ISSN 2321 – 9378

IMI Konnect

Volume 4, Issue 1

January, 2015

Does Monetary Policy Limit Lending Behaviour of Banks?

*Samaresh Bardhan**

Introduction

Transmission mechanism of monetary policy and its impact on aggregate economic activity have been matters of discussion among economists and policy makers for a long time. Economists debate over the efficacy of the alternative channels of transmission of monetary policy. However, more importantly, the bank's role in the transmission of monetary policy has become a matter of serious concern in recent times. Indian financial system has experienced significant structural changes over the last two decades and the role of the bank in the financial system has also undergone significant changes. The key objectives of monetary policy in India being maintaining price stability and ensuring adequate flow of credit to the productive sectors, the recent debate is whether contractionary monetary policy adversely affects bank's ability to extend more credit for productive investment.There is a general consensus to the fact that monetary policy works through traditional 'money view' i.e. through the changes in interest rates. A tight monetary policy through increase in interest rate adversely affects aggregate output and expenditure in the economy. In this traditional view, banks certainly play some role since money supply which falls because of tight monetary policy basically comprises of net deposit liabilities of banks and bank loans are determined by demand conditions and move with output and investment.

Recent research focuses on two questions: Are certain borrowers so dependent on bank lending that any change in banks' willingness to lend immediately affects investment and spending decisions? And, is bank lending constrained by monetary policy changes? Both conditions are necessary for bank lending to play a special role in the monetary transmission. In the context of economies that are mainly bank based and where the small borrowers mainly rely on banks as the major source of funding, there are certain evidences where the first condition is satisfied. However, there are conflicting views regarding the second issue [Morris and Gordon (1995)].

Bank Lending Channel of Monetary Transmission

A relatively recent view on monetary transmission mechanism, 'credit view', as opposed to the traditional 'money view', advocates that monetary policy directly limits the ability of the banks to extend new loans, thereby making credit less available to the borrowers. Thus in the credit channel, restrictive monetary policy not only works through an increase in interest rates but also directly restricts bank credit. Bernanke and Gertler (1995), in fact, define two 'sub-channels' viz. the 'balance sheet channel' and the 'bank lending channel'. The balance sheet channel does not specifically concentrate on bank loans but refers more generally to the overall supply of funds. This channel may work even if loans and other sources of funds such as bonds are perfect substitutes in the balance sheets of banks and firms.

This credit view of the monetary policy, in contrast, assumes that bank loans and other sources of finance such as bonds are imperfect substitutes. Bernanke and Gertler (1995) point out that according to the credit channel, the effects of monetary policy on interest rate are contingent upon the 'external finance premium', which is the difference between cost of external funds (such as debt, equity) and cost of internal funds such as retained earnings. Since the credit market is characterized by the informational asymmetries between lenders and borrowers such as agency costs, monitoring costs, transaction costs, these create the 'external finance premium'. Therefore, monetary policy has an effect not only on the interest rate, but also on the external finance premium, which influence the investment decisions of the borrowers. Based on the assumption of informational imperfections, the credit channel justifies an active role to the supply of bank loans. Due to the imperfections in the credit markets, banks with different characteristics respond differently to monetary policy shocks since they have different abilities to raise external finance and shield their loan supply. Moreover, still because of these frictions, firms and households have a specific need for bank financing as opposed to alternative external sources. Therefore, the credit channel stipulates that monetary policy can affect not only the demand, but also the supply of loans, thereby affecting the lending behaviour of banks.

However, bank lending channel focuses more specifically on the

* Assistant Professor, Indian Institute of Technology (IIT) Ropar

impact of monetary policy on banks' willingness to provide loans. In this channel, the central bank can affect the external finance premium by controlling the level of intermediated loans. The central bank through its restrictive monetary policy can reduce the supply of loanable funds and lowers banks' ability to lend. As a result, bank dependent borrowers particularly small borrowers in the developing country like India who cannot easily compensate for a reduction in the bank's supply of loans by tapping other sources of finance because of high premium, cannot raise funds from other sources and accordingly, reduce their investment and consumption expenditures.

Bernanke and Gertler (1995) also point out that 'balance sheet channel' and the 'bank lending channel' should not be considered as alternatives to the traditional interest rate channel. Rather, these should be considered as the set of factors that enhance and propagate the effects of the traditional interest rate channel of monetary policy. However, these two channels, unlike the interest rate channel, carry important distributional consequences as far as the impact of the monetary policy on the real economy is concerned.

