

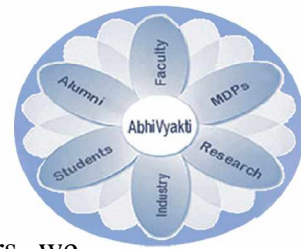
Vol No. 3 November 2006

# AbhiVyakti

*... Expressing Synergies*



**DEPARTMENT OF MANAGEMENT STUDIES**  
**NATIONAL INSTITUTE OF TECHNOLOGY, TIRUCHIRAPPALLI**



## Foreword

The third issue of AbhiVyakti is special in more ways than one. For starters, we have a new team of juniors working with us from this issue onwards. As is the case with any fresh batch of DoMS, the first year lot seems to be eternally brimming with ideas for the Magazine. We hope that this team that takes over from us in about six months' time will continue to have the support that has been so generously extended to us by the DoMS fraternity. Along with the usual fare that every edition dishes out for you, this time we have an open invitation to all the alumni of DoMS from the DASFA members for the Alumni meet to be held on the 11th of this month. DoMS looks forward to your presence in **Ligature '06**.

Take a peek into the present issue. Casting the spotlight on all the events at DoMS is our regular feature **Eventura**. Then we have an extremely informative and enlightening interview of Mr.Rajasekhar in **La Recontre'**. We would like to express our heartfelt gratitude to Mr.Rajasekhar and all the other alumni who made this interview possible. This issue marks the launch of a new feature named **Erudition**. Erudition will primarily focus on the Guest lectures conducted for the DoMS students by the industry experts, facilitated by the faculty.

**Finesse**, our segment catering to the palates of the finance enthusiasts focuses on the mid term credit policy. Apart from this we also have an article on Microfinance by Nitin Raj Garg (2nd year) reviewed by Ms.Usha Nandini, Lecturer, DoMS, NITT.

The support and encouragement of the DoMS family for AbhiVyakti is unparalleled and has been a constant source of inspiration for us to exceed our goals.

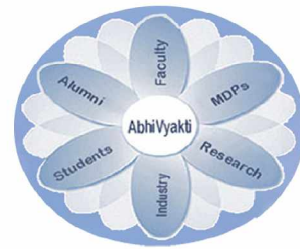
*The key to realizing a dream is to focus not on success but significance - and then even the small steps and little victories along your path will take on greater meaning.*

*Oprah Winfrey*



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## Eventura

Eventura is back, with all the action that took place at DoMS after the last issue of AbhiVyakti. This time it was an events galore ranging from the fun and excitement of the sports day to the profound thought provoking tree plantation program. So here we go.

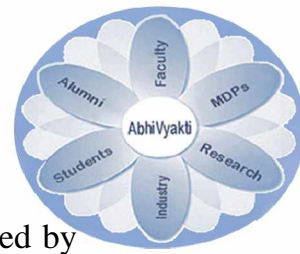
Presentations, Seminars, Case Studies and Deadlines. If this sums up a day for the average MBA grad for you, then think again. The **Sports Day** on the 5th of August in DoMS, NITT was organized to let the future managers have a day off in the “fields”. A day of “All play and no work”.



**We work hard, we play harder!!**

There was an array of sporting activities to choose from and the list included Cricket, Table tennis and Badminton tournaments. Team work and coordination seemed to be the order of the day when the seniors and the juniors displayed considerable talent in the sporting arena. The event brought with it oodles of enthusiasm and endorsed the camaraderie among the DoMS student community.

If the mere utterance of a quiz contest gives you an adrenaline rush, then your search ends at the Systems and Marketing clubs of DoMS. Infit-e & Marketus provide the right platform for the future managers to match their wits against each other.



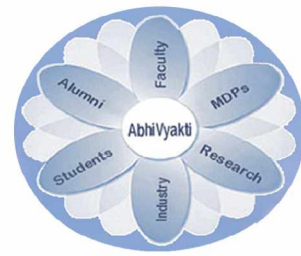
**Infinet-e Club** organized a ‘Knowledge Sharing’ session on ‘Blogs’ presented by Satadal Payeng of 2<sup>nd</sup> year followed by a systems quiz which had five teams each consisting of five members. There were three grueling rounds of quizzing with the teams battling it out for every single point with great zeal and spirit. The team that emerged as the winner consisted of Sudhir, Suresh, Deepak, Aravindhyan and Prabhu (All 1<sup>st</sup> year).

**Marketus Club** conducted a quiz contest for the marketing freaks, which was well contested produced a nail biting finish. It consisted of a preliminary written test and five rounds of questions. The first four rounds included brands, personalities, logos, etc. the fifth round in the final was dumb charades wherein the leading ad captions were given. The winners were Kishore & Swaminathan (I year).



**‘Testing time’ for the marketing enthusiasts...**

After the grueling Ice Breaker, a great **Fresher’s Party** was just what was needed to woo the juniors, and the seniors did it in style. The Fresher’s Party was held in the Jenny’s residency. It started with a warm welcome address by the HOD, Dr. J Raja. The prizes for the various club activities, sports day & other events were distributed. Our beloved Dominic Sir was also presented with a memento as he was leaving for Malaysia on a five year study leave. DoMS family wishes him the very best in all his future endeavors.



