly poor and illiterate, the village panchayats are being instrumental in empowering the local village communities by providing them with a platform to air their grievances and also bringing new developmental projects to these communities. With more linkages connecting the panchayati system to the governmental fabric of India, the progression towards a true democracy is happening through the inclusion of our traditional systems and not by getting rid of them.

As regards India's burgeoning middle class, it has often been a question of demonstrating collective

will and resolve rather than ineffectiveness whenever it has done so. There are instances of this throughout our post-independence history and with greater awareness and willingness creeping in to previously reluctant sections of the middle class; the frequency is only bound to improve. Perhaps it is prudent at this juncture to consider events that have cemented the belief that India had become a pseudo democracy.

The first nation-wide event of which it could be said that it challenged the democratic freedom of citizens in India was the imposition of the emergency by the then Prime Minister Indira Gandhi in 1975. During this period, the fundamental rights of all the citizens were suspended, the freedom of the press was muzzled and anyone who dared to question the authority of the government was put behind bars. After a series of protests sparked off by the students' movement in Bihar led by Jayaprakash Narayan, the emergency was subsequently lifted and elections were held again. This event proved to be a major victory for the democracy of India and also for the citizens of India. This showed that when people expressed their dissatisfaction and anger against the government even the most authoritarian regime had to give up its power.

The second major event was the Gujarat riots of 2002. Nearly 1000 Muslims were killed by rioting Hindu mobs in the state of Gujarat after the Godhra train burning incident which created a dent in the secular image of the country. As the trial of these cases began, human rights activists began to allege that the witnesses in these cases were being threatened and the trials were not being carried out in a fair manner. The Supreme Court immediately took cognisance of this matter and ordered a retrial of all these cases outside Gujarat. These cases were then successfully tried and the majority of the accused were sentenced.

STRIKE - COUNTER STRIKE

Are we part of a
pseudo-democracy in India?

The third major event was the Jessica Lal case. Jessica Lal was shot on April 20, 1999 in New Delhi by the son of a politician Manu Sharma in the presence of a large number of people. All the accused in the case were acquitted by the sessions court in New Delhi for lack of evidence. But after a public outcry over the incident the case was subsequently tried in the Delhi High Court and the Supreme Court and all the accused in the case were subsequently convicted.

The recent major event was the 2G scam wherein the media expose of the telecom minister in the government and the other high profile accused led to the arrest of all the accused and the subsequent people's agitation against corruption led by social activist Anna Hazare led to the government constituting a committee to look into the passage of the Jan Lokpal Bill against corruption.

Whilst there is still rampant corruption and on a much larger scale than ever before, the willingness and more importantly, collective action shown by India's citizens in lashing out against the same is perhaps the biggest reason to believe that India is not a pseudo democracy. No democracy can have degenerated to a pseudo-democracy as long as the opinion of the common man, when voiced, will continue to be heard in the corridors of power. Crucially, no democracy can have degenerated to a pseudo-democracy as long as people will to voice their opinion and do so collectively.

Aye-Aye
Esha Prasad MBA-I Marketing

Democracy substitutes election by the incompetent many for appointment by the corrupt few
- George Bernard Shaw

India's economic and political failures are too obvious in comparison to Asia's economic juggernaut. According to the 66th round of the household consumption expenditure survey released by the National Sample Survey Office (NSSO), the per capita expenditure level of the urban consumer is now 91% higher than his rural counterpart, compared with 80% in the earlier 61st round of the survey conducted in 2004-05.

We have witnessed cults of violence, for example, the Maoist derailment of the Gyaneshwari Express. The cash for votes scam exposed the face of unprincipled politics in India. We are witness to the maximum number of communal incidents since 60 plus years of our democracy. All of this combined with the macabre killings of religious minorities has shaken people's faith in the political system's viability.

The reason for this is that India lacks a recognizable and worthy political party. Post the 1990s, factionalism and lack of progressive ideology took root in India. Prior to 1991, there was a Congress stronghold which never led to significant gains either for the class society or the masses. India's parliament is riddled with defections by MPs, who move freely from one party grouping to another. As a result, politicians seek opportunistic gains and deflect real debate on national issues. This leads to public apathy which finds expression in sectarian and regional conflict.

Indeed, one may argue that the Judiciary provides every person a right to expect justice for the maladies of this parliamentary system. However, we must remember that the judiciary can never be a cure for the instability that this Westminster form of rule imposes on us. The idea of constitutional liberalism gained credence much before democracy. It is the legal protection given to the individual right to economic, political, and religious liberty. Democ-

STRIKE - COUNTER STRIKE

Are we part of a
pseudo-democracy in India?

racy comes within this framework and requires a practical legal system to function effectively. 'Jaago Re' campaign by Tata tea struck a chord because of its apt delineation of the corrupt class. The recent public happenings such as the Lokpal Bill agitation have reaffirmed the notion that India is critically viewed as a pseudo democracy by its citizens.

Nay
Akshay Iyer, MBA I Finance

The definition of democracy adopted by the constitution of India on 26 November 1949 was government by the people, for the people and of the people. This came into effect on 26 January 1950. 61 years since, it is pertinent to ask if we have really followed the definition that was adopted by our constitution or have turned into a pseudo democracy. When I ponder over this question and try to analyse the current situation, I believe that democracy is followed in India and we are not really a pseudo democracy. The reason I believe in this premise is as follows:

Let us first have a look at the way elections are conducted in India. Right from the time we have gained independence we have always had free and fair elections conducted regularly both at the state as well as central level. Every person is given the choice to choose the candidate he or she feels is most suited to run his or her state or country. Although there have been times when certain political parties have tried to influence voting patterns or ensure a low voter turnout rate, such instances must be ascribed to the problem of the individual not exercising his or her right to vote intelligently. As long as one is not pressurized to vote for a particular party, I feel we are a democracy as far as the election process is concerned.

