



Abhivryakti

A Search for excellence

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MBA 3rd Sem**

From the Desk of Editor

*This second issue of **Abhivyakati- A Search for Excellence**- Students' bi-annual e- journal of College of Management SMVD University, Katra clearly illustrates how this platform of e-journal to disseminate their fresh thought on the current issues to the world has been used by students. It precisely demonstrates that how quickly these young people have learnt to share their knowhow in contemporary times through an e-journal.*

The 2nd issue of e-journal throws some light on the practices of management to convert trash it into cash. Apart from it the latest mantra of today's economy SEZ and its implications at national and regional level has been discussed. It has tried to give a good lesson to the students of management with the discussion of policies framed by Indian Railways to convert a non-profitable unit into a profitable one. Besides a way toward job market has also been shown by the budding managers through inputs of vocational courses. Moreover the practical hurdles and technicalities involved in the

starting of a new project have been highlighted by a detailed case study of Baglighar Dam project.

We hope that in the near future Abhivyakati as an e-journal will try to expand itself beyond the boundary of college of management students' contribution which can help in expanding the horizon of students' knowledge. I congratulate the contributors and members of the journal for the second issue.

Dr. Suparn Sharma

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THREAT TO CORPORATE WORLD: WEB TERRORISM

Priya Khajuria

MBA 3rd Semester

India is a nation with one of the biggest IT hubs in the world. The statement is written not merely for the sake of making this article alluring to all. For sure, this is a fact and it is known to everyone that India with its excellent performance in the IT sector has created its own unique, valuable presence in the global world. Today the SILICON VALLEY in America has got maximum of its software intellect from India. The companies like Infosys, Satyam, Wipro, Patni computers and many more like this have shown their IT competence and charisma around the world. Talking about our own nation, Bangalore is considered to be the IT hub. Today, India is known as the one of the biggest exporters of software around the globe. But this is also a fact that when something great happens, along with it some evil elements crop up that tries to discard or distort this growth and here is what this article moves around that whether the IT network of India is safe or not?

IT-Blessing

As the electronic and digital era is moving towards its apex, the use of internet transaction or e-business is moving ahead like leaps and bounds. Now most of the business transactions are carried out through the use of internet. It has proved to be blessing because of its tremendous help and work for the business, people and everyone. It has equally done well in smooth operations of MNC's. Moreover e- banking has started which has given a huge relief to its employees as well as the people. By taking into consideration all these benefits now nobody can even think of working without internet and the like services. The dependency on such kind of services has increased enormously. So it can be stated that information technology has proved to be a biggest blessing to the mankind.

Web Terrorism and the Corporate World:

Besides all the incredible blessings of IT, there are some problems that are existing in the IT world. The worst part is that it is creating such havoc in the world that today many big players in this IT world are not able to completely eradicate this problem. These companies are also encountering this problem badly. The problem that exists now-a-days for IT sector is the problem of “WEB TERRORISTS” or IT hackers. These people have been given the name of terrorists because they are really disturbing the secrecy in IT sector as well as also hindering its growth. In the present scenario, most of the companies use information technology to run their businesses. In fact, now it has become tough for the companies to work without information technology. It has become the backbone of the corporate world. Telecommuting, video conferencing are some of the blessings of this revolutionary innovation. Outsourcing is the business which is on the verge in the present era. All this depicts the immense dependability of the companies in IT. But because of this web terrorism, it is posing a great threat to the working, confidentiality, and credibility of the companies. Because of this web terrorism, now the hackers from any part of the world trace the secret information of these companies which is popularly known as hacking. The companies sometimes face huge losses because of this, their credibility towards their customers struck at the stake.

Some Indian Incidences:

An incidence happened with the India’s largest private sector bank that is ICICI Bank in the year 2007 late April, when its vice-president Mr. Prabir Vohra was going through the log report of the bank and noticed that something was peculiar. There was a deliberate attempt by web terrorists to launch a DDoS (Distributed Denial of Services) attack on bank’s website. Only 13-14% of this bank’s work is done “physically” with the other things carried out at “internet” and ATM networks. (Mitra, 2007).

This is not only the case of this bank only, but every company of India is a potential target of hackers. They are trying their utmost level with different software and techniques to get into the websites of companies and earn a huge amount of money through various ways. There are companies which are not only the old economies but also the companies with the new management system (with supply chain management on line) are also the target of web terrorists. There are not reliable figures yet, but the industry executives estimate that on line transactions have touched Rs. 100 crore a day mark (Mitra, 2007). Airline ticketing, railway booking etc are all done through internet that has got worth in crores in India. Apart from the

instances of the companies, the case of stealing the confidential information came out when there was breaking news in all the news channels that some hackers have taken the reports of Indian Defense and Missile Technology. So time and again such kind of web terrorists are posing threat to everyone.

Another issue is related to Indian defense, in which the hackers have tried to get into the secret information of Indian defense. Media have reported these incidences time and again. According to Times of India, the country's largest circulation daily newspaper, Indian websites particularly Government owned are under attack from China. It's been going on for the past one year and attacks are increasing day by day. The rivalry between India and China whether online or offline is nothing new and it's been going on for many years. Government sources say they have traced attacks to servers in China. Although they haven't openly said that the Chinese government is directly responsible but by the looks of it this is what it seems to be.

Global Trap:

It should not be taken in the sense that all this is happening in India only or this continuous damage is confined to India. Rather it has got its worldwide trap. One such incidence of this havoc happened in a most wired nation in Europe called Estonia. This country ground to a halt in late April 2007 when sustained attacks on the websites and a small Baltic nation paralyzed its websites. Even though Estonia blamed Russia for DDoS attack but some attacks came from India also. Cyber rogues doesn't just like bringing the network down but also steal the stuff like credit card details also. And the worse thing is that the nation like Europe and the US have got some guidelines that force them to disclose the scaling of these attacks but India does not have such guidelines.

The industry analyst about the security has stated that in India software engineers are so much involved in the site navigation and product offering that the security features in the sites take a back seat. Large companies have the technical know how and resources to spend on security solutions but with small companies the risk is that there security solutions are proactive rather than reactive. There was a report for Confederation of Indian Industry (CII) in 2005 which pointed out that 38% companies in the sample did not have the security policy (Srivastva, 2007).

Conclusion

Now when the corporate is quite familiar with this menace, proper steps need to be taken out in order to maintain this charisma all around the world. They have to ensure to the people who are trying to develop their trust in today's revolutionized technology of IT that their interests are properly being guarded by the companies and they need not to worry at all. Although Indian IT network is spending much on security yet this spending cannot effectively eliminate this problem. Rather the need is to develop a system which has to be adopted in protecting the network from these web terrorists. Only then IT revolution would be a complete and perfect package for India as well as for global world.

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Trying to manage a project without project management is like trying to play a football game without a game plan.

K. Tate

CORPORATE SOCIAL RESPONSIBILITY- AN ILLUSION

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India projects itself as a fast developing nation and boasts about a near to ten point growth rate. However, the reality is that this growth rate is limited only for the benefit of a meagre 20% of the country's population. The rest of the population that remains in rural areas is yet to get benefit from this enviable improvement. Thus India is facing a multi-dimensional challenge to chart a growth path that would transform the lives of almost a third of its billion population, who live at margin. Surely, it is not a task that any single segment of society can hope to accomplish in isolation.

Such circumstances raise question that whether companies exist to make money or is there any other reason for their existence. Is profit making their only motto or they are thinking of giving back to the society, which is responsible for their existence? Issues of socially responsible behaviour are not of course new and examples can be found throughout the world at least from the earliest days of the Industrial Revolution. But in the recent years CSR has gained prominence, which has led to the change in the concept regarding the operation of business. The modern view of business is that they have to consider the interest of the society by taking responsibility for the impact of their activities on consumers, employees, shareholders, communities, and the environment in all aspects of their operations.

But as one investigate and go deeper, one can get to know that the companies are taking Corporate Social Responsibility as a mere balance sheet sub-head. It is not something that is coming from within. But still companies are concentrating on this aspect. There are probably many reasons for the attention given to this phenomenon, not least of which is the corporate excesses witnessed in the recent years. The various examples, like the case of Enron, the collapse of Arthur Anderson, the case of Nike will have left an indelible impression among people that all is not well within the corporate world and there are many things which need to be addressed. Such incidents are common to recount, but have left the financial markets in a state of uncertainty and have made ordinary people wonder if such a thing as honesty exist any longer in the business.

