

# SPECTRUM

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Management is not a new concept in Indian cultural perspective rather we inherit it from the very ancient period of mahabharata.

At the behest of Lord Krishna, Bheeshma lying on the bed of arrows, imparted basic tenets of governance to Pandavas.

The root teaching of management is to organize the task in a way to minimize consumption of effort, resources, and time. However, the ancient management philosophy is a fine blend of rules and methods of management along with a cladding of philosophy which strictly bind the principles of management to our ethics

and culture. And.. that's because of our traditional values are given sufficient focus in all walks of life in the ancient period.

The rules, methodologies of working, etc., in the aforementioned period, have sufficient reflection of discipline at work that was inculcated through our rich tradition and philosophy of life.

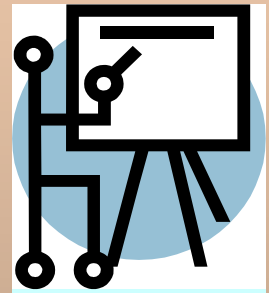
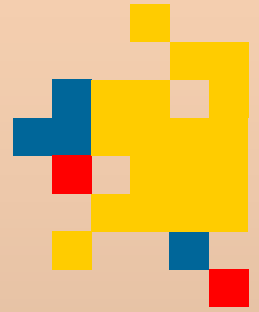
The modern western approach of management partially discards the blend of tradition, culture and philosophy due to its very orientation around maximization of target outcomes that is basically the profit.

However, the best management approach should be a Taylor-made management between the two different approaches.... which is recently realized by various gurus of management.

When the methodology of work is regarded as process of worship the work becomes *dharma*, [the religion].

*"Karmanye Vadhikaraste Ma Phaleshu Kadachana, Ma Karma Phala Hetur Bhurmatey Sangostva Akarmani".*

**Prof. Shweta Sharma**



**Role of Management  
in societal ambience**

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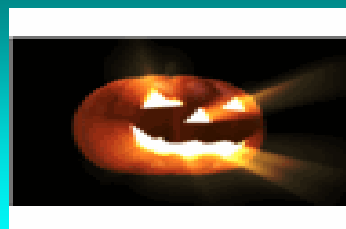
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**Introduction:** *Indian Retail Market is emerging and astonishingly this modern trade format has added another feather to the "India Shining" theme. Chinese and Indian economies are going to be the emerging market in the next decade to be watched out and the entire world would be looking into this market opportunity after the economic melt down started with United States. Compared to the China market, experts are commenting that, Indian market would be more attractive for the foreign companies to enter because of language and culture. This topic discusses about the different areas of this trade formats and possibilities.*

I was talking with a friend few days back, formerly a CEO of a well reputed IT training school now in consultancy and recruitment. He was saying that, India Inc right now having huge demands in retail and banking sector for manpower, previously which is being only seen in the IT & ITES sector. It's the boom time right now. Like any other supply and demand graph the IT and ITES demand is right now slowed down, moreover US slowdown squeezed that job market down in India. Well, its true for the banking segment in US too, then why is such demand is seen in banking sector in India, he couldn't answer this question properly, but one thing for sure, India has got enormous emergence of consumerism and more than 1 Billion populations could become its potential buyers.

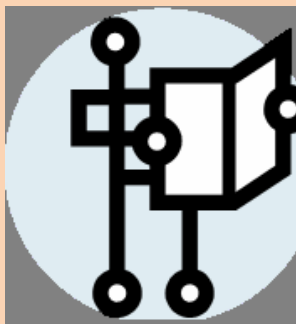
"No power on earth can stop an idea whose time has come" Dr Manmohan Singh, then Finance Minister of India, quoting Victor Hugo while presenting the Union Budget 1994-95, making a reference to the Indian economy's unlimited potential.

If Dr Singh were to use the quote again today, he would probably apply it in the context of the promise contained in the Indian retail industry, and in particular, organized retail in India in the days to come. Retailing in India is currently estimated to be a USD 200 billion industry, of which organized retailing makes up 3 percent or USD 6.4 billion. By 2010, organized retail is projected to reach USD 23 billion.

India is witnessing an unprecedented consumption boom. The economy is growing between 7 and 8 percent and the resulting improvement in income dynamics along with factors like favorable demographics and growth in aspiration consumption are the drivers.

Retailing in India is currently estimated to be USD 200 billion, of which organized retailing (i.e. modern trade) makes up 3 percent or USD 6.4 billion. Organized retail is expected to grow at 25-30 percent p.a., and is projected to attain USD 23 billion by 2010.1 At these levels, organized retail would constitute up to 9 percent of overall retail sales.

**Indian retail** – The right enablers are falling in place. There are multiple factors driving Indian retail growth. With roughly 60 percent of the total population below 30 years of age, favorable demographics are expected to drive consumption across categories. The purchasing power of a young consuming middle class has been talked of considerably since the time of economic liberalization in 1991. However, it is only today that we are witnessing the spending power associated with this consumer segment. For example 50 percent of the cellular phone purchases in the past year were by the under-30



RETAIL INDUSTRY IN  
INDIA

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2. This consumption is expected to continue due to the aspirational nature of spending associated with this consumer segment. Most of the retail malls in India are not yet urbanized and not profitable yet, struggling to get stabilized. Buyers are yet confused about the benefit of a specific mall format and value of a brand and special deal for a special mall. The footfalls are huge though, especially in week ends and malls are slowly becoming meeting points, but conversion is not yet that great proportionate to the entire footfalls. Certainly there's a huge change came into the taste of people and consumer behavior though.

**Role of Formats:-**

In modern trade retailing, a key strategic choice is the format. Innovations in formats can provide an edge to retailers. A study of evolution of the largest retail market in the world, the USA highlights how formats evolved there. Till the 1940s, American retail was primarily centered around the city 'high street' or downtown areas, with an array of independent stores such as department stores, drugstores and coffee shops<sup>1</sup>. Post-World War II, the key demographic trend was migration away from the city-centre towards the suburbs. This led to the emergence of the 'shopping centre', a cluster of outlets in a location offering a range of merchandise catering to most needs of the immediate suburb, offering a range of services offering a range of services from saloons to cafes, newsstands and grocery stores. The 50s saw the emergence of the 'enclosed' shopping mall, providing an end-to-end shopping and entertainment experience from food courts, theatres to shopping outlets.