**Welcome aboard DoMS...!!**



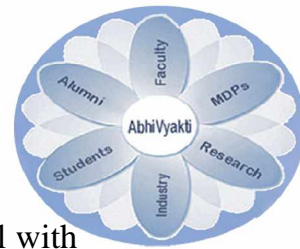
**Sing to myTunes ...!!!  
(Luv and Debajit of 1<sup>st</sup> year)**



**Tapping to the right note ... the  
senior girls stole the show**

The cultural programs included a rendition by the 1<sup>st</sup> years & a dance performance by the senior girls. Sowmya & Rakesh (2<sup>nd</sup> year) anchored the show. Keeping up the tradition, the seniors hurled the “Boomerang” at the juniors which had them baffled and nonplussed. The stage was set for some great jigs to the tunes of some popular numbers leaving the students pleasantly exhausted and ravenous. The Fresher’s party marked yet another milestone in the journey of bliss called friendship.

Come September and DoMS was caught in a frenzy of activities. Guest Lectures, Presentations and Seminars seemed to vie for the attention of the students. In the midst of the rigors of the curriculum the Department adorned a pious look on the eve of Saraswati Puja. Saraswati, the goddess of knowledge and learning, represents the free flow of wisdom and erudition.



To mark the occasion, the DoMS fraternity celebrated this auspicious festival with great zeal and fervor. The celebrations took place in the department library, an ideal choice for the event, considering it symbolizes the store house of learning. The occasion was presided over by the Honorable Director Dr. M Chidambaram. A special prayer by Mr. Murali and a devotional song rendition by Sowmya (2<sup>nd</sup> year) set the right note for the commencement of the Puja. The entire student community along with the faculty came together in a common prayer for the well being and prosperity of one and all.

It was Exams time in the month of October and Summer Project reviews kept the seniors busy for the better part of the day. On the 26<sup>th</sup> of October 2006, the **Business Line Club** organized a guest lecture program for the 1<sup>st</sup> year & 2<sup>nd</sup> year students. This was followed by a formal function in which Mr. L Ravindran, Founder, Managing Director & CEO of Wealth Max India Ltd. was the distinguished Chief Guest. Dr. S H Ibrahim, Founder Head of DoMS, NITT and Dr. M Chidambaram, Director, NITT honored the event with their presence. The Director's speech was followed by a very informative insight into the relationship between equity & seasonality by Mr. Ravindran. The highlights of the occasion were the two awards that were established.

Prof. Ibrahim & Dr Sitaraman Award will be awarded to the Best outgoing student of DoMS, NITT from the batch of 2005-07 onwards. A cash prize along with Gold medal & citation will be given to the student with the highest CGPA. The Prof. Thirumalaiarasan Award, a Gold Medal & citation, will be awarded to the Best outgoing Human Resource Management Student from the 2005-07 batch onwards.

*You will find something more in woods than in books.*

*Trees and stones will teach you that which you can  
never learn from masters.*

*- Saint Bernard*

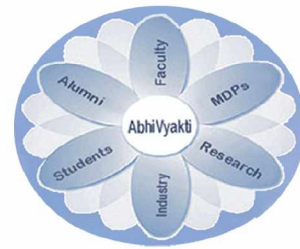


As a part of Isha Foundation's Tree Plantation Campaign of planting seven lakh saplings, NIT Trichy has come forward to plant six thousand saplings in the campus. In congruence with this, DoMS Tree plantation campaign was initiated on 26<sup>th</sup> of Oct '06 by Dr. S H Ibrahim. Saplings were also planted by Mr. L.Ravindran; Mr. Chandrasekeran, Regional Manager, The Hindu and Dr. M Chidambaram. Head of the department, Dr. J. Raja, along with all the faculty and students of DoMS promised unstinted support to this endeavor. Many students have come forward and donated generously towards this noble cause. The Department of Management Studies, NITT also presented a check of Rs.2000 to the Director NITT, towards the Tree Plantation Program.



### For a greener NITT

That DoMS nurtures “humane” managers was evident by the huge turn out on this occasion. Signing off on this profound note, Eventura will be back to take forward the story of DoMS.



## La Recontre'

### Rajasekhar

**Designation:** Consultant Senior Project Manager

**Client:** Fannie Mae

**Project:** 'Securities Cost Basis Sub ledger'.

This is part of a multi-million dollar project to restate the accounting books of Fannie Mae.

**Location:** Washington D.C.

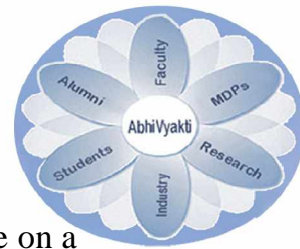


Hi Raja, we take this opportunity to thank you on behalf of the DoMS community, for giving us the privilege of asking you a few questions about your association with DoMS and your illustrious career. We wish to learn & take guidance from your vast experience in your professional life.

Q. Let us begin with your academic background and your personal life. Tell us in brief about your educational background and your roots.

Nothing unusual about me. Hail from a Middle Class family; did Computer Science Engineering from Coimbatore; pursued multiple MBA options during college final year and was short listed for three institutes including REC, the other two being Bajaj in Mumbai and IIFT in Delhi. I could not make it to those interviews due to typhoid and made it to dear REC, now NIT. Became NRI in 1995, two years after leaving NIT. At present, I live and work in the suburbs of Washington D.C., USA. Family is my spouse and two kids.