Secondly, corporate feel that Corporate Social Responsibility would help in creating goodwill for their company which would further enhance the profitability of the company.

Also now the corporate have realized that people hold them responsible for utilizing the resources of the society and thus the corporate should also give back to the society for the same. If General Motors holds society responsible for providing the condition of its existence, then for what does the society hold General Motors responsible? A number of times the case arises that the companies are placed in such a situation that they have no other option rather than doing Corporate Social Responsibility. There is no better example than NESTLE in this regard. When Nestle came to Moga, its intention was to build its business, not CSR. But Nestle depended on small farmers and thus it required transformation of the existing conditions. Thus they opted for CSR.

But the thing is that the companies should stop misunderstanding the term CSR and should follow the right. The corporate should not take CSR as a duty. Instead they should have a feeling to improve the existing conditions of the society and should work for the betterment of the living standards of the rural population of India. They should get from past

“Why should we “

to

“How can we”

This transformation in the opinion of corporate would surely lead to the betterment of the living standard of the rural masses of India. Moreover giving back to the society with full dedication would help to create a culture of goodness and strong values within the organization.

Thus it can be said that Corporate Social Responsibility is a choice- a choice to commit to make the world better by changing business practices and procedures and giving resources to those initiatives where one can voluntarily serve local, national and global communities. Don't wait to be shamed for bad practices.

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WHEN TRASH EARNS YOU CASH...

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MBA 3rd Semester

Of the various traits epitomizing an entrepreneur, the most important one is to be an innovator. He should be the one who does what no one has done before and he sees what no one has seen before. In a nutshell, he should be one out of the crowd who believes in doing simple things differently.

As the profitability index of the world is scaling the heights of success, the environmental health has been showing downhill trend. On one hand, we have flooded our abodes with the currency notes and on the other our mother earth has been facing the most horrendous drought due to the filthy waste we have concealed it with. But we can't waste any more time repenting, for "it is never too late to do a right thing." And what about something that guarantees you handsome returns in the form of revenue. To put it in strict business terms, here lies the most lucrative letter 'O' of SWOT for any entrepreneur. Today's era offer plethora of such opportunities where the refuse actually turns out to be the source of revenue.

E-WASTE: FROM REFUSE TO RESOURCE

First and the foremost, the most tempting opportunity for any entrepreneur lies in the e-waste that includes all secondary computers, mobile phones etc which are resold after being discarded by their original owner. If treated properly this e-waste can be a valuable source of secondary raw material. E-waste processing systems have matured in the recent years and have increased the entrepreneurial interest. E-waste management and its scope as an entrepreneurial activity has great application for the third world countries including India, China, Brazil etc as they form the world's e-waste sink. Its processing involves dismantling the equipment in various parts i.e. metal frames, power supplies, circuit boards and plastics, which are separated either by hand or by using sophisticated machines. This is then fed in the hopper that travels up to the conveyor that is followed by screening and granulating machines. The various valuable elements that can be extracted out from this e-waste are:

Lead: from the CRT circuits
 Tin: from solder covering the lead component
 Copper: from the circuit boards
 Aluminium: from electrolytic capacitors
 Silicon: from glass
 Gold: from connector plating of computers
 Mercury: from the fluorescent tubes

Since India lacks in the expertise in this, such processes can't be handled effectively and efficiently. But greater scope lies in making India the supply chain hub that enables in retrieval of this e-waste, packaging it into the cartons that are to be shipped to the processing destinations like Belgium, Japan, Malaysia etc for precious mineral extraction.

India's generation of e-waste alone touches 3.3 lakh tones last year while additional 50000 tones is illegally being added.(Chingappa,2008) So, this threat basically eclipses an opportunity that can be exploited to the fullest by an entrepreneur.

Just analyse the potential of this industry, "A tonne of ore of gold yields about 5 grams of metal gold while a tonne of refused mobile phones yield about 150 grams of gold." Indeed there is cash in trash. In India large e-waste centers exist in Delhi, Meerut, Ferozabad, Chennai, Bangalore and Mumbai.

Bagasse: Sugar Sweet Reality

Of the agricultural waste, bagasse forms the major chunk. Hey guys, do you know that even after sugar has been extracted out of the sugar cane, it still remains the valuable resource? Today polystyrene and plastic packaging have become the standard in many companies mainly the food sector. This packaging is petroleum based and is non bio-degradable thus end up in landfills polluting our soil. The answer to this menace is Sugar cane bagasse table wares that offer food vendors and other companies with the eco-friendly alternative. It helps in the synthesis of high quality paper that is elemental chlorine free. So, here bagasse offers you the raw material that is almost free of cost but the products it formulates are truly valuable both in money that they can mint and the environment they can save.

Slaughter House Waste: From Unbearable Stench To Unmatched Strength

Well what a miraculous age we are living in! Today even the waste of the slaughter house can add crisp green notes to your bank balance. The slaughter house waste can be easily processed into the raw material for the medicines, aquatic and poultry feed, pet food and the fertilizers. It has an immense potential in India where annually around 2.2 million tones of poultry meat is consumed every year (Chingappa, 2008). Such a pioneering effort has been done by SANJEEV OHRI, a Haryana based entrepreneur who has opened such a processing unit called Style Solutions.

The length and the breadth of the matter is that “no matter which country we live in, what culture we belong to, the ultimate reality is that this planet is the only home that mankind will ever have.” So let’s convert this refuse to resource and earn cash out of this trash...

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You can only elevate individual performance by elevating that of the entire system.

W. Edwards Deming

SPECIAL ECONOMIC ZONES (SEZ)...

The latest arena in the economic development & a hope for J&K

Anissa Nabi

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MBA3rd Semester

In this era of fast growing economy, to bring the country on the track of various developments, individual developments at each and every level are needed to be achieved.

What does a developing person need? The needs of an average human being have been categorized into basic needs, career needs, social need and some additional needs. These determine the overall human needs and also explain the areas where humans have been badly affected because of dramatic changes in this century. There is no easy way to keep people happy and prospering till these factors are directly addressed in day to day decisions of life. If these areas are to be properly addressed, then, SEZ can be the solution. SEZ, the latest arena in the economic development, are the geographical areas where economic laws are more liberal than the other parts of the country. This concept as borrowed from China has changed the outlook, lifestyle and the overall condition of a number of areas of our country. SEZ being propagated and established by the private and government agencies across the developing countries have compelled the people in general to understand their needs. Today India must celebrate the efforts of Ambanis, who initiated move in the right direction to take its conservative citizens towards development. These SEZs have resulted in creation of new industries, new infrastructure, and new jobs, brought new technology and in general created economic dynamism which have been and are still needed in this thriving country. An establishment of a number of infrastructures like hospitals, colleges, schools, roads and various industries has helped and will continue to help Indians to progress and develop.

Amidst the developments going on in the country, one cannot overlook the state, Jammu & Kashmir. India's Vision 2020 – is India at par in terms of developments in various sectors such as social, health, education, political, service & other related fields. So to fulfil Vision 2020 as visioned by former president Dr. A.P.J. Abdul Kalam.....

Do Dream (to restructure Jammu & Kashmir)

Transform into thoughts (developments in various areas)

Convert into actions (Successful SEZs)

Why SEZs in J&K?