> **There is a general consensus that monetary policy works through traditional 'money view' i.e. through the changes in interest rates. The 'credit view' of the monetary policy, in contrast, assumes that bank loans and other sources of finance such as bonds are imperfect substitutes. According to the credit channel, the effects of monetary policy on interest rate are contingent upon the 'external finance premium' [Bernanke & Gertler (1995)]. Monetary policy has an effect not only on the interest rate, but also on the external finance premium, which influence the investment decisions of the borrowers.**

Empirical Evidence

Gertler and Gilchrist (1993) look at how bank lending responds to monetary policy tightening and find that bank lending does not decline when monetary policy is tightened rather it is attributable to fall in consumption and real estate loans. They also find that small manufacturing firms are largely unaffected by tighter monetary policy and larger manufacturing firms experience increased lending. Kashyap and Stein (1994), in contrast, examine the lending behaviour of small and large banks and find that due to monetary policy tightening, loans disbursed by small banks fall, while that by large banks remain unaffected. Since small banks in US lend primarily to smaller firms, they conjecture that monetary policy may work in part through bank lending channel. Berger and Udell (1992), found that volume of new loans both committed and uncommitted rises in periods of tight monetary policy.

Indian Evidence

In the context of Indian financial system, we find mixed evidence of efficacy of different channels of transmission of monetary policy. However, we hardly observe any study which specifically looks at how bank business lending responds to monetary policy tightening. Al-Mashat (2003) found that interest rate is significant in the transmission of monetary policy in India. However, he found little evidence on the working of bank lending channel because of the stipulation of priority sector lending program. RBI (2005) study, however, found evidences of both interest rate channel and credit channel during the post liberalization period. Bhaumik et al. (2010) however, found the bank lending channel to be working much more effectively in a tight money period than in an easy money period in India. Pandit et al. (2006) found the existence of bank lending channel with small banks being more responsive to a policy shock. While Aleem (2010) and Khundrakpam (2011) found only credit channel to be important, Pandit and Vashisht (2011) provide evidence that interest rate channel of transmission mechanism - a combination of the traditional interest rate channel and credit channel - operated in India and other emerging market economies.

References

Al-Mashat, R. (2003). Monetary policy transmission in India: Selected issues and statistical appendix, Country report no. 03/261, International Monetary Fund.

Aleem, Abdul (2010). Transmission mechanism of monetary policy in India, *Journal of Asian Economics*, 21, 186-197.

Berger, A. N. & Udell, G. F. (1992). Some evidence of empirical significance of credit rationing. *Journal of Political Economy*, 1047-76.

Bernanke, B. & Gertler, M. (1995). Inside the black box: the credit channel of monetary policy transmission, *Journal of Economic Perspectives*, 94, 27-48.

Bhaumik, S. K., Vinh, D. & Kutan, A. M. (2010). Implications of bank ownership for the credit channel of monetary policy transmission: evidence from India, *William Davidson Institute Working Paper Number 988*, 1-33, University of Michigan.

Gertler, M. & Gilchrist, S. (1993). The role of credit market imperfections in the monetary transmission mechanism: arguments and evidence. *Scandinavian Journal of Economics*, 95(1), 43-64.

Kashyap, A. K. & Stein, J. C. (1994). The impact of monetary policy on bank balance sheets, *NBER Working Paper Series, Working Paper No. 4821, 1-63*

Khundrakpam, J. K. (2011). Credit channel of monetary transmission in India - how effective and long is the lag ?, *RBI Working Paper No. WPS (DEPR): 20/2011.*

Morris C. S. & Gordon, H. S. (1995). Bank Lending and Monetary Policy: Evidence on a Credit Channel, Federal Reserve Bank of Kansas City Economic Review, 2nd Quarter.

Pandit, B.L., Ajit, M., Roy, M. & Ghosh, S. (2006). Transmission of monetary policy and the bank lending channel: analysis and evidence for India, *DRG Study No.25*, 1-91 Reserve Bank of India.

Pandit, B. L. & Vashisht, P. (2011). Monetary policy and credit demand in India and some EMEs, *ICRIER Working Paper No. 256*, 1-22

Reserve Bank of India (2005). *Report on Currency and Finance*, 2003-04.