Q. Let me take you back to DoMS days, tell us something about DoMS in those days. How was the college life? The kind of batch compositions you had, the most popular teacher, specializations, placements etc, in a nut shell your DoMS experience.



We joined REC in 1991, when Dr. Manmohan Singh and Chidambaram were on a song liberalizing one sector after the other. The excitement was in the air.

We were the first batch to go thru the trimester pattern. We were a small batch of 28 fiercely individualistic youngsters. Most of us did not have any work experience.

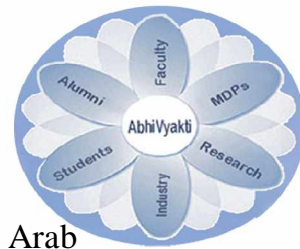
We were also the first batch to get over 100% campus placements, though hardly anyone continued with these companies for more than 2 years. The stars were TISL (Tata IBM), TELCO, ONGC, Sundaram, and Parry. The highest offer was from TISL, about Rs. 6,000 per month (IIM peak offer that year was 35,000).

**Q** Hostel life is something which is very close to every student's heart. How was it in those days, any special incident, which you would like to share?

We were the first batch of students to occupy the PG hostel, I believe, it is now called as the Beryl block. We had the luxury of single rooms; not sure if it is still the case. Plenty of cricket, Economic Times, Jenny's residency kept us entertained.

**Q.** Coming to your professional life, please explain your career path in detail. Tell us about the learnings you had, defining moments, highs and lows. Anything which you feel would help today's budding MBA's to pace their career

All my thirteen years of experience, (other than the first 6 months, campus placement job) have been in the financial services industry, covering Retail Banking, Operations, Technology, International Trade and Investment Banking. I have worked for many organizations including Citigroup, HSBC, JP Morgan Chase, Freddie Mac & Fannie Mae (Mortgage Backed Security Issuers in the United States)



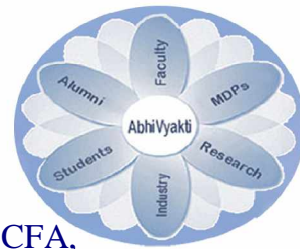
Geographically, I have lived in 3 foreign countries (Saudi Arabia, United Arab Emirates and now United States of America) and carried out direct project assignments in about twenty countries (Saudi Arabia, UAE, Kuwait, Oman, Qatar, Jordan, Lebanon, Egypt, Uganda, Kenya, Tanzania, Mauritius, Nigeria, Canada, South Africa, USA, Singapore, Philippines, France, Algeria) and indirectly in another dozen countries.

I had strolled into Financial Services Industry, but once in there, I managed to resist the temptation of flip-flopping to other industries. This has paid rich dividends - monetarily, job satisfaction and competitive advantage wise. My suggestion to a new MBA is to avoid 'pond hopping' between industries.

**Q. You have an extensive international work experience in the finance arena. What are the special capabilities one must possess to be successful in the international market?**

To my knowledge, the rules are not very different; it is the stringency of applying the rules that makes the difference.

- Local competition for a job has been replaced by global competition. Be prepared to kiss umpteen frogs before finding the princess.
- Global Market systematically exploits the weak. Tread cautiously. A wrong move can haunt you for years.
- Develop a true core competency that that cannot be copied easily. Vertical skill set (by industry) has a premium over horizontal skill set (e.g. Java developer)
- It is a solitary journey. Be absolutely truthful to yourself on what you know, what you don't know, and what you need to know.



Q. Apart from regular academic degrees, there are lots of certifications like CFA, NCFM etc. being offered these days (even you have few of them). Could you tell us how much of value these courses add to our MBA and at what point in the career graph should one consider doing them.

One of the main weaknesses of MBA curriculum is, it is shallow in content (mile wide and inch deep) with regard to Finance and Accounting, compared to a specialized course like CFA. For example, even many of the seasoned (MBA) executives do not understand basic accounting terms like retained earnings, return on equity or can read an income statement.

A career conscious MBA in Financial Services Industry has to proactively address this gap with specialized certifications or self-reading.

Ideally, one should aspire to do some sort of professional certifications every three to five years, in their line of work. In addition to reinforcing your core competency, it also sends out a message that you are serious about growth.

If you aspire to be in investment banking, seriously consider CFA. If you intend to be in Information Technology, PMI is basic. Professional Certifications are a big business these days; so do spend some time researching before committing your time, energy and money.

Incidentally, let me mention that I have three professional certifications: PMI certification for project management, CFPS (Certified Function Point Specialist) for software size estimation and I have recently passed the CFA (Chartered Financial Analyst) Level 1 examination.



Q. Having worked all across the globe, what are the primary differences that you see between the Indian financial market and the world market, especially now when the Indian finance sector is booming.

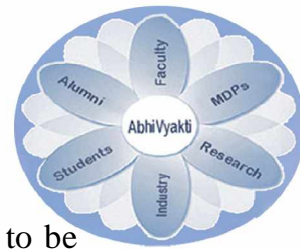
Despite the recent hype, Indian Financial Market is still in its infancy. The product range and sophistication are limited (e.g. Derivatives), there is a weak heritage of trading, legal and regulatory systems (e.g. toothless laws to tackle insider trading), accounting standards are of questionable quality, and there is very high volatility and transparency risk.

