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PACIFIC INSTITUTE OF MANAGEMENT

PACIFIC NEWSLETTER

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PIM : Ranks No.1 among the self financing management institutes in Rajasthan after Jaipur

Pacific Institute of Management complements the R-MAT aspirants for giving first preference to PIM among the private institutes after the institutes of Jaipur. By virtue of excellent teaching learning environment the PIM's cut off was at 2059, while the second institute in the town had a cut off at 4915, much far off in the first counseling.

Visit of Union Minister of Textile, Shri Shankar Singh Baghela

In continuation of our Decca-Anniversary celebrations, yet another notable visitor was Shri Shankar Singh ji Baghela, Union Minister for Textile. On 18 August 2008, the Minister, visited the institute. He deliberated on the emerging issues and challenges in textile industry and the export prospects of the Indian textile market in the global economy.



Interactive Faculty Development Programme on Teaching skills, Pedagogy & Research Methods : A Successful Endeavour

PIM organised a successful **three day faculty development programme** from 18-20 July, 2008 to expose, enrich & equip the faculty members and research scholars of business schools, commerce, social sciences etc. with emerging teaching skills, practices, pedagogy, research methods etc.

The first session on 18 July, 2008 began with **Prof. B.P. Sharma**, Director, PIM addressing the participants on **effective learning and teaching**. The pre-lunch session was on **research methodology** by **Prof. G.M.K. Madnani**. The post lunch session witnessed an interesting interaction on effective use of **cases and caselets** by **prof. S.K. Vyas**, HOD, Dept. of Management and Technology, College of Engineering, Bikaner. The final session of the day concluded with **Dr. Leela Vyas**, Head, Department of English, College of Engineering, Bikaner **imparting techniques and skills of impressive presentations**.

The second day began with **deliberations on case study** by **Dr. G. Soral**, Professor and Head, Dept. of ABST, UCCMS, MLSU. In the next session, **Prof. G.M.K. Madnani** threw light on **hypothesis and their testing**. The post lunch session was an exciting, lively and interactive session of simulated management game by **Dr. Uttam K.** from Bijapur, Karnataka. On the final session of the second day, the participants gave their presentations and views on different aspects of teaching and student development programmes. The participants were **Ms. Stuti Kaushik** from Maharaja College, **Dr. Kumudini Chavaria**, Joint Director, Officers Training School, **Dr. Ira Bhatnagar** from Officers Training School, **Ms Preeti Solanki** from ICFAI, **Mr. Amit Dashora** from UCCMS etc. **Dr. Arun Zacharia**, Ex. Vice- Principal BNPG College, Udaipur was the observer for this session.



The first session on the third day began with **Dr. Pramod Paliwal**, from **Institute of Petroleum Management, Gandhinagar**, deliberating on **experiential learning**. He made the session lively and interactive through a simulated game play on the stock market. The post lunch session was on the importance of **e-teaching & learning**. The resource person was **Dr. Nityesh Bhatt** from Nirma Institute of Management, Ahmedabad.

During the final session **Dr. P.K. Dashora**, a renowned name in the field of statistics and **member RPSC**, addressed the participants on **scaling techniques & psycho-analytical tools**. **Dr. P.K. Dashora** also distributed the certificates to all the participants. Finally the programme concluded with **vote of thanks** by **Mr. Shivoham Singh**, Assistant Professor PIM, the organising secretary of the FDP. The three day programme was **convened** by **Ms. Amitha Singhvi**, Assistant Professor, PIM.

: Views of participants :

Dr. Ira Bhatnagar, Lecturer, OTS

"Simply Excellent ! Look forward to more such happenings....."

Mrs. Kumudini Chavaria, Joint Director, OTS

"The faculty development programme was very well structured, organised and planned. The speakers were well prepared and masters in their respective subjects"

Martin Onsira Ronald, Research Scholar

"This is an outstanding programme because it is beneficial to young research scholars as well as teachers. More such programmes should be organised in future.