The author can be reached at samaresh@iitrpr.ac.in

Entrepreneurship Education in India: In Need for the Right Ecosystem

*Rituparna Basu**

Despite the debate over whether entrepreneurship can be taught, entrepreneurship education is considered as one of the most influential forces that determine the health of the economy. While many argue that the entrepreneurial spirit is innate, the credence on effective entrepreneurial education to foster the right entrepreneurial attitude with requisite training is gaining much ground in the present times. However, effectiveness of the prevalent entrepreneurship education specific to the emerging markets like India needs some critical introspection.

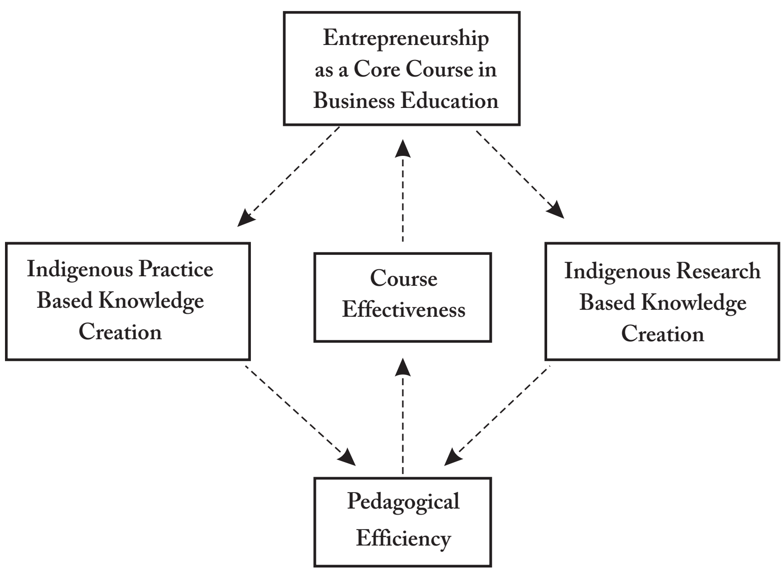
At the outset, it must be clarified that within the definition of entrepreneurship education the focus is largely on the premise of higher education rather than that on educating entrepreneurs. Entrepreneurship as a domain of business education has an eclectic nature where the content is derived from diverse disciplines including those of strategy, finance or marketing. Given its cross-functional and cross-sectoral orientation the structure and content of the course is often faculty driven, primarily aimed at the twin objective of increasing the awareness around entrepreneurship as a career option and that of developing the understanding around the process of creating new business.

A qualitative case based exploratory study on entrepreneurship education in India reveals that majority of the top league B-schools including the IIMs are quite positive about incorporating and approaching entrepreneurship education in the curriculum. In fact some of the emerging B-schools are now open to offer it as a core compulsory course for the students. Whatsoever, on the flip side literature indicates that while the inclination to pursue entrepreneurship is comparatively strong in India, the education support for its development is still a far cry from the agenda. It still has a long way to go in terms of earning the status of preferred course among management students in India. Shankar (2012) in his book classifies six primary obstacles to teaching entrepreneurship in India as:

- Lack of institutionalization
- Lack of indigenous experience
- Lack of trained teachers
- Short term focus on results
- Limitations with pedagogy
- Subject not considered as core

Quite clearly, the challenge here is to outgrow the prevalent myopic treatment of entrepreneurship education and categorically shift the focus from its short term objectives. The key is to develop entrepreneurship as a foundation course in business education especially covering the managerial aspects of managing new ventures and that of corporate entrepreneurship or intrapreneurship. Given the obstacles of teaching or developing entrepreneurship in the realm of management education the need for an effective entrepreneurial ecosystem seems to be the only solution.

Fig 1. Diamond Framework: A Proposed Effective Entrepreneurship Education Ecosystem for Emerging Economies



A working structure of an ecosystem for effective entrepreneurship education in India (as seen in Figure 1) starts with the initiation of entrepreneurship as a core course to drive the development and promotion of an effective entrepreneurship education ecosystem. This will not only push the practice of entrepreneurship in the short run but also add to the overall knowledge abstraction based on research and practice pertaining to the specific emerging economies. Knowledge creation in turn will add to the pedagogical wealth increasing the rigor and effectiveness of the course that will lead to further development

Continued to page 6

*Assistant Professor, International Management Institute (IMI) Kolkata | The present article is an excerpt of the original scholarly paper titled "Entrepreneurship Education in India: A Critical Assessment and a Proposed Framework", *Technology Innovation Management Review (2014) Vol.4 No.8, Pages 5-10*

The Quintessential Bengali Woman and Her *Tant* Saree: A Love Affair on the Wane?