Despite these weaknesses, I believe, investors should have at least a small portion of their investment portfolio in the Indian Markets, because of its scorching return possibilities. Not many countries in the world are positioned to have their economy doing manifold better in the next twenty years than the past twenty years.

Q. Are Indian financial institutions strong enough to compete with the global players?

There is a broad trend of consolidation among the global financial institutions. Citibank and Solomon Smith Barney merger, JP Morgan, Chase Manhattan and Bank One Merger, Bank of America, Fleet Boston and MBNA merger are examples. Citigroup assets have crossed 1 trillion, primarily due to mergers.

Indian financial institutions are not strong enough to compete with these global behemoths. If you look at the balance sheet of Indian Banks, you will notice that off balance sheet accounting are as high as 70% of the total bottom-line (for those of you who are not familiar with off balance sheet entries, these are the contingent liabilities – example is issuance of a letter of credit)



Most of the banks are undercapitalized and non-performing assets continue to be higher than global norms.

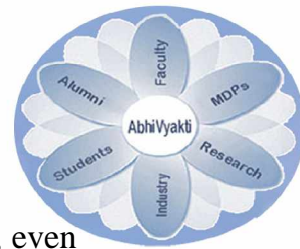
Q. What would be your suggestions to an MBA graduate who aspires to make his career in the financial sector? How should he pace his/her career. What are the things which need to be given special importance?

In the initial years, it is advisable to invest time and energy to develop a core competency within one of the niche segments in financial services sector. Given a choice, I would vote for investment banking, because of the lopsided earning potential, but it is equally difficult to get a start. That is where an industry specific certification like CFA can help.

We cannot predict the subsequent years, since the vicissitudes of an MBA's career can take one anywhere in the map.

Q. Could you throw some light on the extent of vulnerability of the Indian market to the Fed rate fluctuations?

US monetary policy, including the Fed rate changes sets in motion a series of macroeconomic changes. For example, when the rate goes up, foreign investors flock to invest in the US, which tends to increase demand for dollars. (As a side note, foreign investors primarily invest in Mortgage Backed Securities offered by the clients for whom I work for – Freddie Mac and Fannie Mae. These two giants collectively own over a trillion of US debts). This demand appreciates the dollar and the benefits flow to outsourcing firms like Infosys. The more Indian markets get integrated with the global market, the more the impact.



The extent of vulnerability is beyond my ken of knowledge – for that matter, even that of present Fed Chair Bernanke who once said “Economics is like trying to learn how to repair a car with the engine running”.

**Q. In recent times you must have noticed lots of activities to bring the DOMS alumni together. What are your suggestions to improve and strengthen this community for the benefit of DOMS students and alumni who are spread all across the globe and how can it be made a facilitator to open up global avenues for MBAs from DOMS?**

We had 100% placement as early as in 1993 and had an alumni meeting in Chennai soon after. Subsequently, the initiators got busy and extra curricular activities including alumni network ebbed away and now it is springing back to life. The present flurry of alumni activities appears to be going in the right direction. Once the initiatives evolve from being a certain batch’s heroic efforts to a systematic process, the benefits will logically follow.

**Q. Your message to the students of DOMS.**

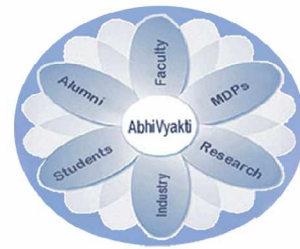
Read the book ‘Dig your well before you are thirsty’. I have regretted not reading it earlier in life.

**Q. Closing question, what kind of attachment do you have with your Alma Mater?**

Frankly; not as much as I would like to have. I, like most of the NRI’s, make short visits to India and don’t get an opportunity to visit Trichy.

Feel free to shoot me an email at [rajasek@yahoo.com](mailto:rajasek@yahoo.com), if you would like to discuss something else with me. I may not have the bandwidth to respond immediately, but will reply for sure.

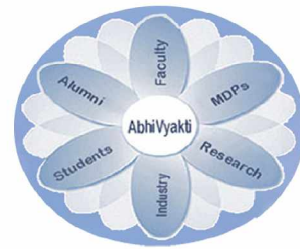
Thank you for the opportunity.



## **Alumni Interaction**

The strong bonds that the alumni share with their alma-mater were once again brought to light by the alumni interaction session in the month of August. Messrs. Lalit Mohan, Prigin and Shiva Chandran visited the campus on August 27 and gave insights into the industry to the first and second year students. The session with the first year students dealt primarily with the actual work and the role they (students) will perform two years down the line. Though it was a general discussion related to the work performed by the business analyst, it also touched specific areas like Enterprise Resource Planning (ERP) and Investment Banking (IB). The session with the second year students gave in depth information about the disciplines of Knowledge Management & Investment Banking. The talk also centered on the relevance of areas like Software Testing for MBAs to gain a holistic view of the software product. There was an informal chat where the alumni shared some of the fundas of tackling the placements successfully, particularly the dos and donts during the group discussions and interviews.

Mr. Lalit Mohan also discussed about the content of the alumni website with the website content team and the issues in the updating process. The formalities were ironed out and the team was inspired to work with renewed energy and vigor.