Laws are made to benefit and serve the largest number of people. These laws are sometimes good, and if they are bad inimical to the interests of the people, there is a need to change them. Laws are made not to serve a few but the majority. The situation in the state was the same earlier but the changing economy of the country has influenced the planning hands of the state and the result is the restructuring of economy of J&K state which was shattered due to many reasons, **TERRORISM** being the most prominent one. Jammu & Kashmir is vested with a good mineral base, substantial water resources, and is famous world-over for its horticulture, floriculture, handicraft, sericulture, gems and jewellery produce. The valley offers a dust-free environment, which is best suited for the development of low volume, low weight and high value industrial units. The Jammu region on the other hand has potential for development of all types of industries. In the Ladakh region demand-based and resource-based industries can be developed. The state has suitable agro-climatic conditions for cultivating a variety of flowers. The floriculture industry in the state has potential of catering to the domestic and international markets. The horticulture industry in Kashmir on the other hand, has become the bulwark of rural economy of the state. Handicrafts is the traditional industry of the state and the products like paper-Mache, woodcarving, carpets, shawl making, embroidery etc. have been and can be source of substantial foreign exchange. Although the state is bestowed with the potential to produce a lot, still the development is not much as it has not been able to mobilise its resources to the fullest. Even though the flowers and fruits and other handicraft goods are being exported and have been the source of revenue but high rate import/export duties are being imposed on these which do not attract a large number of exporters. Hence exemption from all kinds of duties is needed to encourage the exports of J&K state. Import of foreign technology is needed to promote the floriculture industry of J&K. If the state wants to emerge as a flower power in the global market infrastructure, appropriate plant material, good production technology are needed and for all this SEZs have the solution. As said by our agriculture minister Mr. Abdul Aziz Zargar “ J&K is keen to enter \$11 billion international floriculture trade and add a million jobs- so again SEZs are the solution(Quershi, 2007). So the need is to create a delineated area where the state can establish food processing plants, green house and tissue culture labs for the value addition to its food and flower produce. Hence state is ideal for multi-product SEZs. On the industrial front Jammu and Kashmir is lagging behind when compared to other states. The industrial sector mostly consists of small and medium scale industries. The large scale and

heavy industries are almost non-existent so far. The contribution of industrial sector, both manufacturing registered and unregistered, is meagre i.e. 6%. So seeing the state's business potential, the government needs to encourage large corporate houses to set up units of global scale and size so that they can meet the volume, consistency and quality demands of the market. Moreover the opportunities of employment for the semi-educated and educated youth of the state are meagre and hence the establishment of SEZs will be a solution to the brain drain of the state.

Potential Areas Suitable For Setting SEZs:

A number of industrial parks have already been established and there are number of proposals in line for the establishment of industries for industrial growth and export promotion. A number of areas have been explored. These areas are best suited for the formation of SEZs in the state. Keeping in view the freedom from various exemptions as enjoyed by the SEZs, the direct formation of SEZ rather than various parks can be more profitable for the state as the opportunities in SEZ are more as compared to industrial estates and parks.

1) Samba: This region can be developed upto an area of be 837 hectares. The area can be best developed for industrial growth. It can generate an employment opportunity for 10000 persons and has been estimated to give the turnover of 500-600 crores (source: The J & K Economy by Prof. G.M. Bhat (K.U))

2) Ompora/Lassipora: The area that can be developed is around about 812 hectares. The employment opportunity it would create is estimated to be 9500 persons. It is also estimated it will generate a turnover of 500 crores.

3) Krtholi: The area that can be developed is about 125 hectares. It will generate employment for about 2000 people and it will give an estimated turn over of about 250 crores.

Government Role & Approach:

The prime objective of the Government should be to develop specially delineated economic zones conforming to the guidelines of the Government of India to provide enabling infrastructure and a hassle free environment to promote exports from the State. The State Government has to work out package of concessions and incentives, which are to be approved by the Board of Infrastructure Development and Investment Promotion (BIDI), under the chairmanship of Hon'ble Chief Minister.

Following package of concessions and incentives need to be sanctioned for SEZ developers and units to be set up in the SEZ:

- State tax, Duties, Local tax and Levies.
- Grant & Equity
- Environment
- Power
- Single Window Clearance
- Government Land Allotment
- Connectivity of National Highway/State Highways

How SEZs will contribute to the Economic Development of the State:

- ✓ Attract Foreign Direct Investment (FDI).
- ✓ Encourage young entrepreneurs of the state.
- ✓ Earn foreign exchange.
- ✓ Boost the export sector.
- ✓ Create jobs and raise standard of living.
- ✓ Transfer new skills and expertise to local human resources.
- ✓ Create backward & forward linkages to increase the output and raise the standard of local enterprise that supply goods and services to the zone.
- ✓ Introduce new technology.
- ✓ Develop backward regions by locating such zones in these areas and attracting Industries.
- ✓ Provide a stimulus to the economy which is very important to restructure the state

Handing out of doles and packages to the state government and public sector institutions is not the solution. An alternative is to invest in the private sector, perhaps even outside the state, with an offset to employ a certain percentage of people from Jammu & Kashmir. The state has a special status under the Indian Constitution. So do Special Economic Zones. What is required is the repositioning the state to one that leverages its special status to achieve socio-economic development.

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True motivation comes from achievement, personal development, job satisfaction, and recognition.

Frederick Herzberg

FREE TRADE AT ANY COST!

Shivani Langeh

MBA 3rd Semester

Liberalisation of world trade, plurilateral trade agreements and mitigation of world trade barriers (which include tariff as well as non tariff)-this is what the preamble of World Trade Organization (WTO) is all about. WTO started as the apex level body to monitor the world trade and ensures that everything goes well in the trade relations across the nations. In a spree to cater to the world trade relation improvement, WTO seems to have lost focus of its main purpose-that is of protecting the interests of the poor nations of the world, of being the facilitator of still larger versions of free trade environment and its implications: concerns of health, environment & development.

A very recent example of how the trade watchdog is behaving in a robotic manner while being insensitive to the plight of the poor segment of nations is the case concerning the imports to India by the countries like EU and US involvement in the wine and spirit tariff rise. EC (European Commission) conducted an investigation and reported alleged trade barriers maintained by India on imported wines and spirits. The report shows clear violation of WTO provisions and recommends WTO consultations. The commission also found that the challenged measures had caused adverse trade effects in the form of lost trade and unrealised expectation of trade. Because of the high duties imposed on the vast majority of American wines and spirits, total exports to India remained low. India imposes an “additional duty” and an “extra additional duty” on import of wine and distilled spirits, resulting in aggregated duties on these imports that range from approximately 150 to 550 percent. In the WTO, India committed that its tariffs on wine and spirits would not exceed 150 percent. In either case, the duties appear to breach India’s WTO obligations under articles II and III of the general agreement on tariffs and trade 1994 (GATT 1994). This prompted EU and US to jointly file a case against India.

As a member of the WTO India is supposed to obey the norms and abide by the regulations of WTO. So the US and EU are pretty much justified in what they did. As a rule whenever any member nation of WTO is involved in a dispute with the peers and there is no peaceful means of negotiation, WTO intervenes by means of the DISPUTE SETTLEMENT MECHANISM. Following DSM is no graceful matter for any member nation especially for a country like India. India is still crawling as far as liberalization of trade in free terms is concerned.

Annoying one nation today on the trade front (by imposing high tariffs) would mean spoiling future prospects of trade with others worldwide. This further means bearing an opportunity cost in terms of lost trade and unrealized revenue for the future.

Secondly India as a developing nation does not have many options as far as collecting revenue is concerned. It cannot afford to ruin its major revenue producing sectors. The wine and spirit sector is the major revenue grosser of the country. If we try to reduce the tax levied on this sector, the fiscal balance is bound to deteriorate. Further, reducing tariffs on imported wine and spirit would mean placing the much cheaper, the better quality products (wine and spirit) in competition to our domestic ones. The result would be a complete cannibalizing of the domestic sector which is generating revenue for the masses. Also the Indian firms are still in a stage of infancy. Any stiff competition from outside, any tax pressure from inside is enough to shut them down.

India finally had to succumb to the international pressure and had to remove the extra tariffs imposed on the imports of wine and spirit. This raises a question mark on the social and ethical prudence of WTO. WTO needs to reconsider the case of India as a third world nation and therefore exempt India from certain implications under WTO agreements.

If the ultimate regulator of the trade environment places commercial interests over development there is little that the developing regions can expect from it. If WTO continues to be ignorantly dictating its stringent policies across the world without giving a heed to what the need of the hour is, it may eventually lose its status of being a hope for the poor and will acquire the image of a dictatorial tool in the hands of rich and powerful. In pursuing its policies, it should not forget the main purpose for which it was framed. WTO needs to adapt to the changes of the needs of the underprivileged nations in order to be effective and efficient both at the same time. The need of the hour is that developed nations and WTO in the name of world trade should not dictate the developing nations for issues that hold less relevance to the latter in the crucial stages of development. It's high time that the WTO preamble of "free trade at any cost" is replaced by "development at any cost"!