*Mohua Banerjee**

An oft-repeated Bengali proverb is "*baro mashe tero parbon*" – thirteen festivals in twelve months – which implies that Bengalis cherish countless occasions for celebrations. Invariably all festivities are marked by revered exuberance, extended revelry with family and friends, unending conversations, gastronomical feasts and relentless flaunting of new wardrobes for the Bengalis at heart.

Come the festivities and it is time for the Bengali to go on a shopping spree. Be it the stylish homemaker, the smart working woman, or the fashionable college-goer, at least one piece of the "six-yards-tapestry" remains an indomitable choice for all and sundry. Variety of the Bengal *Tant* ranges from the *Shantipuri, Dhaniakhali, Tangail, Dhakai, Tasar, Jamdani, Garad*, to the more recent *Matka* and *Gheecha*. It is true, the handloom woven *Tant* sarees are the Bengali woman's preferred and most adored attire.

Yet, how esteemed and relevant is this piece of handloom weave to the modern Bengali lady? Does it resonate as much and as deep for her to consider her festive shopping incomplete without it? Seeking answers to these questions incited an impromptu survey among women based in both north and south Kolkata. A distinct variation in their perception about Bengal's handloom sarees and their buying behaviour gradually emerged through the interviews. Women from north Kolkata prefer *Tant* sarees mostly. During the festive season they tend to spend approximately 60% of the amount spent on sarees on the *Tant* category. Typically *Tant* sarees are made of starched cotton that renders maintenance and handling a trifle cumbersome to some. Ladies from south Kolkata are more into buying silks, georgettes and chiffons. The *Tant* sarees that they purchase are mostly for gifting purposes and at times one from the premium range of *Dhakai*s to don on any special day of the puja. Approximately 30% of expense on sarees for the Puja is usually confined to *Tant*. Yet, wear-ability remains an issue for *Tant* sarees. Apparently, the distended feel of the *Tant* sarees is a major deterrent for fashion. Some of the comments are incorporated in Table 1.

Their individual difference in preferences notwithstanding; the recent trend common to both is that women from north and south Kolkata purchase sarees throughout the year and earmark them for the festive occasions. Also trends of the current season in *Tant* sarees like the "half-and-half saree" and the "patli-pallu" only serve as an indicator to all the respondents but the deciding factor for the purchase is ultimately their individual preferences. A confluence of ethnicity and contemporary designs on *Tant* without diluting its inherent qualities is another preferential streak emerging among the modern-day women.

The next question is how do the saree shop-owners interpret this changing preference of their patrons? What approach do they adopt to stay in sync with the current trend? A desire to understand the business impact and the magnitude of saree sales during the heightened festive season, mandated a trip to a few of the well-known and trusted names in saree stores in north and south Kolkata. These stores stock *Tant* sarees from the opening price points of ₹300 to the super-premium range of ₹12,000. A sales assistant in Adi Dhakeswari Bastralaya observes, "though the younger generation has an affinity for modern apparel like jeans, salwars, etc. a fixed customer base exists for the handloom weaves, who will wear nothing but *Tant*". Nevertheless, it is a niche segment only and it may be prudent to note that this segment may not pose enough potential to sustain Bengal's handloom industry. The saree retailers also concurred with the customers' voice that maintenance of *Tant* saree is difficult and hence shoppers are gradually opting for silks or the synthetic varieties. Consequently, the retailers have taken cognizance of the shrinking business potential and have extended their product line to include salwar kameezes, blouse pieces, and non-traditional sarees comprising of nets, chiffons, crepes and georgettes.

Again there is an inherent difference in sales trend between north and south Kolkata stores. For shops in south Kolkata, proportionate sale of *Tant* sarees vis-à-vis the synthetic variety increases significantly during the build-up to the most significant of the festivals – the Durga Puja, whereas north Kolkata stores observe an increase in their chiffon, crepe and net segments during the same period.