## **Faculty Achievements: Moments of Glory**

That DoMS creates a conducive atmosphere for learning not only for its students but also for all its faculty members, is reflected in the glowing achievements of some of the Faculty members of DoMS, NITT.

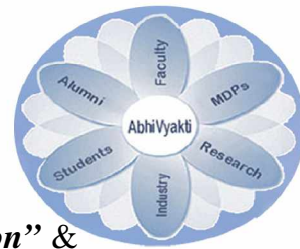
### **Conferences attended**

Dr. J Raja, A Suresh Kumar, and Dr. M Selvam, “*Corporate Governance and Performance – Indian Banking System*”, Abstract accepted and paper under review at International Conference on Business and Information, by Academy of Taiwan Information Systems Research.

Dr. J Raja, Mr. N Thamaraiselvan, and A Sivaram, “*How Do Consumers Evaluate Brand Extensions? - Research Findings from India*” Abstract accepted and paper under review International Conference on Business and Information, by Academy of Taiwan Information Systems Research.

Dr. J Raja, Mr. N Thamaraiselvan, and R Vishakarajan, “*Self Service Technologies: Understanding Consumer Evaluations of ATMs Service Encounters*”, Abstract accepted and paper under review at International Conference on Business and Information, by Academy of Taiwan Information Systems Research.

Dr. M J Xavier, Dr. J Raja and Ms. S Usha Nandhini “*Entrepreneurship Development Through Corporate Interventions among Self Help Groups in India- The Case of HLL’s Project Shakti*” was presented at the Conference on Product and Market Development for Subsistence Marketplaces held at the University of Illinois, Chicago during August 2-4, 2006



Ms. P Sridevi presented two papers “*Emerging trends in technical education*” & “*Teaching, learning, experience methodologies.*” in the Technical Institute at Aurangabad.

### **Awards**

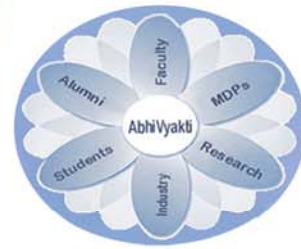
**Best paper award:** N. Thamaraiselvan, Dr J Raja and A Sivaram, “*How do Consumers Evaluate Brand Extensions? –Research Findings from India*” accepted for BAI 2006 International Conference on Business and Information at Singapore during July 12-14, 2006.



**Bringing glory to DoMS**

Mr. N Durai Selvam was awarded *German Academic Exchange Service (DAAD) Fellowship* between June 2004 to September 2006 to do Academic Research at ISAF, Technical University, Clausthal, Germany.

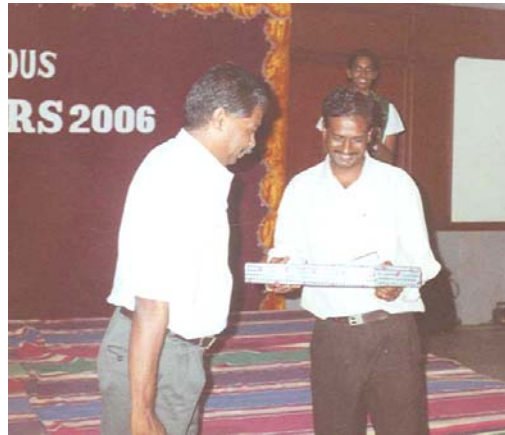
*Only as high as I reach can I grow,  
Only as far as I seek can I go,  
Only as deep as I look can I see,  
Only as much as I dream can I be.*



## To Sir with Love

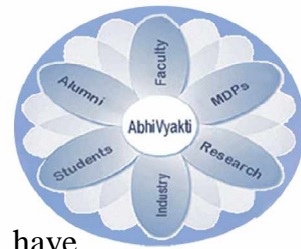
*'At first instant, he seemed to be like any other ordinary teacher; one who comes to the class, teaches the subject and leaves with loads of assignments for a class full of agitated students. My impression changed completely as it did for the rest of the class with time, when I got a chance to interact with him. Dr. P D D Dominic is one of the most affable lecturers that one could come across. Always ready to help, he imparted us the basics of quantitative methods almost with the same conviction as Da Vinci would add colors to his creations. His calm and composed nature got the better of our anxiety towards the subject and eventually students were quite elated after answering the quant exams.'*

- Saptarshi Sengupta (1<sup>st</sup> year)



**Bid Adieu ... you will be missed sir**

It is said that talent can never be subdued and great people are destined for great things. Dominic sir was offered the position of Asst. professor in Petronas University which he graciously accepted. We will always remember you sir and would cherish the valuable lessons you taught.



## Erudition

AbhiVyakti has a new offering this time around. The latest section that have introduced is “Erudition” which seeks to highlight the industry learning that takes place inside the portals of DoMS. Here we present to you the Guest lectures facilitated by our esteemed faculty to enrich our knowledge with the experiences of the Industry stalwarts.

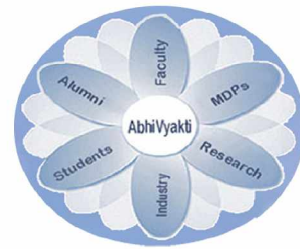
### Second year MBA (IV Trimester)

#### Guest Lecture Series of TCS on Software Project Management

The series of guest lectures organized by Dr. G. Kannabiran pooled together resources from every functional area of Software Project Management such as Team Management, Risk Management and Estimation & Quality Management .The Lectures drove home the importance of seeing the ‘big picture’ as far as the domain of project management is concerned.