The last major development in the American retail landscape was the discount stores along the lines of Wal-Mart and Costco. Discount stores are large stores with more than 100,000 sq ft of space situated at a distance from the city-centre or the suburb. Typically these discount chains gain significant market share in a relatively short span of time, and cater to the entire spectrum of household requirements such as grocery, apparel, household goods, do-it-yourself stores, books and even banking services.

Can Indian retailers learn from such experiences and leapfrog to the most successful formats abroad is a key question on everyone's mind. Because, recently IKEA, world's largest furniture retailer, postpones \$1 billion foray into India. In the Chinese market, modern format stores such as hypermarkets and convenience stores have proved to be extremely successful. One of the key enablers for this popularity has been the high level of urbanization in the country.

Another unique factor in these hypermarkets is that they predominantly stock food. They also stock 'fresh produce' alongside groceries to cater to local consumer tastes.

An AC Nielsen survey across seven leading Chinese cities in July 2005 pointed to the popularity of modern formats in China. Up to 46 percent of respondents stated that hypermarkets/ convenience stores made up a significant

part of their overall grocery expenditure, and 66 percent stated that they 'often' visited hypermarkets and convenience stores. In my next article I would discuss about that more vividly.

**Format choices by Indian retailers:-**

The respondents of the KPMG retail survey in India felt that specialty and supermarket format have the most potential for growth in India followed by hypermarkets. Understandably, with poor internet infrastructure (in terms of PC penetration and internet connectivity), e-tailing was identified as a channel with the least potential by most respondents, though personally I feel this would be another emerging area would evolve in India in some time ahead. Similarly, with traditional grocery stores offering an undisputed 'convenience' proposition till now, by virtue of malls these stores are also becoming their customers and still making good margin because of volume discounts, convenience stores may not grow as fast in the Indian context. The war is in-between the manufacturers to reaching end consumers via conventional channels v/s these malls reaching directly to consumers as well as road side grocery stores, sometime with higher mark-ups because of their volume discount facilities with the manufacturers. Here, the interesting calculation I'm explaining. Suppose a manufacturer sets up some product with maximum retail price is Rs.20.

The manufacturing cost is Rs.8, plus other charges ends up Rs.10 at the manufacturing point, which is the distributor buying price. Distributor keeps Rs.2 as margin and forwards the materials to the dealer points at the



Challenges for  
Retail Industries

price of Rs.12. The dealer/retail point would purchase the item at Rs.18 and sales it at Rs.20 keeping 10% margin. So, the Rs.6 is the cost of the manpower, promotion plus some deals in the entire supply chain. Now, suppose a mall buys the item with the distribution price @Rs.12 and sells it to the retailer at the price of Rs.18 and the retailer at the price of Rs.16 it extends value of money in both the points with a discounted pricing. Hence, a grocery shop owner is making more profit and the buyer is also saving Rs.2. The mall owner is making more margin and controlling both the retail point pricing and MRP and manipulating buyer's with the value deals because still he's having volume margin at his hands from the manufacturer.

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Retail Point Price Vs. MRP

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In India too, it may be difficult to transplant a successful international format directly and expect a similar performance. Local conditions and insights into the local buying behavior have to shape the format choice. A good point to note in the retailing industry today is the level of experimentation happening locally in terms of formats. Players like Subhiksha and Metro with Margin Free Markets are providing convenience with discount on goods, while internationally convenience formats typically charge a premium over the market prices.

Similarly, ITC is experimenting with a model which brings together a two way flow of goods in the retail outlet - farmers sell their produce and purchase goods to fulfill their consumptions needs. While the experience of these retailers as they scale up beyond their current geographies may provide new insights and lead to modification or fundamental re-engineering of their formats in future, such experimentation and identification of an appropriate format for the local conditions would differentiate winners from losers in Indian retail market of the future.

### The retail supply chain in India – The weak link

The key imperative facing retailers in India is to have a robust and scalable supply chain that would facilitate rapid growth. One measure of efficient operations is the inventory turns ratio. The US retail sector has an average inventory turns ratio of about 18. The best global retailer like a 7-Eleven has over 50 turns of inventory. Most Indian retailers KPMG surveyed have inventory turns levels between 4 to10. Another metric of efficient supply chain management is the stock availability on the retail shelves.

Global best practice retailers achieve more than 95 percent availability of all SKUs on the retail shelves (translating into a stock out level of less than 5 percent). The stock out levels among Indian retailers surveyed ranged between 5 to 15 percent. Looking at the inventory turns and stock availability metrics, retailers in India clearly need to augment their operations. Clearly retailers in India have a significant catch-up act to do both in supply chain management and adoption of IT. The good point is that retailers can leverage the experiences of international retailers like Tesco, 7-Eleven and Wal-Mart to leapfrog to the latest practices in managing their supply chain and leveraging information technology.

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Companies are constantly trying to find ways to improve performance and warehouse operations is area where supply chain managers can focus to gain maximum efficiency for minimum cost. To get the most out of the operation, a number of best practices can be adopted to improve productivity and overall customer satisfaction. Although best practices vary from industry to industry and by the products shipped there are a number of best practices that can be applied to most companies.

When considering the level of effort involved in warehouse operations, the greatest expenditure of effort is in the picking process. To gain efficiencies in picking the labor time to pick orders needs to be reduced and this can be achieved in a number of ways. Companies with the most efficient warehouses have the most frequently picked items closest to the shipping areas to minimize picking time. These companies achieve their competitive advantage by constantly reviewing their sales data to ensure that the items are stored close to the shipping area are still the most frequently picked.

Warehouse layout is also important in achieve greater efficiencies. Minimizing travel time between picking locations can greatly improve productivity. However, to achieve this increase in efficiency, companies must develop processes to regularly monitor picking travel times and storage locations.

Warehouse operations that still use hard copy pick tickets find that it is not very efficient and prone to human errors. To combat this and to maximize efficiency, world class warehouse operations had adopted technology that is some of today's most advanced systems. In addition to hand-held RF readers and printers, companies are introducing pick-to-light and voice recognition technology.

In a pick-to-light system, an operator will scan a bar-coded label attached to a box. A digital display located in front of the pick bin will inform the operator of the item and quantity that they need to pick. Companies are typically using pick-to-light systems for their top 5 to 20% selling products. By introducing this system companies can gain significant efficiencies as it is totally paperless and eliminates the errors caused by pick tickets.