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BAD ECONOMICS BEHIND AGRARIAN SUICIDES

Jasmeet Kour

MBA 3rd Semester

India is primarily an agrarian society where majority of people live in villages and earn their livelihood through farming. In recent years, there has been a steady rise in suicides among farmers. Agriculture in India is no longer a profitable business and has turned into a negative economy largely because of three factors: rising costs of cultivation, lack of credit availability for small farmers and low prices of agricultural product. The trend of suicides has been observed in India mainly since 1997. In 1998, India's seed sector was opened to global agro businesses because of World Bank's policies. As a result, the traditional farm saved seeds were replaced with genetically modified (GM) seeds. GM seeds are non-renewable, thus requiring farmers to repurchase seeds each season. The small farmers are unable to pay their debts and are driven to end their lives. For any business to be successful, returns have to be exceeded to the investment. Farming is not a continuous business activity but a discrete one where one makes an investment over some period with a discrete opportunity to make profit. The business risk is quite high as the final produce doesn't only depend on the quality of seed, water availability but also on environmental changes. Higher expected risk should be compensated by higher expected returns but that doesn't happen in farming. Returns are more or less fixed depending on market's demand and supply conditions.

In order to make development sustainable, it should be particularly initiated in rural areas particularly. In rural areas, where almost one third of the total population is engaged in the agriculture sector, farmers' earnings are so low that they find it hard to even meet basic needs for their families. Farmers face difficulties in acquiring bank loans because of high interest rates. Research indicates a direct relationship between credit availability and agricultural productivity. Agricultural productivity is directly related to food security. The current rise in inflation is more or less related to increase in oil price that is passed on to the other essential commodities. The current high price of commodities is not because of shortage in supply but also due to growing world's demand for essential commodities. People may create havoc as and when supply declines and the price of commodities would sky-rocket. To make agriculture economically viable, the cost of cultivation has to be reduced down. This can be done by going to traditionally farm saved seeds, less use of chemical fertilizers that reduce the fertility of the land. Reduction in cost of the inputs would increase the profit margin for the farmers. Nature's unpredictability can't be neglected as it increases the risk of failure of the crops. The risk of

crop failure has to be covered by some sort of insurance. Such a crop insurance scheme can't be implemented without the support of Government of India. As insurance companies would be reluctant to offer insurance to farmers at the first place because crop failure if happened would be observed over a large populace. It would take high insurance premiums to cover the costs that needs government subsidy. Insurance would take the financial burden off the farmers' shoulders and they would be mentally relieved not to commit suicides.

Another reason as mentioned before is the exorbitant interest rate charged by the local money lenders that force the farmers to do suicides when unable to pay back. This can be prevented by micro-financing in agricultural communities. Nobel Laureate Mohammad Yunus, the founder of the Grameen Bank in Bangladesh and the 'micro-credit' or micro Finance principle, has helped in reducing the poverty rates in Bangladesh through his micro-credit initiatives. Micro finance refers to the provisioning of financial services to poor or low income clients including consumers and self employed. More broadly, it refers to a movement that envisions a world which has as many poor and near poor households as possible and have a permanent access to an appropriate range of extended financial services, including not just credit but also insurance & fund transfer. On similar lines, a micro-credit initiative to loan the initial investment required for crop cultivation can be provided to farmers. The funds for the micro-credit can be provided through offering shares to general public. A person who owns a share would receive a part of profit earned and at the same time, shares the risk involved in farming like a typical stock market share.

Farmers should also be exposed to the financial instruments like futures in commodities market to cover the risk of low market price of agricultural produce. Arriving at Break-even would require a certain market price that farmers can lock-in through futures. This would again help in reducing the financial burden. The current increase in oil prices has shrunk the margin of many airlines in the world. But, there are some airlines which are still profitable like Southwest Airlines; Continental Airlines because they entered heavily in future contracts. One would argue that it would require a sound financial knowledge to play in future markets, but with the Government's support, initiatives to educate farmers about different options to reduce the financial risk can bring result.

Agriculture is not a typical business model and it has never been professionally managed mainly because of its simplicity and involvement of rural people. But, it is the need of hour to make farmers business-savvy. People talk of bringing internet to villages and make them

techno-savvy. The real challenge lies in making use of the technology for the welfare of the people. If internet access is provided to villages, farmers can trade on financial instruments online. They can check global prices of commodities and make better decisions. Prediction of weather conditions is done quite accurately for weeks; farmers will have access to weather conditions through internet for weeks and can take steps to safeguard their agricultural produce. The business is no longer done in the same old ways, and then the question arises why the farming is being done using the old primitive ways.

Thus, major focus of the efforts should be to educate farmers to develop right crop cultivating habits. People still follow the traditional farming whereas the eco-system has changed and soil nutrients have depleted. Rather than being reactive, policies should be on better land management, efficient crop-cultivation techniques and preservation of eco-system. Agriculture would remain the backbone of the economy and it has to be protected. The trend of suicide of farmers doesn't paint a perfect picture of the agrarian industry. A major investment in providing better resources like water, electricity to farmers is the need of the hour to protect their interests.

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Of all the things I've done, the most vital is coordinating the talents of those who work for us and pointing them towards a certain goal.

Walt Disney

DETARIFFING IIN GENERAL INSURANCE SECTOR

Heena Sharma

MBA (BE) 3rd Semester

After nationalization in the 70s to liberalization in the 90s, the Indian insurance industry has witnessed many legislative interventions, changes and amendments to ensure the smooth functioning of the complex business of insurance.

The advocates of free markets - general insurers and stakeholders in the insurance market argued that liberalization and the tariff system are not mutually cohesive, maintaining that both rates and terms and conditions should be market driven. In response to this demand in 2007, IRDA came out with a road map for a tariff free regime. With the abolition of tariffs, the TAC (Tariff Advisory Committee) will function as a recommendatory body for tariffs. Detariffing is aimed at making prices in the insurance industry market driven. The Indian insurance industry owes its stability to the tariff system and therefore every effort should be made to ensure an efficient transition with minimum disorder so that the industry remains unwavering and vibrant.

The Insurance Regulatory and Development Authority (IRDA) announced that insurance companies are free to fix premium from January 1, 2007, for fire, engineering, motor, workmen's compensation and other classes of business currently under tariffs, subject to the guidelines on 'File and Use' of General Insurance Products stipulated by the Authority. In a tariff regime, the industry is bound by Tariff Advisory Committee (TAC) which specifies fixed rates and fixed terms and conditions to be offered. The general insurers procure business by the provision of services to the customers. To ensure stability and financial strength, no insurer could charge less than rates provided by the TAC. IRDA has issued a time bound road map to general insurers for a complete transition from a 'fixed charge regime' to a 'tariff free regime'.

In a detariffed regime, there will be independence to set rates and more competition will result in additional research, improvement in IT, actuarial base and underwriting practices, marketing, internal checks and audits - ultimately benefiting the insured. Detariffing like liberalization is expected to increase insurance penetration in the country. Insurers are expected to come out with realistic premium rates dependent on the risk perception i.e. freedom from tariff would lead to merit based rating by class, ownership, category of risk and past experience in terms of claims. Detariffing is favourable because it makes a distinction and based on the claims experience for that class of business, the customer will pay the price that is fair to him.

Suitable premium rates will encourage private insurers to insure commercial vehicles. Bajaj Allianz and IFFCO TOKIO have already started insuring commercial vehicles indicating that they have geared up for the transition. ICICI Lombard has started insuring persons with pre-existing diseases and is ready to pay for hospitalisation claims of clients for pre-existing disease(s) if the insurer is informed at the time of proposal and within a specified limit. The broker's role will be known well only in a detariffed market. Detariffing will give a much-sought-after level playing field for the public sector in the insurance industry. Earlier, the private sector in the industry had greater flexibility in quoting premiums because of certain practices like commissions and incentives. Detariffing will enable the public sector companies to quote competitive rates. Detariffing does not automatically mean discount on existing premium rates. It should lead to a scientific basis for pricing a different class of products with individual risk being adjusted according to underwriting considerations like prior claims history and reduction in loss exposure through improved facilities and other factors.