Gaurav K. Joshi, Student, "Fantastic"

Faculty Development Workshop on Enhancement of IT Skills



A three day workshop on enhancement of IT skills for the faculty members was held from 18-20 August, 2008. On the first day the faculty members were updated with the use of internet. On the second day the faculty members were familiarised with the use of excel. The use of computers in research was also demonstrated. On the last day the faculty members were initiated with the use of printers, smart cards and barcodes. Techniques used in advanced power point presentation were also demonstrated. The resource persons were **Mr. Shanker Choudhary**, Associate Professor PIM & **Mr. Ali Yawer Reha**, System Analyst PIM.

Inaugural of Summer Training Presentations :

On 26 August 2008 a 15 day Summer Training Project Presentation programme was inaugurated. The students completed a rigorous 45 day practical training in the various fields of finance, marketing, HR etc. in the industry This training enables them to get an actual exposure of the industry and the corporate world.

The Chief Guest on the occasion was **Mr. Virendra Siroya, Chairman Udaipur Chamber of Commerce and Industry**. Speaking on the occasion Mr. Siroya appreciated the efforts of the students and stressed on the need for such training programmes. He also assured **full support of UCCI** and extended an open invitation to the students for all programmes and seminars of UCCI. He also said the UCCI would join hands with PIM to carry out **research projects** beneficial both for the students & the society. **Mr. Shivoham Singh**, Assistant Professor, PIM gave an overview of the project presentations. **Mr. Shankar Choudhary**, Associate Professor PIM gave the vote of thanks. **Ms. Asha Gaur**, convened the programme.



One Week Workshop on Communication Skills.

To enhance the communication skills of students, a one week workshop was organised from 25-30 August 2008 for the students of PIM. The resource person was **Dr. Arun Zacharia, Ex. Vice-Principal BNPG College, Udaipur**. Apart from imparting training on enhancement of **communication skills**, Dr. Zacharia also gave an insight of **phonetics** to the students.

He emphasised on improvement of **writing skills** especially **writing letters and preparing resumes**. He conducted **group discussions** by forming small groups so as to increase the confidence level and expression power of the students. It was an interactive and informative workshop for the students.

Mutual Faculty Enrichment Workshop

To enrich and update the faculty with latest developments in the field of management and current issues, PIM organises a 15 day faculty enrichment workshop twice a year for its faculty members. Presentations by the faculty members was held on various emerging and contemporary management issues. Group discussion on various topics also formed a part of the workshop. This workshop was held from 21 July to 14 August.



Independence Day Celebrations

PIM celebrated the 62 independence day of the country with zeal & enthusiasm. The tricolour was hoisted by the chief guest, Dr. Ajit Gupta, President, Rajasthan Sahitya Academy. The eminent personalities present on the occasion were Prof. R.K. Aeron, Principal, Pacific Institute of Technology, Dr. Indrajeet Singhvi, Director, Pacific College of Pharmaceutical Sciences, Dr. N.N.G. Mathur, Principal, Pacific College of Teachers Education, Dr. N.K. Dhing, Director, Pacific College of Commerce, Prof. K.K. Saksena, Director, Pacific Institute of Management & Technology, Mr. K.L. Sahlot, Registrar PAHER etc. A short and sweet cultural programme was organised in the memory of the freedom fighters.

Prof. B.P. Sharma, Director PIM welcomed the chief guest. Prof. Aeron gave the presidential address while Dr. N.N.G. Mathur thanked the guests. The programme was convened by Dr. Harshita Shrimali and Ms. Sarita Jain



Dignitaries lighting the lamp on the Independence day.



Prof. R.K. Aeron welcoming Dr. Ajit Gupta



Dr. Uttam K. conducting a simulated management game



Dr. Leela Vyas giving a presentation



Dr. Pramod Paliwal sharing experiential learning



Dr. S. K. Vyas discussing cases & caselets

Workshop on Quantitative Affiliation Process

On 19 August, 2008 a one day workshop on "Quantitative Affiliation Process" was organised in the institute. The workshop was conducted by the PIM and a team of experts from Rajasthan Technical University, Kota. The purpose of the workshop was to familiarise the participants with the new online affiliation process of RTU, Kota. This process will also enable the ranking of management institutes as per their merits. The chief guest of the workshop was Mr. B.K. Karecha, General Manager BSNL.