Voice picking systems inform the operator of pick instructions through a headset. The pick instructions are sent via RF from the company's ERP or order management

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software. The system allows operators to perform pick operations without looking at a computer screen or deal with paper pick tickets. Many world class warehouse operations have adopted voice picking to complement the pick-to-light systems in place for their fast moving products.

Although many companies will not be able to afford new technologies for picking, it is seen here that there are a number of best practices that can be adopted to improve efficiency and reduce cost.

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1

The Indian banking system plays a vital role in the growth and development of the economy. Banking Sector in India has undergone metamorphosis over the years. A “historic” and remarkable event took place in the Indian banking in July 1969, when the Government of India nationalized 14 top commercial banks with deposits of Rs. 50 crores or more. In 1980, again the Government took over another 6 commercial banks.

Another remarkable event took place in the Indian banking system after the Financial Sector Reforms. In order to make Indian banking system economically viable and competitively strong, a series of reformative measures were undertaken by the Government as well as Central Bank on the basis of the recommendations of the Narasimham Committee (submitted report in 1992). Some of the important reformative measures are:

- Deregulation of Interest Rates.
- Introduction of Prudential Norms.
- Entry of new Private Banks and Foreign Banks.
- Abolition of Branch licensing.

The emergence of new private sector banks as well as the entry of new foreign banks in this era has thrown tremendous changes in the form of tough competition among the Indian banks. As a result, cost consciousness, credit management, profitability and overall efficiency have got paramount importance for the survival and growth of banking business. To achieve these, Indian banks are trying to offer more and more new products and services to the customers. Current account, Savings account, Fixed deposits, Recurring deposits are the traditional products for mobilising deposits and Industrial and agricultural loans are traditional loans and advances. Along with traditional products, banks are now giving more importance to the modern innovative products and services. Importance of Retail Banking in this era is an instance of such change.

### 1. Retail Banking

**Retail banking** refers to the dealings of a bank with individual customers both on the liabilities side and on the assets side of the Balance Sheet. On the Liabilities side, bank mobilize several deposits (current, savings, fixed) from different classes of individuals, such as farmers, businessmen, professionals and self-employed, wages & salary earners, money lenders and other individuals.



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On the other hand, retail lending includes housing loans, consumption loans (purchase of consumer durables), educational loans and other personal loans.

As per a study given in **Special Statistics on Banking, EPW, March, 2008**, percentage of total bank credit in retail sector at the end of March 1990 was only 6.4%, it increased by more than 4 times at the end of March 2006 and reached at 27.39% of total bank credit. During this period, the percentage of total bank credit in industry declined significantly from 49% in 1989-90 to 31% in 2005-06. Thus, we can see that banks are giving more importance to retail lending than lending to industry, particularly after 1999-2000.

### 2. Bancassurance

Another product offered by Indian Banking Sector is **Bancassurance**. **Bancassurance** is simply the distribution of insurance products through a bank's distribution channels. Bancassurance in India is a new concept, but is a first gaining ground. Some of the bancassurance tie-ups in India are: ICICI Prudential Life Insurance Co Ltd., HDFC Standard Life Insurance Co Ltd., SBI Life Insurance Co Ltd., Allianz Bajaj Life Insurance Co Ltd. etc.

### 3. Ancillary Services

In recent years, Indian banking sector have also diversified their product baskets and are providing various ancillary services to the customers. Some of these services are: ATM (Automated Teller Machine), Internet Banking, Mobile Banking, Credit Cards/ Debit Cards, Electronic Fund Transfer, International Presence, Electronic Clearing Service (ECE), SMART Card, Electronic Cheque, Cheque Truncation System (CTS), Real Gross Settlement System (RTGS), Centralized Bank System (CBS) etc.

**CONCLUSION:**

All these new products and services are providing by Indian banks to satisfy customers' needs. As the market place became more and more competitive, banks are fighting hard to attract and retain customers. Through new products and services, they are trying to retain their existing customers and attract new once. Because customers are now not attracted by brand name, they are attracted by the service quality of banks.

It is thus clear from the discussion that recent trends in Indian banking are to innovate new products and services to satisfy customers. By satisfying customers banks can retain existing customers and attract new customers. As a result it may

- Increase the volume of Business.
- Reduce cost.
- Improve Asset Quality.
- Improve Profitability.
- Improve the Financial Health of the bank.

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**DEPOSITORY SYSTEM IN INDIA**

Prof. Smita Subhadarshini Sahoo

Technology has changed the face of the Indian stock markets in the post liberalization era. Competition amongst the stock exchanges has lead to increase in the volume of activity. The traditional settlement and clearing system proved to be inadequate due to operational inefficiencies. Hence, there emerged a need to place this traditional system with a new system called the 'Depository System'.

Depository in very simple terms means a place where something is deposited for safe keeping. A depository is an organization which holds securities of a shareholder in an electronic form and facilitates the transfer of ownership of securities on the settlement dates. According to section 2(e) of the Depositories Act, 1996, Depository means a company formed and registered under the Companies Act 1956 and which has been granted a certificate of registration under section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

The depository system revolves around the concept of paperless or scrip less trading because the shares in a depository are held in the form of electronic accounts

That is in **dematerialized form**. This system is similar to the opening of an account in a bank wherein a bank will hold money on behalf of the investor and the investor has to open an account with bank to utilize its services. Cash deposits and withdrawals are made in a bank, in lieu of which a receipt or a bank passbook are given, while in depositories scrips are debited and credited and an account statement is issued to the investor from time to time. An investor in a bank deals directly with the bank, while an investor in a depository deals through a depository participant. An effective and fully developed depository system is essential in maintaining and enhancing market efficiency, which is one the core characteristics of a mature capital market.

**Need for setting up a Depository in India:**

This need was realized in the 1990s due to various reasons.

1. Large scale irregularities in the securities scam of 1992 exposed the limitations of the prevailing settlement system.

3. A lot of time was consumed in the process of allotment and transfer of shares, impeding the healthy growth of the capital market.
4. With the opening up of the Indian economy, there was a widespread equity cult which resulted in an increased volume of transactions.
5. Mounting fiscal deficit made the government realize that foreign investment was essential for the growth of the economy and that was being restricted due to non-availability of depositories.
6. There were various problems associated with dealing in physical shares such as

(a) Problems of theft, fake and/or forged transfers.

(b) Share transfer delays particularly due to signature mismatches and

(c) Paper work involved in buying, selling and transfer leading to cost of handling, storage, transportation, and other back office costs.