Apart from the dissimilarity in sales of product categories, commonalities exist between the two markets. Though customers occasionally buy the *Bangladeshi Dhakai*, it has not created any major dent in Bengal's *Dhakai* market. Price is comparatively much higher for a *Bangladeshi Dhakai*. Anecdotal versions also suggest that the quality perception of *Bangladeshi Dhakai* is a misnomer. Moreover, there isn't any major competition from the south cotton market as well. Instead of approaching individual *Tantis* (weavers) from the weaving hubs, pan-India retailers approach the saree stores, as it is cost-effective to place orders for the different varieties of *Tant*s from one place. Also knowledge of the finely woven textile is a prerequisite for securing good bargains and unless one is informed enough, it makes business sense to approach one local store to handle the modalities. An average of 15% to 20% increase in prices of *Tant* sarees, as compared to last year, has been recorded by the saree

*Associate Professor, International Management Institute (IMI) Kolkata

retailers that have been attributed to rising cost of thread, increasing wages and transport costs.

Most of the saree retailers have in-house designer teams, who devise exclusive computer-generated designs which are then provided to the *Tantis* for transferring onto the sarees. The *Tantis* produce the sarees exclusively for these saree retailers and operate from Fulia, Shantipur and Dhattigram. During the peak season there is no necessity of hiring extra/contractual labour. Existing labour force logs in extra hours for which they are paid bonuses.

So what are the future prospects of the handloom weave industry? The market scenario depicted so far portrays a somewhat grim reality interjected with possible positives in good measure. Is it possible for the sector to generate sufficient employment opportunities? And more importantly, can technology play the role of an enabler in harnessing the growth potential of this sector?

The *Tantis* cite several problems like sky-rocketing yarn prices, lack of innovative designs, obsolete production techniques, insufficient training for updating skill sets, infrastructural (technological) and capital constraints, competition from power loom products and scarce marketing opportunities that persist in the sector. Though currently the weavers work through Cooperatives, the crisis has created a situation where very significant numbers of weavers have been forced to give up their traditional weaving profession and take up employment as construction workers, etc. In this context, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) that promises one hundred days of work a year to each rural household at a pre-determined minimum wage rate provides an alternative relief to the weavers. This depletion in human resources is amply supported by the National Handloom Census 2009-10, which states that the national handloom sector employs 43.3 lakh weavers and allied workers, although the number was 65 lakh in 1995-96.

Competition from power looms is a major factor that is hampering the handloom industry. A power loom *Benarasi saree* costs only ₹1,600 while a similar saree when produced with a handloom incurs a much higher cost. Another case in hand is that to make a *Bengal Tant* saree priced at ₹350 in a day, a weaver earns a wage of ₹150 per day whereas he earns more under the MGNREGA (₹169 per day approximately). If however, the same weaver is provided with a power loom, his productivity increases enabling him to weave more sarees per day and earn himself a wage of ₹450 per day (approximately). The underlying pretext is that introduction of the power loom will increase the unemployment of the weaver. Yet such an explanation may not hold ground as the number of weavers has drastically reduced over the years.

The handloom brands of the State Government have an equally staggering story to narrate. 'Tantuja' brand, which sells cotton products and Bengali *Tant* sarees, was on the brink of a shutdown owing to huge losses but was drastically revived and made a profit in 2013. However, the brand 'Tantushree' has been closed after being declared a sick unit.

In this context, steps taken by the Government of India last year to mitigate the issue include developing twelve centres as mega clusters on a Public Private Partnership (PPP) model to scale up infrastructure and production in Handloom, Handicraft, and Power loom sectors, wherein government contribution has been earmarked at maximum of ₹70 crore for each mega cluster. Murshidabad in West Bengal is one of the four mega clusters for handloom. But no mention has been made to develop West Bengal as a hub for power looms.

The Government has also proposed implementation of the Handloom (Reservation of Articles for Production) Act, 1985, for protection of handloom products from power loom products. Central Assistance is also given to West Bengal. Stalls are to be inspected at various National/State Level Expos to ensure that genuine handlooms products are sold in exhibitions.

To conclude, the Bengal handloom *Tant* remains an integral part of the legacy and cultural heritage of the state of West Bengal and epitomizes the artistic diversity of our weavers. Revival and development of the industry so that it achieves full bloom will bring glory to the nation. As we say, can the honeymoon of the quintessential Bengali woman and her *Tant* saree be extended for generations to come?