Dr. N.K. Jaiman, Director (Academics) RTU Kota deliberated on "The New Affiliation Process". Dr. Sandeep Parashar, Dy. Director (Academics) RTU Kota, gave detailed information relating to "Formats, Affiliation Fee, Administration and branch related fields of the firm"

In the post lunch session Dr. Ranjan Maheshwari, Dy. Director (Academics) RTU Kota, addressed the participants on "Central resources, resource sharing unaffiliated courses, feedback and indexing. The session was then open to queries from the participants. More than 70 faculty members & directors from about 30 Management Institutes, Hotel Management & Engineering Institutes from Udaipur region took part in the workshop. Prof. B.P. Sharma, Director PIM welcomed the guests. Dr. N.K. Jaiman gave the vote of thanks. The workshop was convened by Dr. Harshita Shrimali, Associate Professor PIM.



Risk Taking : The Need

It is true that risk exposes a business to potential losses, but it also provides the business with opportunities. A simple vision of successful risk taking is that the business should expand its exposure to upside risk while reducing the potential for downside risk. The value of a firm is the present value of the expected cash flows, discounted at a risk-adjusted rate. The value derives from four fundamentals: the cash flows from existing investments, the growth rate in these cash flows over a high growth period accompanied usually by excess returns on new investments, the length of this high growth period, and the cost of funding both existing and new investments. In this context, the effects of risk taking can manifest in all of these variables:



- ▶ The cash flows from existing investments reflect not only the quality of these investments and the efficiency with they are managed, but also the consequences of past decisions made by the firm on how much risk to take and in what forms. A firm that is more focused on which risks it takes, which one it avoids, and which ones it should pass to its investors may be able not only to determine which of its existing investments it should keep but also generate higher cash flows from these investments. A risk-averse company that is excessively cautious when investing will have fewer investments and report lower cash flows from those investments.
- ▶ The excess returns on new investments and the length of the high growth period will be directly affected by decisions on how much risk to take in new investments and how well risk is both assessed and dealt with. Firms that are superior risk takers will generate greater excess returns for longer periods on new investments.
- ▶ The relationship between the cost of capital and risk taking will depend in large part on the types of risks the firm takes. While increased exposure to market risk will usually translate into higher cost of capital, higher firm-specific risk may have little or no impact on the cost of capital, especially for firms with diversified investors. Being selective about risk exposure can minimize the impact on discount rates.

The final and most complete measure of good risk taking is whether the value of a firm increases because of its risk taking. That, in turn, will be determined by whether the positive effects of the risk taking – higher excess returns over a longer growth period – exceed the negative consequences – more volatile earnings and a potentially higher cost of capital. Good risks create significant upside and limited downside.

ANIL JAIN, M.B.A Part II (Finance)

Mergers and Acquisitions : Making the System Work In Banking Sector

Merger and Acquisition is an important phenomenon in today's world. As we are aware that Indian Companies have started to develop themselves inorganically by acquiring not only Indian companies but they have also acquired few large/big companies overseas. In real sense they want to become so big that no one can eye on them. Merger is the result of many factors which are prominent in few sectors. We have seen frequent mergers in information technology and steel sectors because they need to grow to maintain substantial growth rate.

In case of banking sector presently they are growing at a rapid pace and their organic growth is much more than the growth rate of other Industries. So, in this context it appears that we don't require inorganic growth. But we know that such type of growth is not sustainable. At the other side we are having too many banks; so there is scope/need of consolidation.