Now, to differentiate their products insurance companies will customize their products and have greater flexibility in pricing. They will evidently design products in line with customer's needs and prices them in line with risk profile. These will make greater differentiation in company underwriting and pricing.

Customer will become a king and along with product pricing, key issues like customer service, claim handling and product customization will become important determinant for a company. Product differentiation will offer considerable scope for insurers to introduce innovative products and value added features, giving the customer more choices. As each company pursue a different business philosophy, their pricing of premium will differ, depending on the stage of their business growth, product mix and reinsurance arrangements. The direct beneficiary of detariffing of insurance is the customer.

The market will become buyer driven and customer focused. Companies will also start introducing customized products to cater to the specific needs and requirements of the clients. Along with substantial reduction in premium, client might be involved to participate in devising the cover and working of premium. Although detariffing is a move aligned with liberalization, certain concerns have emerged, for example, Fire policyholders have subsidized Motor Insurance for a long time. Further, for fairness of rates for each class or segment of insuring community, accurate and up-to-date data to observe the trends and fix rates based on

scientific pricing is essential. But unfortunately, till today, TAC doesn't have 100% data. Handling data requires implementation and proper use of IT, which again is lacking.

Moreover irresponsible behaviour and unhealthy competition can result in a mindless price war and the insurers instead of offering better services, squeezed margins and offered rock bottom rates, thereby benefiting the consumer but harming the industry in the long run. It is a major cause of anxiety amongst the stakeholders especially when they will not be able to meet management costs nor the claims. And what about profits? No business can survive by making losses. Over-enthusiasm for cost cutting and bypassing the risk management mechanism can be injurious especially for the smaller/new companies. Price war results in financial crisis and insolvencies, a phenomenon witnessed all over the world.

Detariffing, which allows for risk acceptance based on the specific competencies of individual companies, is expected to set in motion a more mature and broad-based market. It will also lead to specialization, resulting in better risk management and acceptance practices and ensure that the Indian market achieves global standards in underwriting and risk management. Detariffing would see how good customers can be rewarded and how loss-making customers are penalized. Overall, it is expected that Detariffing will bring in efficiency and reduce the cost of delivery of insurance.

It can be concluded that detariffing of course is a big challenge and only those companies which are efficient, judicious, promote a justified regime of rates along with a sound investment policy, proper compliance and monitoring of systems, will be able to handle the shift effectively. Freedom after all is to be enjoyed with responsibility. While the proactive role of the Regulator is laudable, it is now for the industry to translate these efforts into reality and enter the free market economy with responsibility.

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What we learn from lessons learned is that we don't learn from lessons learned.

T. Block

A VISIT TO BAGLIHAR DAM PROJECT

Compiled By:

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MBA (BE) 3rd Semester

The students of Sri Mata Vaishno Devi University, College of Management were taken for a visit to the Baglihar Dam project. The visit was aimed to make the management students acquainted with the technical marvel and the industrial happenings in and around the region.

Details:

Total number of Students-27, Faculty members: Dr. Jyoti Sharma, Mr.Araf Tasleem, Date of Visit: 5th of April, 2008, Departure Time: 6:00 A.M, Arrival Time: 7:00P.M.

Brief Background

The Baglihar project located about 120 km upstream of the Pakistan territory, has two stages each of 450 MW. The stage II powerhouse will be housed in the caverns to be formed by extending the existing caverns of Stage I. The reservoir capacity is 15 MCM and the headrace tunnels are designed to divert water to the extent of 430 cubic metres per second. An MOU was signed in April 1999 for the project by the Jaiprakash Industries, in a joint venture with SNC-Lavalin of Canada. A 144.5 m high dam is to be constructed to deliver water through a long tunnel of 2.1 km to the power station. The Project cost was Rs 3495 crores, which was expected to be completed in five years. In November 2002 J&K state cabinet noted with concern that the project was started without financial closure and it would cost over Rs 4600 crores, thus making per MW installed capacity cost to be Rs 10.22 crores.,



In Jan 2003, the work on Rs 1750 crores second phase of the project to generate 450 MW has been started . On March 25, 2003, the J&K Govt indicated setting up of a Commission to probe whether the norms were observed in the allotment of Baglihar dam contracts.Chenab River is known to be highly silt laden river and there are frequent events of landslides, increasing the siltation rates. Construction of so many mega projects on the same River (Salal

existing project, Baglihar, Dulhasti are under construction and Sawalkote is already being seriously considered) is also adding to the silt load of the river. In fact as made clear by the paper on tunnelling experience at Baglihar, the rock quality at the Baglihar site ranges from poor to very poor to extremely poor. The huge silt load of the river means that the projects' useful life will be very low.

Cost

As noted above, even at current cost estimates, the 450 MW installed capacity of the Baglihar project is to cost Rs 4000 crores (Rs 2700 crores have already been spent). This means that per MW cost of the Baglihar HEP will be around Rs 8.89 crores even at current rates. This is much higher than the current cost of Rs 5-6 crores per MW installed capacity for most such projects. Thus cost of electricity from the project would be consequently much higher than Rs 5 per unit. The citizens of the valley are unable to pay even Rs 2 per unit charged currently. Then who will pay the cost of such expensive project? There was earlier attempt to show lower per MW cost of the project by clubbing the two stages of the project. However, stage II work is yet to be started with great care because during the execution of the stage I some poor geological problems were encountered.



Conflicts

Pakistan contention is that Baglihar hydroelectric project result more water storage than agreed. India says that the project meet the criteria laid down in the year of 1960 Indus water treaty.



Pakistan has requested the World Bank for the appointment of a “neutral expert” to solve the differences with India on Baglihar. World Bank has said it is not a guarantor of the 1960 treaty and that the differences would be referred to a “neutral expert” under the laid down procedures.



Pakistan said India wanted to resolve the matter bilaterally but Pakistan did not agree because Islamabad had exhausted all options to find a settlement through bilateral talks before approaching the WB as a last resort under the Indus Waters Treaty. However, the spokesman said, even now if India stop the work on the dam, Pakistan was willing to consider the Indian proposal for bilateral talks.

Indian Prime Minister Dr. Manmohan Singh assured a group of visiting Pakistani editors that the design of the Baglihar Dam could be changed if it was found to be violating the Indus water treaty. "Nothing will be done which violates the Indus Water Basin Treaty in letter and spirit," Dr. Singh stressed and said: "If weighty and credible evidence is demonstrated to us in its design we are duty bound to rectify it." However India needs to worry about many aspects of the Baglihar project.

Fit no stereotypes. Don't chase the latest management fads. The situation dictates which approach best accomplishes the team's mission.

Colin Powell quotes

THREATS FROM SEZs

Rajbeer Kour

MBA 3rd Semester

Shabeer Hussain Shah

MBE 3rd Semester

A Special Economic Zone (SEZ) is a geographical region that has economic laws that are more liberal than a country's typical economic laws. The category 'SEZ' covers a broad range of more specific zone types, including Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), Industrial Estates (IE), Free Ports, Urban Enterprise Zones and others. Usually the goal of an SEZ structure is to increase foreign investment. One of the earliest and the most famous Special Economic Zones were founded by the government of the China in the early 1980s. The most successful Special Economic Zone in China, Shenzhen, has developed from a small village into a city with a population over 10 million within 20 years. Following the Chinese examples, Special Economic Zones have been established in several countries, including India, Brazil, Jordan, Iran, Pakistan, Kazakhstan, the Philippines, Poland, Russia, and Ukraine. North Korea has also attempted this to a degree, but failed. Currently, Peru has been slated to become a "Zona Economica" by its president Alan Garcia. A single SEZ can contain multiple 'specific' zones within its boundaries. The two most prominent examples of this layered approach are Subic Bay in the Philippines and the Aqaba Special Economic Zone in Jordan.

Considering the need to enhance foreign direct investment and promote exports from the country and realizing the need that a level playing field must be made available to the domestic enterprises and manufacturers to be competitive globally, The Government of India had in April 2000 announced the introduction of Special Economic Zones policy in the country, deemed to be foreign territory for the purposes of trade operations, duties and tariffs. As of 2007, more than 500 SEZs have been proposed, 220 of which have been created. This has raised the concern of the World Bank, which questions the sustainability of such a large number of SEZs.