**TCS Guest Lecture Series: An Enriching experience indeed....**



### **Supply Chain Management Guest Lecture by Dr. K Ganesh from LMW**

The lecture organized by Dr. M Punniyamoorthy introduced Supply Chain with a new perspective of a total systems approach and highlighted the importance of optimizing the chain using various mathematical models & heuristics.

### **Guest Lecture on the Central Bank policies by Mr. Arunachalaramanan**

The Guest lecture on the central banking policies set about exploding the myths regarding the functioning of the Apex bank. Mr. Arunachalaramanan started with the central bank credit policy and went on to elucidate the credit appraisal methods of various banks. The entire length and breadth of the banking operations were dealt with in great detail.

### **Services Marketing Guest lecture by Mr. Xavier**

Dr. M J Xavier an eminent Professor of Marketing in Institute of Financial Management and Research (IFMR) Chennai, delivered an extremely edifying lecture on important aspects of services marketing like Customer lifetime value and Customer relationship marketing.

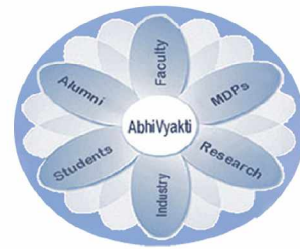
### **Second year MBA (V Trimester)**

#### **Guest lecture on Wealth Management by Mr. L Ravindran**

The guest lecture on “Wealth Management” was handled by Mr. L Ravindran, CEO, and MD of Wealth Max. He gave us an introduction of the whole sale debt market of NSE, and various means of wealth maximization avenues in the market.

### **First year MBA (I Trimester)**

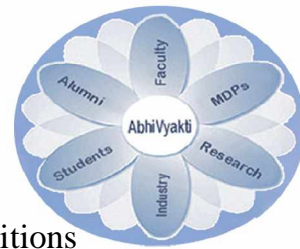
The first years had the privilege of spending a quality time with Dr. L S Ganesh (L.S.G) from I.I.T Madras. He was instrumental in providing insights into the field of systems. With a plethora of practical knowledge and real life experiences the guest lecture was inspiring and enriching at the same time



Chennai was gloomy with incessant down pour. But a peep into the auditorium of Tidel park on the 27<sup>th</sup> and 28<sup>th</sup> October was enough to reveal the enthusiasm of the future managers from B-Schools across South India. It was the famous “Managemantra -2006” conducted by CII in which 300 odd students from 40 business schools were all set to showcase their managerial acumen in the various events conducted.

“Managemantra” is an annual event conducted by CII to promote the spirit of true managerial excellence and providing a platform for the students to interact with the industry experts. This was an opportunity to learn and grow among a multitude of talents from all parts of the country. So how could DoMS miss it? Ten enthusiasts from final year MBA DoMS participated in the grand event.

The event started with an inaugural session presided by Mr. Parasuraman R (Imm. Past Chairman, CII (SR)). Other eminent personalities who addressed the gathering were Ms. Anita Ramachandran (CEO, Cerebrus Consultants), Mr. Sreeram Iyer (CEO, Scope International (P) Ltd and Mr. Joseph Sigelman (CO-President, Office Tiger). This was followed by an industry-institute exchange forum which dealt with “Generic competencies of Management Trainees – What companies look for in entry level MBAs”. The discussion panel consisted of Ms Sindhuja Shankar (Manager – HR World Bank, Chennai), Mr. Ajit Abraham ( Head –Human Resources TAFE Ltd), Mr. Shyam C Raman (General Manager – HR Cholamandalam Financial Services), and Ms. Anitha Ramachandran (CEO, Cerebrus Consultants).



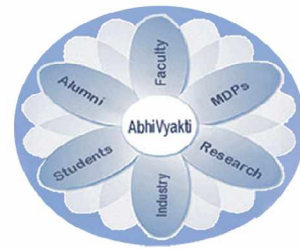
The first day ended with active student participation in numerous competitions like “Point Of View”, Business Quiz, Creative Idea presentations and Business Plan Presentation. The second day of the event started with yet another industry-institute interaction dealing with “Cultural dimension in companies from the CEOs perspective”. The panel consisted of Mr. Ravi Santhanam (MD, Hindustan motors Ltd), Mr. B Santhanam (MD, Saint Gobain Glass Ltd.), Mr. Vinay Deshpande (CEO, Encore Software Ltd.) and Mr. P K Mohapatra (CEO, technology business sector, RPG enterprises). The mock interview following this interactive session dealt with the nuances of facing an interview. The panelists were Mr. Daniel Jebasingh (CEO, People Star Consultants), Mr. K N Ajith (HR, Sify Ltd) and Ms Anu Zachariah (Trinitas Consulting).

On the whole, this meet proved to be a great learning experience for the participants. The icing on the cake was the token of appreciation given by the companies in the form of intent letters to the participants based on their performance. The participants from DoMS received nine letters of intent.



The list of students participated are mentioned below:

BalakrishnanK, Manikandan V, Rajiv T, Ramanan K C V, Shiuli Chanda, Sowmya A, Sombabu I, Vikas Thakur, Vinodkrishna R and Vivek Krishnan R.