To overcome these problems, the government of India in 1996 enacted the Depositories Act, 1996 to start depository service in India. Two depositories have come up to provide instantaneous electronic transfer of securities, viz., **NSDL and CDSL**.

Depository can be in two forms – **dematerialized or immobilized**. In dematerialization, paper certificates are totally eliminated after verification by the custodians. **Dematerialization** is the process of converting the physical form of shares into electronic form. Prior to dematerialization the Indian stock markets have faced several problems like delay in the transfer of certificates, forgery of certificates etc. Dematerialization helps to overcome these problems as well as reduces the transaction time as compared to the physical segment.

In **immobilization**, initial paper certificates are preserved in safe vaults by custodians and further movement of papers are frozen. All subsequent transactions in such immobilized securities take place through book entries. The actual owner has the right to withdraw the physical securities from the custodial agent whenever required by them.

The depository system provides a wide range of service.

- (1) Primary market services by acting as a link between issuers and the prospective shareholders.

(2) Secondary market services, by acting as a link between the investors and the clearing house of the exchange to facilitate the settlement of security transactions of security transactions through book keeping entries.

(3) Ancillary services, by providing services such as collecting dividends and interest reporting corporate information and crediting bonus rights shares and so on.

These services lead to a reduction in both time and cost which ultimately benefits the investors, issuers, intermediaries and the nation as whole.

### Benefits of Depository System:

In the depository system, the ownership and transfer of securities takes place by means of electronic book entries. At the outset, this system rids the capital market of the dangers related to handling of paper. NSDL provides numerous direct and indirect benefits like:

- **Elimination of bad deliveries-** In the depository environment, once holdings of an investor are dematerialized, the question of bad delivery does not arise i.e. they cannot be held "under objection". In the physical environment, buyer was required to take the risk of transfer and face uncertainty of the quality of assets purchased. In a depository environment good money certainly ensures good quality of assets.
- **Elimination of all risks associated with physical certificates-** Dealing in physical securities have associated security risks of theft of stocks, mutilation of certificates, loss of certificates during movements through and from the registrars, thus exposing the investor to the cost of obtaining duplicate certificates etc. This problem does not arise in the depository environment.
- **No stamp duty-** For transfer of any kind of securities in the depository this waiver extends to equity shares, debt instruments and units of mutual funds.

**Immediate transfer and registration of securities** - In the depository environment, once the securities are credited to the investors account on pay out, he becomes the legal owner of the securities. There is no



- further need to send it to the company's registrar for registration. Having purchased securities in the physical environment, the investor has to send it to the company's registrar so that the change of ownership can be registered. This process usually takes around three to four months and is rarely completed within the statutory framework of two months thus exposing the investor to opportunity cost of delay in transfer and to risk of loss in transit. To overcome this, the normally accepted practice is to hold the securities in street names i.e. not to register the change of ownership. However, if the investors miss a book closure the securities are not good for delivery and the investor would also stand to lose his corporate entitlements.
- **Faster settlement cycle** - The settlement cycle follows rolling settlement on T+2 basis i.e. the settlement of trades will be on the 2nd working day from the trade day. This will enable faster turnover of stock and more liquidity with the investor.
- **Faster disbursement of non cash corporate benefits like rights, bonus, etc.** - NSDL provides for direct credit of non cash corporate entitlements to an investor's account, thereby ensuring faster disbursement and avoiding risk of loss of certificates in transit.
- **Reduction in brokerage by many brokers for trading in dematerialized securities** - Brokers provide this benefit to investors as dealing in dematerialized securities reduces their back office cost of handling paper and also eliminates the risk of being the introducing broker.
- **Reduction in handling of huge volumes of paper**
- **Periodic status reports** - To investors on their holdings and transactions, leading to better controls.
- **Elimination of problems related to change of address of investor** - In case of change of address, investors are saved from undergoing the entire change procedure with each company or registrar. Investors have to only inform their DP with all relevant documents and the required changes are effected in the database of all the companies, where the investor is a registered holder of securities.
- 



- **Elimination of problems related to transmission of demat shares** - In case of dematerialized holdings, the process of transmission is more convenient as the transmission formalities for all securities held in a demat account can be completed by submitting documents to the DP whereas, in case of physical securities the surviving joint holder(s)/legal heirs/nominee has to correspond independently with each company in which shares are held.
- **Elimination of problems related to selling securities on behalf of a minor** - A natural guardian is not required to take court approval for selling demat securities on behalf of a minor.
- **Ease in portfolio monitoring** - Since statement of account gives a consolidated position of investments in all instruments.

### Safety:

There are various checks and measures in the depository system to ensure safety of the investor holdings. These include:

- A DP can be operational only after registration by SEBI, which is based on the recommendation from NSDL and their own independent evaluation. SEBI has prescribed criteria for becoming a DP in the regulations.
- DPs are allowed to effect any debit and credit to an account only on the basis of valid instruction from the client.

Every day, there is a system driven mandatory reconciliation between DP and NSDL.

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- All transactions are recorded at NSDL Central System and in the databases maintained by business partners.
- There are periodic inspections into the activities of both DP and R&T agent by NSDL. This also includes records based on which the debit/credit is effected.
- All investors have a right to receive their statement of accounts periodically from the DP.
- Every month NSDL forwards statement of account to a random sample of investors as a counter check.
- In the depository, the depository holds the investor accounts on trust. Therefore, if the DP goes bankrupt the creditors of the DP will have no access to the holdings in the name of the clients of the DP. These investors can transfer their holdings to an account held with another DP.
- The data interchange between NSDL and its business partners is protected by protection measures of international standards such as encryption hardware lock. The protection measures adopted by NSDL are more than what is prescribed in the SEBI Regulations.
- **Freeze Facility:** A depository account holder (beneficiary account) may freeze securities lying in the account for as long as the account holder wants it. By freezing the account, account holder can prevent unexpected debits or credits or both, creeping into its account. The following types of freeze facility available in the NSDL system may be availed of by submitting freeze instruction to the DP in the prescribed form.

- ☐ Freeze for debits only
- ☐ Freeze for debits as well as credits
- ☐ Freeze a particular ISIN in the account
- ☐ Freeze a specific number of securities held under an ISIN in an account.

**Certification in Depository Operations:** NSDL has introduced a Certification Programme in Depository Operations (popularly known as NCFM certification),

and it has been made compulsory for all DPs to appoint a person qualified in this certification in each of its branches. This way, NSDL wants to ensure that each branch of a DP that services investors has at least one person who has thorough knowledge about depository system.