The author can be reached at m.banerjee@imi-k.edu.in

Table1: Some Comments from Consumers and Store-owners

"*Tant* sarees are difficult to maintain and manage on person – hence the major cause of abstinence" - *Dr. Paramita Mukherjee*

"We are a salaried household and prefer to spread the festive shopping spend over the months rather than confine big budget spends to any singular month" - *Mrs. Madhumita Ghosh*

"I have a penchant for handloom weaves….I prefer non-traditional designs and my purchases are confined to boutiques that dispense the monotony of conventional designs" - *Dr. Rachana Chattopadhyay*

"Other than the Puja season, sales of *Tant* sarees supersede other varieties as they constitute bulk of the marriage gifts exchanged by both the bride's and the groom's families" - *Mr. Moloy Roy Chowdhury*, Sales Staff, Adi Mohini Mohan Kanjilal

"Hyderabad, Delhi, Mumbai and Bangalore are cities where the *Bengal Tant* enjoys mass adulation. Saree retailers across these locations place orders with us online, on the telephone, or physically visit our store for the touch-and-feel component and place orders directly with us for their stores" - *Mr. Kishor Mukherjee*, Manager, RMGC Basak

"Customer demand for traditional designs as well as contemporary designs are almost the same", - *Mr. Bimal Chandra Basak*, Tanti, Fulia

Continued from page 3

of entrepreneurship as a core discipline. The framework in due course of time will work as a virtuous cycle with an inherent regenerative character that will fuel its own growth. Likewise, an attempt to develop a working framework for entrepreneurship education ecosystem in India supported by preliminary inputs and evidences should therefore be considered as a conceptual beginning to work out an improvised design with further validation of the concepts. Future research ideas to facilitate the adoption and further development of framework with empirical results and confirmations will not only add to the existing research base on entrepreneurship but also add as a momentous contribution to aid the policy makers of a developing nation.

Readings

Arthur, S. J., Hisrich, R. D., & Cabrera, Á. (2012). "The Importance of Education in the Entrepreneurial Process: A World View". *Journal of Small Business and Enterprise Development*, *19*(3), 500-514.

Drucker, P. F., & Drucker, P. F. (2007). *Innovation and Entrepreneurship: Practice and Principles*. Routledge.

Pittaway, L., & Cope, J. (2007). "Entrepreneurship education a systematic review of the evidence". *International Small Business Journal*, *25*(5), 479-510.

Pardo, A. C. (2013). "Is Business Creation the Mean or the End of Entrepreneurship Education?: A Multiple Case Study Exploring Teaching Goals in Entrepreneurship Education". *Journal of technology management & innovation*, *8* (1), 1-10.

Venkatachalam, V. B., & Waqif, A. (2005). Outlook on Integrating Entrepreneurship in Management Education in India. *Decision (0304-0941)*, *32*(2).

Raichaudhuri, A. (2005). "Issues in Entrepreneurship Education". *Decision (0304-0941)*, *32* (2).

Shankar, R. (2012). *Entrepreneurship: Theory and Practice*. Tata McGraw Hill, India

The author can be reached at r.basu@imi-k.edu.in

FACULTY ACHIEVEMENTS

Award of Research Grant

In December 2014, The National Foundation of Corporate Governance (NFCG) has competitively awarded a research project titled 'Does Good Corporate Governance lead to Enhanced Business Value?' to the Centre for Corporate Governance and Social Responsibility at IMI Kolkata. The project proposal was developed jointly by Dr. Tirthankar Nag, Dr. Nandita Mishra and Dr. Chanchal Chatterjee who also share the responsibility for the center. The center at IMI Kolkata has been accredited as one of the National Centers for Corporate Governance in India. The Ministry of Corporate Affairs, Government of India, has set up the NFCG in partnership with CII and other partners (ICSI, ICAI and NSE). The grant shall support the research at IMI Kolkata's center till the end of 2015.

Publication

A paper titled "Assessing the Barriers to Trade in Services in South Asia" by **Dr. Arindam Banik** (jointly with Dr. Pradip K. Bhaumik) is published in the *Global Business Review*, Vol. 15, No. 4, 2014, pp. 795-814.

The study aims to assess barriers to service trade in the education, health, telecom, transport, travel and tourism and banking and insurance sectors of selected South Asian economies such as India, Sri Lanka, Pakistan, Nepal and Bangladesh, including both trade and domestic restrictions. The analysis is focused on computation of service trade restrictiveness indexes (STRIs) by sector, based on data from detailed questionnaires. The conclusions highlight that while significant regulatory reforms have taken place in certain (for example Telecom) service sectors over the last decade, a broad range of restrictions still remain. The most significant change has been the lifting or softening of the constraints imposed on foreign equity participation. Interestingly, the economies in terms of regulatory reforms are more open to non-South Asian economies and not so much open to each other.