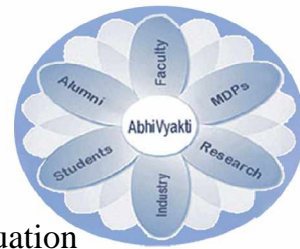
## **Finesse**

### **Midterm Credit Policy 2006-07**

On 31<sup>st</sup> October, Reserve Bank of India opened its cards of Credit policy 2006-07 and came up with the much awaited reforms in capital convertibility and asset-liability management. It effectively addressed such concerns as price stability, credit expansion and financial stability. A look at the highlights:

- Inclusion of export finance in banks' overall foreign borrowing.
- Fair practice in home loan.
- Self-certification of addresses, photographs for small account.
- Basel II norm postponed to 2009
- Short selling in bonds
- Individual remittance allowed up to \$ 50,000 on a year overseas.
- FII can invest more in government securities (\$ 3.2 billion by 31<sup>st</sup> March 2007)
- Mutual funds allowed to invest overseas up to \$ 3 billion from \$ 2 billion currently
- Prepayment of ECB's up to \$ 300 million (from \$ 200 million currently)
- Banks can give up to 20% of capital as loans & guarantees to corporates
- One time loan settlement for distressed farmers
- Flexibility in NRO a/c, remit up to \$ 1 million a year
- Repo rate increased by 25 basis from 7% to 7.25%
- Reverse repo, Bank rate and CRR kept unchanged
- Inflation at 5- 5.5%, with robust GDP growth of 8%

Credit policy always plays a critical role in deciding the growth path of any economy. It is highly relevant in a developing country like India, where oil prices are controlled by Oil Producing & Exporting Countries and Food prices by the monsoon.

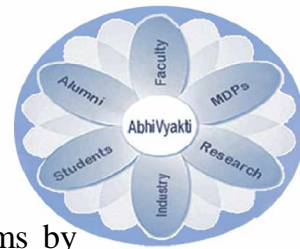


Besides this, our economy is in a rapid expansion mode. India is in a situation where, the GDP growth is as high as 7-8%, with inflation ranging around 5-5.5%. This is higher than any other emerging market. RBI is trying to keep inflation within bounds without increasing the cost of borrowing, medium or long term.

In the recent midterm policy, RBI has increased the repo rate (the rate at which bank borrows money from RBI) by 25 basis. The message sent is loud and clear. The banks should look into their system and rebalance the credit/deposit ratio to reduce any possibility of bubble (like asset bubble) in the economy. RBI wants to slow down the growth of non-food credit from 30% to 20% for proper allocation of resources to all sections of economy. This would also keep a check on the inflationary prices in non-food items. However, the reverse repo (rate at which banks can park their surplus with RBI), bank rate & CRR are untouched with clear intention of not increasing the cost of government as well as the cost of medium and long term borrowings. This will help the corporates in striking the right balance between inflation and the GDP growth rate.

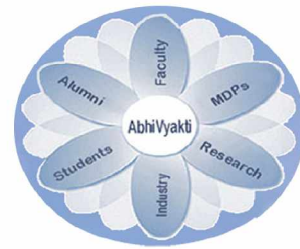
RBI has also allowed banks to borrow funds overseas (50% of Tier I capital or \$10 million), giving them more flexibility. This will act as an alternative for the banks to finance their credit to the companies going for organic overseas growth and in turn will ease the tight credit situation in the country.

RBI is also interested in providing debt liquidity in government security market by allowing more foreign funds. This would however not be beneficial in the short run due to the negative return in government securities after adjusting the cost of foreign borrowing, but in the long run it will. Moreover, it will also help in providing debt and liquidity to bond market as a ripple effect from the government security market.



RBI has sent a strong message to the world about Indian economic reforms by incorporating some of the recommendations of Tarapore report on fuller capital account convertibility. This in turn will attract more FIIs and FDIs, providing more flexibility to the corporates for asset-liability management. This is also the reason for the increase in the depository rate on NRO & FCCD just after the policy issue, to attract foreigners/NRI.

Another noteworthy initiative by the RBI has been to allow short selling in debt & forex markets to banks and primary dealers, resulting in risk hedging, better price discovery and liquidity. This mid term credit policy can be considered as an innovative step by RBI, which is enabling the sustenance of the high GDP growth rate without changing the bank rate and keeping inflation under check. RBI has once again proved that it harnesses the ability to change the way the world perceives India.

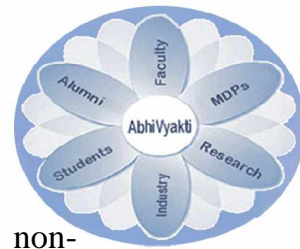


## Financial Inclusion: Reaching the Unbanked

Nitin Raj Garg (2<sup>nd</sup> year)

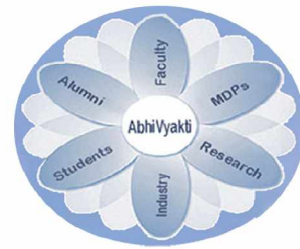
(Reviewed by Ms. Usha Nandhini, Lecturer, DoMS, NITT)