- **Investor grievance:** All grievances of the investors are to be resolved by the concerned business partner. If they fail to do so, the investor has the right to approach NSDL. The investor relationship cell of NSDL would work towards resolution of the grievance.
- **Insurance Cover:** NSDL has taken a comprehensive insurance policy to help DP to indemnifying investors for the loss accrued to them due to errors, omissions, commission or negligence of DP.
- **Computer and communication infrastructure:** NSDL and its business partners use hardware, software and communication systems, which conform to industry standards. Further, the systems are accepted by NSDL only after a rigorous testing procedure. NSDL's central system comprises an IBM mainframe system with a back-up facility and a remote disaster back-up site.
- **Machine level back-up:** The IBM mainframe in which the data is processed has adequate redundancy built into its configuration. There is a standby central processing unit (CPU) to which processing can be switched over to in case of main system CPU failure. The disk has RAID implementation, which ensures that a failure of hard disk will not lead to loss in data. System has spare disk configuration where data is automatically copied from the main disk upon encountering the first failure (due to RAID implementation - first failure does not result in loss of data).
- All network components like router, communication controllers etc., have on-line redundancy and thus a failure does not result in loss of transaction.
- **Disaster back up site:** A disaster back up site equipped with a computer identical to the mainframe computer & computing resources has been set up at a distant location about 175 km

- away from Mumbai. The depository operations are often switched between the computing resources at Mumbai office and disaster back up site to ensure that the disaster site is always operational.
- **Back-up in case of power failure:** Continuity in power supply to the main systems is assured by providing for;
  - Dual uninterrupted power supply (UPS) for IBM-Mainframe and related components wherein the two UPSs are connected in tandem. In case of failure of primary UPS, the secondary UPS takes over instantaneously and thus, there is no interruption in operation, and
  - Back-up diesel generator sets.
- **Periodic Review:** The NSDL hardware, software and communication systems are continuously reviewed in order to make them more secure and adequate for the size of business. These reviews are a part of an ongoing exercise wherein security considerations are given as much importance as operational efficiency.

### Functions of Depository

**Dematerialization:** One of the primary functions of depository is to eliminate or minimize the movement of physical securities in the market. This is achieved through dematerialization of securities. Dematerialization is the process of converting securities held in physical form into holdings in book entry form.

**Account Transfer:** The depository gives effects to all transfers resulting from the settlement of trades and other transactions between various beneficial owners by recording entries in the accounts of such beneficial owners.

**Transfer and Registration:** A transfer is the legal change of ownership of a security in the records of the issuer. For effecting a transfer, certain legal steps have to be taken like endorsement, execution of a transfer instrument and payment of stamp duty. The depository accelerates the transfer process by registering the ownership of entire issue in the name of the depository. Under a depository system, transfer of security occurs merely by passing book entries in the records of the depositories, on the instructions of the beneficial owners

**Corporate Actions:** A depository may handle corporate actions in two ways. In the first case, it merely provides information to the issuer about the persons entitled to receive corporate benefits. In the other case, depository itself takes the responsibility of distribution of corporate benefits.

**Pledge and Hypothecation:** Depositories allow the securities placed with them to be used as collateral to secure loans and other credits. In a manual environment, borrowers are required to deliver pledged securities in physical form to the lender or its custodian. These securities are verified for authenticity and often need to be transferred in the name of lender. This has a time and money cost by way of transfer fees or stamp duty. If the borrower wants to substitute the pledged securities, these steps have to be repeated. Use of depository services for pledging/hypothecating the securities make the process very simple and cost effective. The securities pledged/hypothecated are transferred to a segregated or collateral account through book entries in the records of the depository.

**Linkages with Clearing System:** Whether it is a separate clearing corporation attached to a stock exchange or a clearing house (department) of a stock exchange, the clearing system performs the functions of ascertaining the pay-in (sell) or pay-out (buy) of brokers who have traded on the stock exchange. Actual delivery of securities to the clearing system from the selling brokers and delivery of securities from the clearing system to the buying broker is done by the depository. To achieve this, depositories and the clearing system should be electronically linked.

### Depository System - Business Partners:

NSDL carries out its activities through various functionaries called "Business Partners" who include Depository Participants (DPs), Issuing companies and their Registrars and Share Transfer Agents, Clearing corporations/ Clearing Houses of Stock Exchanges. NSDL is electronically linked to each of these business partners via a satellite link through Very Small Aperture Terminals (VSATs) or through Leased land lines. The entire integrated system (including the electronic links and the software at NSDL and each business partner's end) is called the "NEST" [National Electronic Settlement & Transfer] system.

### ◆ Depository Participant (DP):

The investor obtains Depository Services through a DP of NSDL. A DP can be a bank, financial institution, a custodian, a broker, or any entity eligible as per SEBI (Depositories and Participants) Regulations, 1996. The SEBI regulations and NSDL bye laws also lay down the criteria for any of these categories to become a DP.

Just as one opens a bank account in order to avail of the services of a bank, an investor opens a depository account with a DP in order to avail of depository facilities. Though NSDL commenced operations with just three DPs, Depository Participant Services are now available in most of the major cities and towns across the country.

### ◆ Issuing Companies/ their Registrar & Transfer Agents :

Securities issued by issuers who have entered into an agreement with NSDL can be dematerialized in the NSDL depository. As per this agreement, issuer agrees to verify the certificates submitted for dematerialization before they are dematerialized and to maintain electronic connectivity with NSDL. Electronic connectivity facilitates dematerialization, rematerialization, daily reconciliation and corporate actions.

### ◆ Clearing Corporation / House:

The clearing corporations/houses of stock exchanges also have to be electronically linked to the depository in order to facilitate the settlement of the trades done on the stock exchanges for dematerialized shares. At present, all the major clearing corporations/houses of stock exchanges are electronically connected to NSDL.

The following stock exchanges have linked up with NSDL to facilitate trading and settlement of dematerialized securities:

- Madras Stock Exchange Ltd. (MSE)
- National Stock Exchange of India Ltd. (NSE)
- Inter-connected Stock Exchange of India Ltd. (ISE)
- OTC Exchange of India (OTCEI)

- The Calcutta Stock Exchange Association Ltd. (CSE)
- The Delhi Stock Exchange Association Ltd. (DSE)
- The Stock Exchange, Mumbai (BSE)
- The Stock Exchange, Ahmedabad (ASE)

### Conclusion:

Depository system is playing a significant role in stock markets around the world and hence has become popular and prevalent in many advanced countries making trading process easier and faster.