Currently, India has 811 units in operations in 13 functional SEZs, each an average size of 200 acres. 8 Export Processing Zones (EPZs) have been converted into SEZs. These are fully functional. All these SEZs are in various parts of the country in the private/joint sectors or by the State Government. But this process of planning and development is under question, as the

states in which the SEZs have been approved are facing intense protests, from the farming community, accusing the government of forcibly snatching fertile land from them, at heavily discount prices as against the prevailing prices in the commercial real estate industry. Also some reputed companies like Bajaj and others have commented against this policy and have suggested using barren and wasteland for setting up of SEZs.

Major threats from SEZs

The Special Economic Zones, which are posing a big threat to farmers and the agriculture sector, are a completely anti-people and anti environment scheme. They are also a threat to the water security and food security for the areas where SEZs are proposed and would certainly have an impact on the national agricultural sector. But the Prime Minister says SEZs are here to stay. On April 6, green signal was given for notification of 83 more zones. The only concession the PM is ready to offer is what he calls a just, humane, effective R&R policy. The proposed policy would include a mandatory clause that the area notified for SEZs or large scale industrial projects should not touch existing residential/ dwelling units of villages.

General Impacts of SEZs on Water Sources

In the entire din surrounding the impacts of the Special Economic Zones there is not much information on the impact of these zones on the water situation in the areas around these zones. The Finance Minister P Chidambaram has been credited with a very interesting statement “Where infrastructure already exists, it is perhaps not necessary to create SEZ.” The trouble is in backward areas where infrastructure is weak. The impact of SEZ on access to water would be even more serious. Broadly, there are three kinds of impacts that SEZ can have on access to water for the people in the SEZ area:-

First would be due to the diversion of water for use within the SEZ.

Second impact would be the impact of release of effluents from the SEZ. Here the situation at locations like Ankleshwar in Gujarat and Patancheru in Andhra Pradesh, among scores of other places is illustrative. At these places, the release of untreated effluents from the industrial estates has created hell for the residents of the area. Our past performance in achieving effective pollution control is dismal, to put it most benevolently. And there is absolutely no movement to change that situation.

Thirdly, the conversion of land to SEZ would mean destruction of groundwater recharge systems. Moreover, it should be remembered here that in India, right to extract groundwater continues to be connected with the ownership of land. Hence SEZs even in relatively small area can pump out huge quantity of water, drying up the wells of the surrounding area. There could be conflicts between the zones and the local residents, as could be seen at Plachimeda in Kerala, as also in Varanasi and Jaipur.

Cumulatively, the impact of all these could be quite serious in most areas, and could precipitate crisis in the water scarce areas.

Land Requirement for SEZs

According to the website of the commerce Ministry, totally about 41,700 ha of land is to be taken for the formally approved and notified SEZs. This looks like a gross under estimate if we consider just a few large SEZs like the Nandigram SEZ (5,600 ha) in W Bengal (this has been cancelled by the West Bengal state govt, but the Chief Minister has said that it will come up elsewhere), Maha Mumbai (10,000 ha) and Navi Mumbai (5,000 ha) SEZs in Maharashtra, the Mundra SEZ (13,000 ha) in Gujarat, the Gurgaon SEZ of reliance (10,000 ha), the Pune SEZ (840 ha) and the POSCO SEZ (1,600 ha) in Orissa, to name a few known examples. When land is acquired on such massive scale, the water requirement for such SEZs would be huge and would have very large impact on water access for the surrounding area. The SEZs at such locations will also have impact on irrigation and agricultural development.

Where's all the water going to come from?

The Govt of India SEZ Act of 2005 has no mention of the sources of water for the proposed zones, leave aside the question of restrictions or impact assessment. In fact, the only time the Act mentions water, it is in the context of territorial waters of India. The SEZ acts or orders or notifications of various states give a blank cheque to the water requirement for the zones. For example, the Gujarat Act says, *“The SEZ developer will be granted approval for development of water supply and distribution system to ensure the provision of adequate water supply for SEZ units.”* Similar is the situation for other states.

Available information about the water needs and sources of water for various SEZs should ring alarm bells.

Mahamumbai SEZ The massive water demand is to be met by the Hetwane and Morba dams in Pen and Khalapur tehsils in Raigarh district respectively, but there doubts about the capacity of Hetwane reservoir. Farmers had to struggle to get irrigation water due to them from the reservoir, but that won't be available now.

Navimumbai SEZ As per official website, it will require at least 6 million liters per day, expects it to get from Hetwane dam.

Mundra SEZ As per official website of the SEZ, it expects to get at least 6 million liters per day from the Sardar Sarovar project, as promised by Gujarat Water Infrastructure Ltd. Ultimate water requirement would be 400 million litres per day. Here it is relevant to note that the report of the Comptroller and Auditor General of India for Gujarat for the year ending on March 31, 2006 has already criticised Gujarat govt for extra allocation of 255 million litres per day water from the Sardar Sarovar Project for central Gujarat areas for which there was no provision in the plans. Moreover, the govt has allocated more water for industries in Kutch, which would also have impact on access to water for the drought prone areas, as clearly indicated by the CAG report.

POSCO SEZ The water requirement, as given on the POSCO website, is 286 million litres per day, will be procured from Jobra barrage on Mahanadi River in Cuttack district in Orissa. The water for this is bound to come from the upstream Hirakud dam. There is already an agitation against reservation of water from Hirakud dam for industrial use.

Nagpur IT Park SEZ The official website says *"The water will be drawn from irrigation project"* in a document inviting express of interest.

Mangalore SEZ In a letter in June 2006 to the Prime Minister Manmohan Singh, the convener of the SEZ Impact Assessment Committee, an affiliate of the NGO Forum of Mangalore has quoted the Mangalore SEZ Limited having estimated the water need at 136 million litres of water a day. When Mangalore city is facing water crisis without the SEZ, one can imagine what will be the case when SEZ comes up.

Cochin SEZ The website of the Cochin SEZ (www.CSEZ.com) says, *"The Special Economic Zone is a foreign territory within India. CSEZ has an integrated water management system comprising a 1.5 MLD water supply system."*

Protests in W Bengal

Nandigram is the most well known face of protests against SEZ projects in W Bengal, though it is not the only one. Protests are also rising at Haripur where the govt wants to set up a huge 10,000 MW nuclear power project as SEZ. In Nandigram in Medinipur district, the govt wanted to acquire 5600 ha of land for setting up chemical industries SEZ. The W Bengal govt is so adamant on setting up such SEZs that at Nandigram, the police and armed CPM activists together attacked thousands of innocent women and children.

Protests in Maharashtra

The Govt of Maharashtra has issued a land acquisition notice to acquire 10,000 ha land of 45 villages in Pen, Uran and Panvel talukas of Raigarh district for the proposed Mahamumbai SEZ by Reliance. But farmers here have been strongly agitating against this proposal, refusing to give any land for the project. In Pen taluka there are people displaced by the Koyna dam, still without potable water, living in miserable conditions, punching holes in govt's claim of rehabilitation. Adjacent to this land, the company, in joint venture with the Maharashtra City and Industrial Development Corporation, is acquiring 5000 ha for Navi Mumbai SEZ. At Maan near Pune, where the govt plans to acquire 800 ha of land for industrial zone, a strong protest by the farmers, fisher folk, salt pan workers and other affected persons demanded scrapping of the SEZ on April 5.

Food Security Threat

The SEZ Act, by allowing acquisition of (so called single cropped) agricultural land for such zones, is threatening food security of the country, with the stagnation of food production and reduction in yields for a decade, even with the SEZs. BJP's Kashiram Rana, Convener of Parliamentary committee on SEZ says that the policy needs to be modified and no agricultural land should be allowed to be used for SEZs. However, his words do not hold too much credibility as in a number of states like Gujarat, where BJP is in power, agriculture land, even in Sardar Sarovar Project Command area is being taken for SEZ.