Let us also look at the freedom given to the media in our country. Every day we read articles in our newspaper about the functioning of the govern-

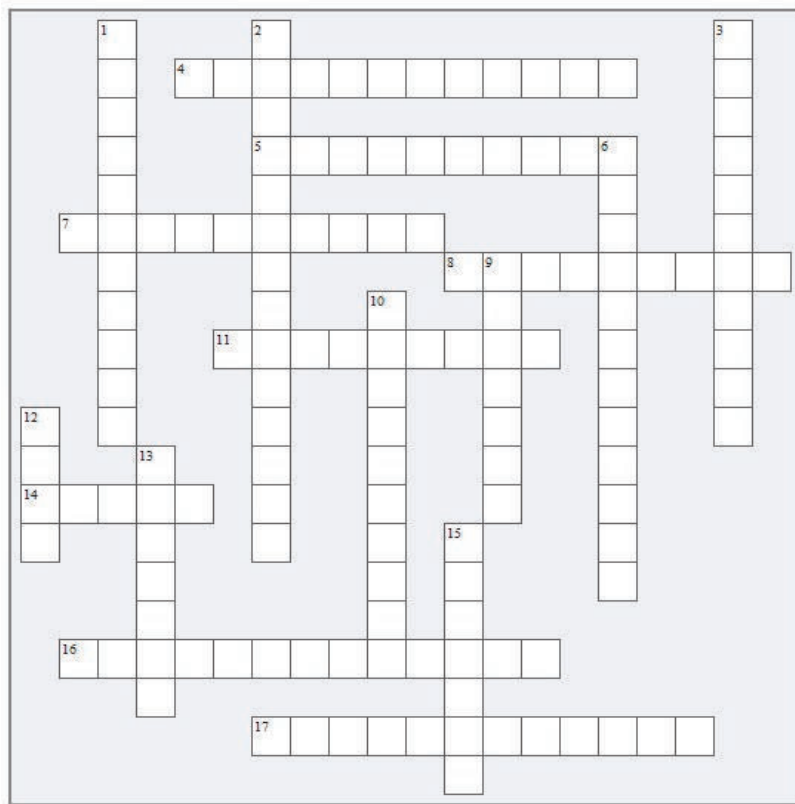
ment. We watch news everyday where politicians are questioned on every decision they take. It is because of this freedom that the wrong doings of certain ministers in the spectrum case or the CWG case was brought out and they are facing trail for the same. We as individuals have full right to access any sort of information we need to and there is no restriction put on the type or amount of information we can access.

We have a fully empowered and functioning opposition party like the BJP in India. They are given full rights to voice their views in the parliament and give their opinion regarding whether they approve a particular decision of the government or no. The power of the opposition party is not diluted the way it is done in Singapore. As a result if the opposition wants a change in the 17B clause in the Civil Liability in the Nuclear Damage Bill, there is a modification by the government before it is passed by both the houses of parliament. Similarly, a JPC is agreed on the 2G spectrum scam based on the opposition's demand.

The very fact that a hunger strike by a social activist like Anna Hazare could force the government into constituting a committee to design a Lokpal Bill which will lead to the formation of a committee that will investigate corruption cases, complete the investigation within a year and envisages trial in the case getting over in the next one year speaks about the power that a person has to bring about a change in our country.

The government now has proposed the introduction of RTI Act where a common man can get information regarding working of various government departments. This has helped in bringing about changes and empowering the common man. Based on all these facts I believe that democracy as per the definition adopted by our constitution is being followed and we cannot really call ourselves a pseudo democracy.

CROSSWORD



Mail your entries to rsdt@sibmpune.edu.in by 5th August with the subject line 'August Beacon Crossword'

ACROSS

4. The legal doctrine that binds insurance documents and is in direct contrast to 'Caveat Emptor' (8,4)

5. Total, BP, Chevron, Conoco-Philips, Exxon, Shell (10)

7. Logo of ? (10)



8. What is common to Wendy's, Nirma, Mercedes-Benz, Barbie Doll? (9)

11. Financing that provides the lender with the option to convert debt into equity if it is not paid back in time (9)

14. Associate sponsor of India-England Test Series; Known for 'See Beyond the Usual' campaign (5)

16. Identify (9,4)



17. Law & Kenneth are creating a new brand identity for _____ (4,8)

DOWN

1. Logo of an upscale restaurant whose owner has been in the news recently (4,7)



2. Thank You and Goodbye (4,2,3,5)

3. IRDA Head (4,7)

6. Author of 'Connect The Dots' (6,6)

9. Barista had a tie-up with them for a unique co-branding model (1,1,1,4)

10. They've launched 'Khamoshhh', a phone range that suppresses background noise (4,6)

12. Created the "perfect cubicle" for Scott Adams (4)

13. Lamborghini, Maserati and Ducati hail from this place (7)

15. Originally Dominick's, a lawsuit gave it its present name (7)

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rsdt@sibmpune.edu.in

SIBM Pune,
Symbiosis Knowledge Village,
Tal. Mulshi
Gram Lavale
Pune-412115



Edited by:

Senior Team:

Niket Khaitan (Finance)

Jaikishore Sharma (Operations)

Ketan Agarwal (Operations)

Krupesh Shevgaonkar (Marketing)

Mridula Muraleedharan (Finance)

*Do write
for us !*

Interim Team

Arun Prateek K (Marketing)

Bhavik Bhathgara (Finance)

Manisha Rana (Human Resources)

Priyanka Pandit (Marketing)

Snehal Narang (Finance)

Vasudha Tripathi (Finance)