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Nobody's memory is infallible. Yet, there is a marked difference across individuals with respect to the quantity and quality of successful retrieval. Hence different people have different types of attitude, interest and aptitude. Thus, they display a very high rate of success in some areas whereas they fail miserably in other sectors. The term memory does not refer to a single entity. It refers to a number of interactive systems in the brain which is illustrated by different types of memory complaints.

Understanding the human memory process becomes easy if one is able to understand the memory process of a computer. According to Randall O' Reilly, Professor in Psychology, University of Colorado, a region of human brain that is critical to human intellectual abilities functions much like a digital computer but at the same time he also says that the human brain though not a carbon copy of a computer but most of its aspects functions like certain computer components. The brain as a whole operates like a social network with neurons communicating to allow learning and the creation of memory. A similar condition is also found in the computer. Thus, this paper makes a comparative study of memory in computer and in human beings.

## Human Memory

Memory refers to the processes that are used to acquire, store, retain and later retrieve information. Psychological research on memory has a rich tradition, dating back to late 19th century in Europe. By the 1960s, computer advances and the cognitive revolution in psychology led to a new metaphor that continues to guide memory research on computer and individual memory. The way human memory remembers information is similar to the way a computer does. In Psychology, the theory of memory involves three major processes: encoding, storage and retrieval.

**Encoding:** It refers to getting information into the system by translating it into a neural code that the brain processes. In other words, we can say that in order to form new memories, information must be changed into a usable form, which occurs through the process known as encoding.

**Storage:** Once information has been successfully encoded, it must be used stored in memory for later use. Much of this stored memory lies outside of our awareness most of the time, except when we actually need to use it.

That means storage involves retaining information over time.

**Retrieval:** It refers to processes that access stored information. In a true sense retrieval locates and accesses specific information when it is needed at later times.

## Computer Memory:

A computer is a programmable electronic device that:

- accepts the data through an input device
- stores the data in its memory
- performs operations on those data based on the instructions stored in its memory
- produces a desired result using an output device.

From the above definition, it indicates that a computer system possesses a storage unit referred to as memory. The data or instructions that are entered into the computer system through input units (stimulus) have to be stored inside the memory before actual processing starts. It also stores some temporary data or information and desired result after processing as well.

As we have discussed earlier, a memory has three processes. A computer memory also has the same processes such as encoding, storing and retrieving.

**Encoding:** Unless until the data is fed into the computer using its input devices such as keyboard and mouse, it is unable to store data in the memory. It seems that the given data directly goes to the computer memory but it is absolutely wrong. In between the input device and memory another unit exists which is known as input interface. This particular unit converts input data into the binary codes (0's and 1's) that the primary memory of the computer is designed to accept.

**Storing:** Technically a computer memory is a collection of storage cells (registers) together with the necessary circuits to transfer information to and from them. It is also known as main memory. It has limited storage capacity. It is very expensive. It holds information only while the computer is on. Otherwise the information automatically disappears unless until you store it. It does the following functions:

- ❖ Holds data in input storage area.

- ❖ Holds final processing results in its output storage area.
- ❖ Holds the processing instructions in program storage area.
- ❖ Holds intermediate processing results in working storage area.

**Retrieving:** Once the data or information (processed data) is stored in the memory in a file, later it can be accessed for use as per our requirement. It can be seen on the computer screen or can be taken as printouts or can be sent to anybody over net. To do all these activities, it requires some processes to be invoked.

### Comparison between human memory and computer memory

Atkinson & Shiffrin (1968) had developed a model which is known as "Three Stage Model". In this model, they classify it into three categories such as Sensory Memory, Short-Term Memory and Long-Term Memory.

**Sensory Memory:** First of all, to form a memory information is needed. For humans, sensory information is processed by our senses. What we see, hear, touch, smell and taste contributes to this. These are all referred to as stimuli. Whichever organ picks up that stimulus, whether it is our tongue, eyes, ears, nose, or skin, sends an electrical signal to our brain through the nervous system of the body. In computers, these stimulus sensing organs are the mouse and the keyboard. They are used to input information, which is sent to the "brain of the computer". In both the cases, the sensory organs play a vital role for storing data.

**Short-Term Memory:** It holds relatively small amounts of information for brief periods of time, usually thirty seconds or less. Sensory memory is characterized by the duration of memory retention from milliseconds to seconds and short-term memory from seconds to minutes. Information isn't very important. So, after that given time, the unneeded information is forgotten, and the things we need to remember are encoded into long-term memory. The computer's version of short-term memory is called RAM, or Random Access Memory. Like humans, it can only store a certain amount of information. It is volatile in nature. This memory holds data temporarily because it requires a continuous flow of electrical current. If current is interrupted, data is lost

ata is lost

But the recent study by cognitive scientist, (Baddeley, 2002), reveals that short-term memory can be treated as working memory. In computer science, the main memory is also known as working memory because unless and until the data or information is stored in the main memory, working on those data becomes impossible. Though everything is stored in the main memory, actually the CPU which is known as Central Processing Unit manipulates the data.

**Long-Term Memory:** Memories that endure outside of immediate consciousness are known as long-term memories. They may be about something that happened many years ago. Rehearsal seems to facilitate transfer of data from short-term to long-term memory. Whereas, in general stored information can be retrieved in a period of time which ranges from days to years; this type of memory is called *long-term memory*. For example, the date of birth of a person, the division awarded to a student, name of the city and state one belongs to etc. are remembered for whole life by long term memory. Computers, on the other hand, have what is called hard disk memory. Things stored in the hard disk remains intact until the computer is active and functional. Now-a-days many types of long term memories are available like CD-ROM, Pen Drive etc.

### CONCLUSION

The human memory has got the ability to think, dream, invent etc without any assistance. But the computer memory cannot think independently and need external assistance to do all the works even though it has got a large memory size. The human being can express its emotions whereas the computers lack these abilities. Researchers at Columbia University are combining the processing power of the human brain with computer vision to develop a novel device that will allow people to search through images ten times faster than they can on their own.