Poverty in literary sense is the inability of a person or a section of society to have the minimum adequate standard of living. It's a phenomenon, which is not desired by any body, but persists widely in the world and predominantly in less developed countries like India. In the developed countries, there are islands of poverty in the ocean of plenty where as in developing countries like India there are islands of riches in the ocean of poverty. Mass prosperity is the cherished dream of our country but what prevails currently is the stigma of chronic poverty. If we go behind the reasons of such massive existence of poverty even after 58 years of independence, then the only answer that sounds up is our *system*, which has not allowed the poor to cross the borders of poverty. The poor just like anyone else, need a diverse range of financial instruments to be able to build assets, stabilize consumption and shield themselves against risks. Financial services could enable the poor to leverage their initiative, accelerating the process of building incomes, assets and economic security. However, conventional finance institutions seldom lend down-market, to serve the needs of low-income families and women-headed households. This leaves the poor with no other option but to address their need for financial services through a variety of financial relationships, mostly informal, which have serious limitations in terms of cost and risk. Credit is available from informal moneylenders usually at a prohibitively high rate of interest. Savings services are available through a variety of informal relationships like savings clubs, rotating savings and credit associations, and mutual insurance societies that have a tendency to be erratic and insecure. They give loans only at rigid time intervals and in strict amounts and also often result in loss of member money only. This lack of financial services has impact on the economic condition of the people as well as economic health of country. Financial exclusion is a symptom and cause of poverty.



In the given scenario, the basic objective is to bring the people out of non-institutional framework and combat the menace of poverty. This can be achieved by bringing the rural mass in the folds of banking services. Towards this end, Reserve Bank of India (RBI) in its Annual Policy Statement of 2005-2006 and subsequently in the mid term review of annual policy urged the bankers to provide facility of no frill accounts either with nil or very minimal balance requirements so as to cover vast section of rural population and align their existing practices with the objective of "Financial Inclusion". **Financial Inclusion** is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. It encompasses a gamut of facilities to be provided to rural people in the form of savings facility (No frill Account), credit facility (General Credit Card akin to Kisan Credit Card for business purpose and Overdraft for consumption purpose) and default cleansing mechanism by One Time Settlement (OTS) for unwilful defaulters so that they can be given a chance to graduate out of poverty. The single gateway of a bank account can be used for several purposes by the customer such as making small value remittances, borrowing, consumption and business loans at low rate of interest and can also help in manifold development of banking business representing a win-win situation.

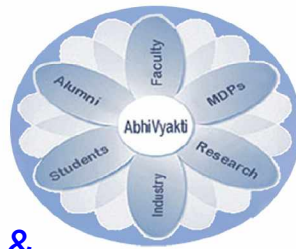
A pilot project captioned National Pilot Project for Financial Inclusion (NPPFI) has been launched in the Union Territory of Pondicherry (UTP). The scheme envisages providing banking services to all eligible population in UTP within the shortest span of time. The process of its implementation has started from 1<sup>st</sup> January 2006 and is targeted to be completed before 31st December 2006. A Core Committee (comprising representatives from Lead Bank of UTP and a few other major banks in the UT, representative from Rural Planning and Credit Department (RPCD), RBI) has been constituted to review the progress of NPPFI. The salient features of the scheme include simplified KYC norms and account opening at doorstep.



To conclude, addressing the problem of financial exclusion will require a holistic approach on the part of the bankers in creating awareness amongst the rural masses about financial products, education and advice on money and debt management, savings and credit. Banks need to redesign their business strategies to incorporate specific plans to promote financial inclusion treating it both a business opportunity as well as a Corporate Social Responsibility. They have to make use of all available resources including technology as well as services of the microfinance institutions and nongovernmental organizations. It may appear initially that taking banking services to the weaker sections constituting “the bottom of the pyramid”, may not be profitable but even the relatively low margins on high volumes can be a very profitable proposition. The opportunities are plenty. Financial Inclusion can prove to be both profitable and viable business. Only the bankers should be ready to take up the gauntlet!



**DOMS' ALUMNI STUDENTS &  
FACULTY ASSOCIATION**  
DEPARTMENT OF MANAGEMENT STUDIES  
NATIONAL INSTITUTE OF TECHNOLOGY  
TIRUCHIRAPPALLI  
Regn: SI. No 71/2006



*Dear Fellow Alumni,*

*LIGATURE-05* marked a milestone in the history of DOMS. The last time we met in Bangalore, we had formulated a road map to elevate DOMS to the higher level of excellence. While we have taken some initiatives in this direction, lot more remains to be done.

*On behalf of DASFA board members, we cordially invite you to LIGATURE-06* where we the alumni get to reunite and reaffirm our commitment towards our alma-mater besides discussing certain business matters.

*Looking forward to meet all of you once again in Chennai on 11<sup>th</sup> Nov 2006.*

*K T Thomas  
President, DASFA*

*Dr. J. Raja  
Vice-President, DASFA  
(HOD, DOMS)*

*Subramanian N. E.  
Secretary, DASFA*

*Date: 11th November 2006*

*Timing: 09:00 AM ----- 04:00 PM*

*Venue: Hotel Gokulam Park, No. 67 (Old No. 14),  
1st Avenue, Ashok Nagar,  
On 100 Feet Road, Very Near to Ashok Pillar  
Ph: 044 - 24891273, 24894751, 24894752  
Chennai - 600083*