The paper titled "Default Risk Modelling Using Macroeconomic Variables" by **Dr. Khushbu Agrawal** (jointly with Dr. Yogesh Maheshwari) is published in the *Journal of Indian Business Research,* Vol. 6, No. 4, 2014.

The main objective of the study is to find out whether significant macroeconomic variables affect the likelihood of default for a sample of listed Indian firms. Using a matched pair sample of defaulting and non-defaulting listed Indian firms the study employs logistic regression and multiple discriminant analysis. Sensitivity to changes in stock market index and inflation are found to have a significant relationship with the probability of default.

Conference

Dr. Arindam Banik presented a paper "Development of a Model for the North-South Intellectual Rights Conflict in the Pharmaceutical Industry", jointly authored by Munim Kumar Barai, under a theme, "Economic and Energy Sustainability in Japan and Emerging Economies", at the 12th Asia-Pacific Conference, Ritsumeikan Asia Pacific University, Beppu, Fukwaka, Japan between November 1-3, 2014.

Dr. Tirthankar Nag's paper (jointly with Dr. Indranil De) titled "Decentralization Criteria and Political Economy: A Study on Service Delivery in Slums of Kolkata, India", was presented at the 10th Annual Conference on Economic Growth and Development organized by the Indian Statistical Institute, New Delhi between December 18 - 20, 2014. Conference link and paper: http : / / www. isid. ac. in / ~ epu /acegd2014/program.html

IMI Kolkata holds International Marketing Conference

Keeping up with the truly international spirit, IMI Kolkata's Centre for Retail Management organized its first International Marketing Conference themed **"Emerging Markets, Evolving Perspectives"** on December 16-17, 2014 in collaboration with IAE, University of Tours (Laboratoire Vallorem), France and the Snyder Center for Innovation, The Whitman School of Management, Syracuse University, USA.

Inaugural Session

The conference was inaugurated in the presence of an eclectic gathering of dignitaries and participants from USA, France and South Asian countries. Professor Arindam Banik, Director, IMI Kolkata in his welcome address mentioned that the Indian companies and multinationals are working on many dimensions of marketing in order to empower the rural culture. Dr. Stéphane Bourliataux-Lajoinie, Adjoint Director (l'IAE de Tours) & Director, International Programme in Service Marketing in Beirut and Rio de Janeiro, in his address stated that India needs to manage an economic revolution. He added that Internet services are expensive not in terms of money but in terms of ideas and there is a great potential for the digital market to grow rapidly in India. He mentioned that India is well known for the quality of computing engineers and the management students and with these competencies will have an important role to play in this sector. Dr. Tridib Mazumdar, the Howard R. Gendal Professor of Marketing and Director of Earl V. Snyder Center for Innovation Management, Martin J. Whitman School of Management, Syracuse University focused on the fact that the emerging markets should be studied based on their uniqueness and strengths. Simply bringing perspectives from the West or developed countries are not likely to work.

The Chief Guest, Mr. Kallol Datta, CMD, Andrew Yule Group mentioned that though most of the times the marketeers talk about the FMCG products, marketing of services and others products are equally important. He spoke about the 4Ps in marketing from the Indian market perspective and stressed that it is very important to search for the USP or uniqueness of a product to make it a success. Mr. Sandeep Kaul, Chief Executive (Personal Care Business), ITC Ltd and the Guest of Honour mentioned that being a marketing professional himself, most of his observations focus on the process of value creation. In the context of the emerging markets he spoke on the "magic of three eyes- innovation, intellectual property and inclusive growth" and stated that as such markets have to manage with the frugal deployment of resources the magic happens when an enterprise is able to bring in the confluence of the three to create sustainable value chains for the benefit of the members of the chain.

Panel Discussion

The topic for the discussion was "Losing Intuitive Judgment in Data-driven Marketing". The interesting deliberations from a diverse set of panelists added an unparalleled dimension to the conference altogether.