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## IPL SUCCESS STORY IN GLOBAL RECESSION

Prof. Rajkamal Verma

2

I had visited Mumbai in 2008 to attend Asia Brand Congress which was held on 25<sup>th</sup> September & 26<sup>th</sup> September 2009. In my industrial life the seminar and conferences were mostly related with age old issues and most of the time when we return to our job we found that there is nothing which could be said value addition to solve our day to day problem in the industry. As an academician this was my first participation in the congress which was attended by the top brass of the Indian Industries as well abroad. The congress was started with the presentation of Prof. Nirmalya Kumar, Professor of Marketing, Harvard, IMD, London Business School. I was enjoying the seminar by enriching my knowledge as well as information. In evening Mr. Lalit Modi, BCCI Vice President and Chairman & Commissioner of IPL was invited to deliver the speech and receive the award of "Brand Builder of the year".

I had an opportunity to interact with Mr. Modi in the congress which was organized at Taj Lands End, Mumbai. He was a very simple man with general behaviour who never wanted much attention from media. I asked him what prompted you to start this IPL where we had already ODI and 5-day test match profile. His reply was very simple that he wanted to add new horizon in the cricket by introducing 20 over's match concept with maximum satisfaction to the players, cricket fans, hotel industry, aviation industry, sponsors, television channel and travel companies. Due to recession the market was dull and Mr. Modi was successful in giving 100%

satisfaction to all stake holders. Surprisingly there was none in the beneficiaries in the IPL who has complained against their share of profit.

The entire credit goes to the marketing abilities of Mr. Modi who created such a movement in the cricket world which has crossed the boundary lines among players from different countries in one team. Now we are going to see the entire story of IPL who has given an idea that there is nothing in the world which can not be marketed if your innovative ideas are going to take care of all concerned partners. Mr. Modi got support not in India only but also from South African government. In South Africa this was just like a carnival type of enthusiasm and people enjoyed like a festival.

The **Indian Premier League** is a Twenty20 cricket competition created by the Board of Control for Cricket in India (BCCI) and chaired by the Chairman & Commissioner IPL, BCCI Vice President Mr. Lalit Modi

(2) Mr. Modi who graduated in Marketing from Duke University .He was listed among India's 20 most powerful people by India Today magazine. He anticipated that how this popular game will be encashed by giving benefit to all connected segments. The first season of the Indian Premier League commenced on 18 April 2008, and ended on 1 June 2008 with the victory of the Rajasthan Royals against Chennai Super Kings.

As the second season of the IPL coincided with multi-phase 2009 Indian general elections, the Indian Central Government refused to provide the Indian paramilitary forces to provide security, saying the forces would be stretched too thinly if they were to safeguard both the IPL and the elections. As a result, the BCCI decided to host the second season of the league outside India. All 59 matches of the second season, abbreviated as IPL 2, took place in South Africa. Ironically, South Africa were also scheduled to have elections during the IPL, however, the South African government provided adequate security for both the South African General Elections and the IPL.

### Television rights and sponsorships

The IPL is predicted to bring the BCCI income of approximately US\$1 billion, over a period of five to ten years. All of these revenues are directed to a central pool, 40% of which will go to IPL itself, 54% to franchisees and 6% as prize money. The money will be distributed in these proportions until 2017, after which the share of IPL will be 50%, franchisees 45% and prize money 5%. The IPL signed up Kingfisher Airlines as the official umpire partner for the series in a Rs. 106 crore (1.06 billion) deal. This deal sees the Kingfisher Airlines brand on all umpires' uniforms and also on the giant screens during third umpire decisions.

### Television rights

Now a days most of the people can't afford to go personally and watch all matches in India or abroad. It requires time and money both and this is the gap where consumers(spectators) can receive maximum satisfaction through the service. This has been transformed into television rights which was purchased jointly by Sony Entertainment Television and World Sport Group. These two secured the global broadcasting rights of the Indian Premier

League and consumer enjoyed lot of entertainment through watching these matches at their homes with family members .

The record deal has a duration of ten years at a cost of US \$1.026 billion. As part of the deal, the consortium will pay the BCCI US \$918 million for the television broadcast rights and US \$108 million for the promotion of the tournament. This deal was challenged in the Bombay High Court by IPL, and got the ruling on its side. After losing the battle in court,

Sony Entertainment Television signed a new contract with BCCI with Sony Entertainment Television paying a staggering Rs. 8700 crores (87 billion) for 10 years.

20% of these proceeds would go to IPL, 8% as prize money and 72% would be distributed to the franchisees. The money would be distributed in these proportions until 2012, after which the IPL would go public and list its shares. Sony-WSG then re-sold parts of the broadcasting rights geographically to other companies.

### TRP OF IPL 2008 & 2009

According to the data, the top advertisers on SET MAX so far have been telecom service providers including Vodafone and Bharti Airtel, Hyundai Motors, Hindustan Unilever, Coca-Cola, Havell's and Pepsi.

Now we can say that it is never too late to capture a market if you have a better performing brand like IPL. It just has to be new, different, and better. Being remembered is an advantage but it is more important what the brand is remembered for. IPL is successful because of strategic innovation which has Valued Customer, Valued Proposition and Value Network. IPL has positioned its brand with strong values and commitments. This was the reason that SET paid staggering amount to BCCI. In the mid-20th century many management philosophers like Peter Drucker, believed that the purpose of a business is to create a satisfied customer. They were of the opinion that profit is not the objective, but the reward. This opinion was formed under the assumption that a satisfied customer is willing to pay the firm well for its products and services as the customer would find 'Value' in them. The value will be created for the shareholders in the form of profit, when the customer pays the firm a price that is greater than the entire cost that the firm itself had paid for its product offering. Thus the value of IPL is created in the marketplace by the cricket lovers and got no impact of global recession.

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Management, in its broadest sense, is defined as "getting things done through and with people". The most important focus of management is said to be 'man management'. Based on empirical studies of employees, theories that were developed and are the basis for Western management, have found acceptance all over the world, including India. However, in applying these theories to the Indian setting, certain adjustments were made in order to accommodate for differences in culture.

India has many sources of ancient wisdom. The Vedas, a collection of ancient scriptures (Rig, Yajur, Sama and Atharva), the Upanishads, Puranas and Ithihasa, 'Bhagavad Gita', and the epics 'Mahabharat' and 'Ramayana' all contain many nuggets of management principles and practices. The wisdom inherent in these scriptures can be extended and applied to current Indian management problems and especially to fine tune and adjust western thoughts to an Indian setting. The concept of ancient Indian Management can be summarized in the following points:

1. A wise man should know all the negatives behind the positives. Otherwise he will get trapped like a fish get hooked in the hook used with the food.
2. Take whatever can be afforded and never grab/ take more than that.
3. Try to learn whatever can be understood and teach whatever is understood and practice whatever is taught.
4. Like the food after digestion gets absorbed and nourishes the body whatever is learned should nourish the wisdom.
5. Those who collect the raw fruits will not be in a position to understand the sweet taste of the matured fruit hence wait and collect the fruitful and useful matured fruits of knowledge.
6. Remember that a fully matured fruit can also give the seed but not an immature fruit.
7. From a mature fruit one can get the nourishing sweetness and the seeds for further propagation of the plant. This should be the attitude towards every action.