Large scale Mangrove destruction in Gujarat

In the 13,000 ha Mundra SEZ in Kutch in Gujarat, 3000 ha area is covered by Mangroves, which are already being destroyed for the SEZ. Gujarat Forest Dept has raised an alarm over

this destruction. Mangroves are also facing destruction at a number of other locations in Gujarat due to industrial expansion along the coast in Kutch, Saurashtra and South Gujarat. Potentially the largest SEZ in the country, the Mundra SEZ will destroy fisheries and livelihood of large number of fisher folk and they are protesting against the SEZ. On Feb 14, 2007, five members of the community have filed a petition before the Gujarat High Court. Nine villages have also lost their grazing land to the SEZ.

Protests in Haryana

People of Gadauli Khurd village near Manesar in Gurgaon District in Haryana on March 28, 2007 opposed the possession of land by the govt to hand it over to Reliance group (Mukesh) for SEZ. The officials had to beat a retreat, but threatened to come back to dispossess the people. On April 1, the farmers of Khandsa, Narsinghpur, Mohammedpur, Gadouli and Harsaru village took a collective decision not to give the 558 ha of land to the Reliance as the govt had taken the land in 2003 in the name of industrialization in public interest and decided to move court. Kuldeep Bishnoi, a Member of Parliament has decided to sit on hunger strike against the project. The proposed SEZ in Gurgaon violates the norm finance minister has proposed that SEZs should be taken up only in backward areas.

At Jhajjar in Haryana, Mukesh Ambani group plans to set up a 10000 ha SEZ in partnership with Haryana Industrial Development Corporation, but after the decision of GoM on April 5 to limit the size of SEZs to 5000 ha and taking away the role of state to acquire land for SEZ, this SEZ is in some trouble. PIL in Rajasthan HC In response to a public interest petition questioning the manner in which the Mahindra World City SEZ was formed near Jaipur, the Rajasthan High Court has issued notices to various concerned including the Union and state govt. What justification for subsidy to industries The SEZ provides a large amount of subsidy to the industries and there is absolutely no justification to provide any subsidy to industries. Even agencies like the IMF and ADB have questioned the need to provide subsidies to industries. In its report Asian Development Outlook 2007, ADB says the subsidies are expensive, unnecessary and would provide disincentives to the units outside SEZs and also would make the landless people the worst affected.

Projects so far

So far, the board of approvals in the commerce ministry, the single window clearing house for the SEZ has approved 237 projects, of which 63 have been notified, 60 are awaiting

notification and the CMs have been pushing their case. On April 5, the group of Ministers approved notification of 83 more SEZs, limited the size of SEZ to 5000 ha, asked state not to acquire land for SEZ and said that one member of each of the displaced family will be given employment. However, there is no clarity how this will be implemented. Another 160 odd applications have received first stage clearance as the developers do not have land in their possession. There are 325 more applications that are pending. It is clear that SEZ are going to remain a very big threat to the farmers and agriculture of the country. On World Water day this year, the Prime Minister said, *“we cannot allow human societies to descend into chaos due to conflict on utilisation of water resources.”* Action speaks louder than words, Mr Prime Minister.

Let us see what his govt does to address the conflicts that SEZs are creating. A lot needs to be done to ensure that water use at these SEZs do not become seeds of bigger crisis in the days to come. Going by the track record such hope does not seem realistic

Policy framework

SEZ Act 2005 should be revised in order to have a keen check, from where the water has to come from and the availability of water in nearby surroundings to avoid the huge water crises. Moreover government need to take steps to make water supply proper by the means of creating water reservoir and there should be proper means of rain water harvesting in SEZ to avoid the decline in the groundwater in surrounding area. Proper utilization of barren & waste land for the purpose of establishment of SEZ should be there. Government should keep a knock to avoid use of agricultural land for SEZ so that we can avoid another Nandigram massacre.

Another major policy frame work should be there for food security of the nation. Our country is already facing shortage of food items and establishment of such a large number of SEZ would again raise the issue of food scarcity so as to balance between all these, government need to allow only that number of SEZs which will not affect the agricultural productivity. No doubt SEZ provide some benefit to our country but on the other hand the energy utilization of SEZ is quite large and such a huge quantity of power and other energy used by the SEZ would definitely have impact on other sectors. So, a proper balance of energy supply needs to be kept in consideration. At last government should not allow to establish SEZ on the cost environment. Cost benefit analysis should be properly done.

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Management by objectives works if you first think through your objectives. Ninety percent of the time you haven't.

Peter F. Drucker quotes

**A STEP TOWARDS MODERN DAY JOB MARKET
BY
VOCATIONAL COURSES**

Jaipreet Kour
MBA 3rd Semester

A new change is blowing across global market and we can easily see its impact in Indian market. Due to a lot of competition it is difficult for the students now a days to meet the demand. It can be made easy with the help of “VOCATIONAL COURSES “which fulfil both the needs of students courses that provide traditional knowledge with vocational skills. “A vocational course comes in rescue of those who consider successful job hunt to be the veritable outcome of specialised learning”

Now question arises “WHY TO OPT FOR VOCATIONAL COURSES”

Vocational course are designed to offer the pragmatic insight into the requirements of types of job and various set of jobs. These courses are practical based and has lot of application in today’s global market where in theoretical conceptual dimensions of field are not studied separately. In short, vocational courses have a specific goal to provide employment to the person pursuing it and specific training is given to achieve certain skills required to perform a particular job. In previous times students were focused in achieving more percentage in college, universities whether in India or abroad. At that time students used to believe that these courses are for less brilliant students but now the scenario has been changed. Attitude of the students has changed. Even experts believe that students are moving from BA/ BSC/M.COM to vocational courses as it is the need of hour. These courses offer a great value to the management students especially in their summer training. There are various courses which are available for the foreign language because now the multinational companies are hiring students with foreign language skills. These courses are available for every student from short duration of weeks to long duration of one year. Even special certificate is provided to the students. There are various fields for which vocational courses can be designed and offered. Accordingly it provides lot of experience.

Various B-Schools, Universities, Even Companies Provide Vocational Courses

Now a days management development programmes (MDP) are offering online education. These programmes remove the drawbacks of classroom coaching, lack of sufficient seats and

save lot of time. Improved technological access, the options of video conferencing in smaller towns will provide better quality of courses to the students and will provide better future and growth .It will also help to flourish on-line MBA courses. There are universities like “UNIVERSITY OF MAURITIUS” provides academic programmes certificate courses, workshops, seminars regarding financial sector. Under this initiative more than 6000 students had been trained in yr 2005-2006. Similarly thousands of students get learning in these courses every year .These courses also provide solutions to corporate clients. ICICI PRUDENTIAL is providing risk management programmes of one year. On its successful completion, students will be absorbed by this company itself .WIPRO launches mission 10X to enhance employability of graduate students and post graduates in India .Mission 10X will use the Wipro learning model to help faculty make students imbibe higher levels of understanding of subject along with development of soft skills and analytical skills. TCS has signed a letter of intent with national institute of technology under which TCS has two fellowships-one is TCS RESEARCH FELLOWSHIP and second is TCS JUNIOR RESEARCH FELLOWSHIP. These have been designed with three year PhD programme in mutually acceptable area .TCS even pay monthly stipend of Rs 16000 to each of fellows selected under this scheme. This in turn boosts students. DELHI UNIVERSITY nourishes their students by giving them best education. Proper textbooks, reference readings, perfect libraries are provided to students to increase their knowledge in every respect. Vocational courses offered by DELHI UNIVERSITY are tourism, retailing and trade, store management insurance, office management, operations management, human resource management, financial sector analysis etc, thus these help students to increase their hidden skills and increase confidence.

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A good manager is best when people barely know that he exists. Not so good when people obey and acclaim him. Worse when they despise him.

Lao Tzu quotes

SUCCESS OF INDIAN RAILWAYS - A TURN AROUND STORY...

*Vaishali Gupta,
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*Vinod Chouhan,
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At present Indian Railways (IR) is one of the premier organizations of the world. Its wide and dense network, daily passenger carrying capacity in millions and its reach in even the remotest part of a big and geographically diverse nation like India, makes it special.

What led to change?