Since the last decade, banks are under the process of total branch automation which has resulted in smoothening of work at branch level and data processing have become easier at bank level although many banks who have large number of branches but due to use of CBS technology they appear to be small entity. In this way managing a bank appears to be easy. But there are some factors which should induce mergers of the banks. Few of the factors are narrated here under:-

- a) **Size of the Bank:** In comparison to large bank of other countries even State Bank of India, appears to be small. In Fortune Magazine, in the list of 500 large companies of the world; only 6(six) Indian companies are featuring out of which one of the largest banks in India is able to make an entry at 498th place. Then how other bank's position can be? This factor induces banks to merge to form big banks with large network.

- b) **Competition among Banks:** There is an undue competition amongst the banks by which neither the Customers nor the Banks are benefited. In order to avoid such unnecessary competition and induce healthy competition it is advantageous to merge. Big banks will have healthy competition with large banks leading to the real growth. So the factor of competition between the banks also suggests going for the mergers and acquisitions.
- c) **Branch Network of Banks:** A number of branches of different banks are situated in the same area within a distance of few metres. In this situation banks are adversely affected by multiplicity of accounts of single customer. Despite good services, customers tend to shift to other banks. Customers' multiple accounts in these branches do not yield any increase in business. Banks having presence in some states are unable to serve customers' needs in other states due to their poor presence. In this context merger will make the banks presence in all the states. With CBS Technology these banks can serve their customers properly and cater to their all banking needs.
- d) **Human Resources Management:** Staff mobility is one aspect which is adversely affected by the small size banks. As we are aware that transfer is the part of service life of bank employees; so, if we have a large network of branches of a single bank, then benefit of mobility can be passed on to the staff at large. As a result, staff satisfaction will contribute to best customer services. Hence we can say that merger is the only way to strengthen the banking System and with the help of technological up gradation customer can be benefited and best of services can be provided. In the above context we must have world class banking system in quality and technology to serve the nation in the lights of mergers and acquisitions.

Bhupesh Dave, MBA – II

FCNR(B) Loan

FCNR(B) Account - Foreign Currency Non Resident (Banks) account is an investment avenue available to NRIs. Accounts can be opened only in the form of term deposits and can be maintained in four currencies viz. Pound sterling, US Dollar, Japanese Yen and the Euro. Repayments, under this scheme, are made in foreign currency and therefore it offers the depositor protection against exchange rate fluctuations. The tenor of the scheme ranges from 12 months to 36 months.

FCNR(B) Loan - Lending for working capital and term loan requirements of resident customers for productive activities by way of Foreign Currency

Loans through deployment of FCNRB deposit funds with commercial banks, is known as FCNRB loan.

Introduced - RBI permitted this facility in October 1996.

FCNR(B) Loan can not be given for personal purposes but it can be given only for productive activities namely manufacturing and trading.

It has to be disbursed in one lump sum and repaid in one lump sum on the due date.

Minimum stipulated loan amount - \$100,000 or its equivalent in other currencies.

Loan can be made available in US DOLLARS, POUND, EURO, YEN.

Types - FCNR(Demand Loan) and FCNR(Term Loan).

Crystallisation - Conversion of Foreign Currency Loan into Rupee Loan on the happening of the under noted events:-

An FCNRB(DL) will be crystallised when-

- a) It is not repaid on the due date.
- b) The interest is not paid for two quarters.
- c) The loan becomes NPA on account of any other loan of the borrower becoming an NPA.

An FCNRB(TL) will be crystallised when-

- a) The interest is not paid for two quarters.
- b) Installments are not paid for two quarters.
- c) The loan becomes NPA on account of any other loan of the borrower becoming an NPA.

Advantage - The major advantage is that he gets the loan at a cheaper cost as the interest is linked to LIBOR / EURIBOR.

Disadvantages - The disadvantage is that he has to bear the exchange fluctuation risk. This scheme will be attractive to those who have regular forex earnings. Those who do not have any forex earnings should understand this risk and arrange for covering the risk.



GUNJAN SOLANKI, M.B.A Part II (Finance)



A view of the RTU workshop



Mr. Rahul Agrawal greeting the Union Textile Minister Shri Shanker Singh Baghela



Dr. Nityesh Bhatt at the FDP



A glimpse during the management game at the FDP

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