8. Like the bees take the honey from the flowers without destroying the flowers, the king should collect taxes from the people without troubling them.
9. Like the flower merchant makes the garland without spoiling the flowers, the king should use the taxes collected from the people for the good purpose without wasting the money.
10. Like a man makes charcoals by collecting the wood from the trees without destroying the tree, the king should collect money without destroying the sources.
11. A manager should think deep what are the benefits, problems, demerits, of doing something or not doing the same before doing something.
12. He should know that some of the works cannot be undertaken at all. If at all undertaken one cannot continuously pursue the same, it may not have many benefits also, those types of works should not be undertaken.
13. Happiness of some people may not have any use at all, like that his unhappiness / anger /sorrow /..may also not have any merits also. Never accept such people as the guardians.
14. A wise should start such type of work which need less money to invest and fetches more profit from the venture.
15. He should also see that such ventures should not become a failure.
16. A leader who treats all his colleagues equally, even if the leader keeps quite doing nothing, the followers may pardon him.
17. A leader should be like a tree even if not producing seeds but flowering , even if not possible to pluck but producing the fruits, even if not giving good fruits but showing the color of fruits. That leader can 'somehow survive' without much trouble.

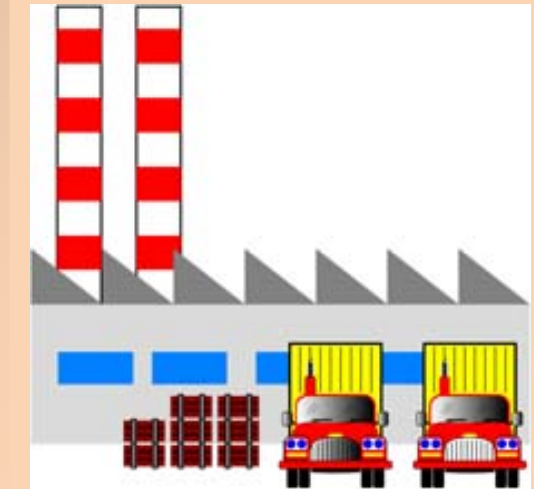
18. A leader should entertain and make happy his followers through words, sight, thoughts and by deeds, that leader can remain happy for ever.
19. A leader should never create a fear psychosis in his followers even if the leader is the most capable man, the followers will hate the leader quickly. This is like a deer is afraid of a hunter.
20. A leader who practices adharmic method destroys his own prosperity by doing so.
21. The manager should practice all the good precedence followed by the predecessors.
22. He should see that the progress and prosperity attain steadily and systematically within the specified time.
23. Never forget to practice the dharmic activities and if any lapse occurs in the practice of dharma, the system will collapse.
24. Ultimate aims of a king /manager is to see that his system /institute /organization becomes prosperous even when competing with other organizations.
25. All the positive activities performed by the manager will protect the manager and his organization /country.
26. Accept good suggestions even from a mad man, or from a baby or even a drunkard.
27. This is like producing the gold from the gold minerals which contains stones and soil in them.
28. A scholarly leader /king should listen to others' suggestions and take whatever are relevant for them after carefully analyzing them.
29. This is like collecting the paddy grains from the paddy field after the harvest.
30. Always remember that cows identify the things through smell, the scholars through Vedas, the king find out the truth /facts through the spies and the common men through their eyes.

31. A restless cow suffers a lot during milking, where as a calm stabilized cow enjoys during milking, like that a leader should be stabilized and calm when serving others.
32. A metal which bends easily need not be heated and beaten, like that a manager who accommodates and adjusts will not face troubles.
33. The branches of the tress carrying fruits when bends automatically , never face problems from the fruit pluckers, where as other trees when stands erect without binding suffers problems, like that a leader should give good to others without creating problems.
34. A great and wise man should always bow his head and extent helping hands to the poor and needy for helping them, this should be learned from the above examples.
35. The cows are protected by the plants and grass, the king is protected by the ministers, the wife is protected by the husband and the scholars are protected by their knowledge.
36. Dharma is getting protected by truths/ facts/ essences (satyam).
37. By the continuous application (experience) the knowledge gets protected.
38. By keeping things clean, the beauty gets preserved and protected.
39. By charity the whole family and clan get protected gloriously.
40. By serving anything with proper measurements they get protected, by proper exercises the health of the horses get protected, and by taking care of the cows, they get protected.....so do always the needful for the protection and preservation all the good things.
41. Even if the clan /family of a fellow who practices adharmic is great, that fellow will never become great.

42. Even if borne in a low family, if one has dharmic principles, he will become noble and respectable.
43. The person who always think about others' money, beauty, power, quality, luck, happiness, royal behavior and worry about them, that is dangerous and incurable disease .
44. Those who are not doing what they can do should be kept away from us.
45. Those who are trying to do the impossible things should also be treated in the same way.
46. Those who disclose all the details/secrets before achieving the goal should also be dealt with carefully.
47. The common men become crazy due to the ego generated due to high level of knowledge, money and power . But these three produce humility and simplicity in scholars/ noble men.
48. Due to some situation or by compulsion, if good men request something from the bad men, then the latter start thinking that they are also good.
49. The common men, good men, bad men all have to depend upon the good men only.
50. Those who have dressed in costly apparel will shine in the group, those who have enough money will enjoy life, those who have a vehicle will conquer the path/ roads easily and those who are noble in nature will conquer all the above....

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#### NEWS

ASBM Hyderabad Unit has started functioning. Its formal PGP inauguration has taken place on dated: 7<sup>th</sup> October 2009.

From dated: 15<sup>th</sup> October 2009 the Hyderabad Unit has started scheduled classes of PGPM first batch.





### **INVITATION TO CONTRIBUTE ARTICLES**

Papers from different areas are invited for forthcoming issues. All the articles must reach the editor latest by 30<sup>th</sup> of the month. Inclusion of an article into the journal is subjected to approval of the editorial board.

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