Empirical facts divulges that it was, however, until very recently, a money-losing organisation that was heading for bankruptcy i.e Indian Railways was facing worst era of financial crisis during early years of millennium. Dr. Mohan an IR Member quoted “Indian Railways is today on the verge of a financial crisis. To put it bluntly, the business as usual low growth will rapidly drive IR to fatal bankruptcy, and in sixteen years Government of India will be saddled with an additional financial liability. On a pure operating level, IR is in a terminal debt trap” (KUMAR, www.indianrailways.pdf).

After the passage of the fifth pay commission’s award the internal finances of IR have come under increasing pressure due to the bloated workforce that it carries. Budgetary support has been steadily drying up, from 75% in the fifth five-year plan to 23% during the eighth plan. The primary reason for this is the increasing burden of non-plan expenditures mainly interest payments and salaries. Non-plan expenditure has increased from 10% in the early 1980’s to about 13% of the GDP presently. Further due to most of this investment being of the non-developmental nature they have not provided the government with any substantial financial benefits, which has further exacerbated the financial distress that the government has to face. Hence more often than not the railways has had to turn to the market for funds, which obviously have increased the financial burden on it due to the dearer rates of interest that they have to pay. The Government was demanding more and giving less in terms of financial assistance

Due to the above difficulties in procuring finance at reasonable rates and the loss of market share in the lucrative freight segment along with unremunerative investments and high cost of internally sourced products and services, the rate of growth in the costs of the railways has been much faster than the rate of growth of revenues. During the first two years of millennium whereas costs have been growing at a rate of around 15% per year, revenues have only managed to grow at around 13% per year (KUMAR, www.indianrailways.pdf).

“Nothing is permanent except change” a famous saying by great Greek scholar Aristotle is well suited in the turnaround story of Indian Railways.

How the Change was incorporated:

“If you do not milk the cow fully, it falls sick.”

“Wagon is the bread earning horse of the Railways, load it adequately, make it run and don’t stable it.”

It was after assuming the chair of Union Minister of Railways, GOI that pyjama-kurta tycoon Sh. Lalu Prasad Yadav exactly identified the potential of Indian Railways as per above quotation.

From here the turnaround story laid down its roots and the important statistics divulges the same that during 2005-06, 15.5% growth was recorded and during 2006-07, revenue increased from Rs. 5274 crores to Rs. 8000 crores. (KUMAR, www.indianrailways.pdf). The major weaknesses identified in the railways investment process were:

- Incremental approach to planning and hence a backward focus.
- Emergence of the departmental fund quotas.
- Lack of integration with business objectives.
- Imbalance between annual outlays and total commitments.

The Key Strategies which were explored, formulated, implemented and evaluated to bring back the Indian Railways on the track of progress and resurrection under the leadership of Sh. Lalu Prasad Yadav are as follows:

1. Reduce passenger losses by increasing volume of upper class travel, augmenting load of well patronized trains to 24 and reducing losses on catering and parcel by 50% in 2005-06. (KUMAR, www.indianrailways.pdf).
2. Played on freight volumes to reduce unit cost by enhancement of carrying capacity of wagons i.e BOX-N increased from 60 tonnes to 70 tonnes and BCN increased from 58 tonnes to 63 tonnes and also reducing turn around time of wagons from 7 to 5 days. (KUMAR, www.indianrailways.pdf).
3. Implemented three categories of necessary investments by upgrading existing infrastructure for higher operating efficiency, increasing track capacity, further electrification of most of the routes and focussing on increased reliability of systems (wagons/coaches, locos, tracks, signalling). (KUMAR, www.indianrailways.pdf).
4. Operating strategy for maximisation of throughput with improved productivity from existing systems and streamlined & optimized business procedures was executed.
5. Restructuring of Middle Management results in improved supervision and accountability of respective executives and employers and also vesting of decision-making powers to Operational level Middle Management helped for effective and efficient working of various internal departments of Indian Railways.

6. With respect to changing business environment Indian Railways too shows adaptability to change by reacting quickly to threats and opportunities e.g turning Information Technology into a “Competitive Business Asset”

7. Encouraging Public-Private-Partnerships for building and operation of Infrastructure by government of India help to establish Logistics parks and terminals.

8. Indian Railways offer unmatched services to the nation in two major segments of passenger traffic i.e it offers low cost long distance travels to its passengers, provides world class quality passenger amenities like high technology reservation system and also runs state-of-the-art systems be it infrastructure, technology etc. to create value.

“... ye safar jaari rahega,
... har saal nayaa saal taraaki ka, pragati ka,
... aapka hai saath to phir ye safar jaari rahega”.

(Shri Lalu Prasad, Minister for Railways (Source:<http://www.indiaonestop.com/railway>)

In a nutshell, like in terms of meaningful management principles, IR has been transformed by delegating responsibilities to the right people, by pursuing more employee-friendly policies and by being responsive to the opportunities available. All this shows that good time are ahead for the world's third largest railway network.

What Future Holds:

With regard to private investment, Prasad says the turnaround has piqued interest in investing in the railways. While the private sector can play a role – in building engines and wheels, and world-class stations, for example – Prasad insists there is absolutely no chance of allowing privatisation of the core business, "rail, running of trains and control of all the trains" (India Budget Speech 01-02.htm).

Prasad is also keen to help in India's water conservation efforts, by building siphons and canals, and – on the wasteland on either side of the 64,000 kilometres of track – pipes with water for drinking and irrigation. He also outlines efforts to reduce fuel consumption by building train carriages from aluminium to reduce their weight. With the increasing price of fuel, an alternative in mind is to electrify the main routes in the entire country. The proposed civil nuclear deal with the US which would allow India to develop nuclear technology to meet its growing energy demands – which should be reached – is also likely to help.

With an eye to the future, it is generalized that India's population will continue to grow, there will be a need for more trains, more engines and wheels. "Even now, we buy wheels from abroad. We have only two factories, and are building a third. It's fine that these things come from abroad but we have the skills, unemployment and youth."

Indian Railways' turnaround had required a fundamental shift in mindset. As Prasad's advisor, Sudhir Kumar, notes: "We are not in the business of railways; we are in the business of transportation – one of several modes of transportation, and the only way to survive and thrive in the marketplace is to offer superior and compelling value to your customers"(KUMAR, www.indianrailways.pdf).

Indian Railways is the backbone of public transport in India. With everincreasing number of people and goods that use Indian Railways, the cost of maintenance and expansion of existing infrastructure is burgeoning. Being a medium of mass transport the railways can not afford to increase its fare to keep up with its growing expenses.

There is an urgent need therefore, to look for ways to cut down its expenses, increase its efficiency, and look for additional sources of revenue, which will guarantee that Indian Railways continues to provide a similar or better service to Indian masses. With the introduction of computerization of Indian Railways as a means to increase the efficiency, cut down expenditure and generate significant additional revenue, of the order of several thousand crore Rupees per annum. The same workforce that Indian Railways has today will be able to handle a much larger workload in a computerized environment.

Today Indian Railways is the world's 2nd largest, Asia's largest railways with 6,853 stations, 63,122 kms of track, 37,840 passenger coaches & 222,147 freight cars and thus it helps in carrying around 4.83 billion passengers and 492 million tonnes of freight annually. (Source: [www.IndianRailways - Wikipedia the free encyclopedia.htm](http://www.IndianRailways-Wikipedia)).

But the critical question is with the change in political scenario or with the end of tenure of the incumbent government, would IR still be able to sustain its unprecedented performance in the future?

The very simple answer can be: To carry forward the same success in this changing business environment, the Indian Railways needs to plan for its ahead challenges by improving loaded empty ratio to 75% over a period of 3-4 years (KUMAR, www.indianrailways.pdf)), transformation of IR from a bulk transporter to a multi-modaltransporter, development of integrated multi-modal logistics parks, maximum technology upgradation and modernisation including application of IT and construction of dedicated Freight Corridors.

Thus in the end we would like to culminate the paper by saying:

“ It is easy to enter the stage of growth & prosperity but it is very difficult to sustain the stage of growth & prosperity . . .”

Hope Indian Railways will carry on with the same success, so as to be a crucial factor for achieving the “Vision 2020” of India.

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Managers are people who do things right and leaders are people who do the right thing."

Warren Bennis



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