As a moderator of the panel, Mr. Mohit Kampani, CEO, Spencer's Retail Ltd. referred to the early ninetees when there was no access to big data or quality data as compared to the recent times when we are inundated with data and surrounded by apps, devices, and sensors that gather data which is analysed to provide us with suggestions every day. He spoke on intuitive decision making versus analytical decisions and mentioned that balancing intuition and analysis will boost the quality of decision making. Mr. Abheek Singhi, Senior Partner and Director, Boston Consulting Group (BCG), stated that in business decision making there is a much greater reliance on data. He pointed out that past being a big predictor of the future most of this data is related to the past and there is a fallacy often committed in mixing of numbers with data. He emphasized that combination of data and intuition leads to better marketing choices, better decision making. Mr. Jimmy Tangree, Head, 91.9 Friends FM, voiced that in a creative field like the radio industry, most of the times there is little reliance on data and it is the mind thought, gut feel and innovation that leads to success. And surprisingly there comes a reversal when because of such creativity the industry gets huge data pouring in which helps in further innovations. Mr. Nilanjan Mukherjee, Head-Marketing, Personal Care Business, ITC Ltd, provided some perspectives from the marketing functional area and stated that all brands which are iconic have very strong consumer insights which come from three areas: habits/attitudes, interests and opinions of the consumers which are not captured by data only. So it is the task of the marketeers to go

INTERNATIONAL CONFERENCE

beyond data to create proposition that will excite consumers to come to the brand and in this context intuitive judgment based on data can work wonder. Mr. Aditya Shastri, Head of Strategy and Films, Relativity-B4U, mentioned that in the business of films, television, fashion and sports there is no chance to relaunch the product. He cited examples to emphasize that despite extensive data crunching in this data-driven world by the companies, building intuitive judgment is equally important to prosper.

Special Paper Presentations

The two-day conference witnessed insightful master classes by academic experts, Dr. Stéphane Bourliataux-Lajoinie and Dr. Tridib Mazumdar. Dr. Stéphane Bourliataux-Lajoinie delivered a lecture on "Digital Marketing". Dr. Mazumdar spoke on "Customer Participation: An Emerging Trend in Marketing" and "Does it Matter who Manages the Pricing Function within an Organization?" Dr. Reetika Gupta from the ESSEC Business School, Singapore took a plenary session on the BOP consumers. Researchers and academicians from the University of Findlay, Thapar University, Uttar Pradesh Technical University, Ahmedabad University, Jadavpur University, University of Calcutta, University of Burdwan, St Xavier's College (autonomous) Kolkata, and other institutions and B-schools including Dr. Rituparna Basu of IMI Kolkata presented their research findings on varied subjects based on the theme of the conference.

Valedictory Session

Professor Arindam Banik, in an insightful deliberation, stated that the emerging markets do not fit into or fulfil the conditions of the developed economies and possess their own specialities. It is the time for India therefore to rethink marketing in the context of her own socio-economic condition. He stated that besides radio, TV and internet the other media for marketing the products should be explored to empower rural India and to achieve sustainability. Dr. Mohua Banerjee from the conference committee summed up the key takeaways of the conference.

The conference provided a platform to the academicians and industry practitioners across the globe to discuss and debate on various issues related to emerging markets and evolving marketing perspectives.

ANNOUNCEMENT

Call for Articles for *IMI Konnect*

IMI Konnect is an open access Scholarly Management Magazine published every month from International Management Institute Kolkata, with ISSN No. 2321-9378. It started its journey in December, 2012. It publishes original research articles by scholars in the field of management and firsthand perspectives from business thinkers and practitioners on contemporary issues. *IMI Konnect* provides an intellectual platform for the national and international scholars and the industry experts to discuss and debate their opinions and thus contribute to the knowledge of management.It also publishes interviews with eminent personalities in the field of business. The publication caters to academicians and practitioners in corporate and government organizations and departments.

Themes

The issues are themed on Marketing, Finance, Organisational Behaviour & Human Resources (OB & HR), Information Technology & Operations (IT & Operations), Economics and Strategy, Management Education apart from special themes in two special issues every year. For past issues of *IMI Konnect,* visit http ://www.imi-k.edu.in/index.php/imi-konnect/.

We are inviting original articles from academicians as well as practitioners for *IMI Konnect* on any of the aforementioned areas. We are also inviting articles for the next Special Issue themed **"From Start-up to a Successful Business"**. The articles will go through a review process before publication.

Instructions for Authors

The article should be non-technical and should be of around 700 - 800 words (very short) or around 1500 - 1600 words (short). It should be typed in MS Word in Times New Roman 12 with paragraph spacing 1.5. Figures and simple, small Tables can be incorporated. There should not be any notations or equations. Full forms of each abbreviation should be mentioned at first instance. Upto eight references can be included in the article. Limited number of short footnotes may also be included if necessary.

Send your manuscript along with your name, designation, institutional affiliation, email ID and contact number to the editorial office at imikonnect@imi-k.edu.in mentioning the area viz. Marketing, Finance, OB & HR, Economics, Strategy, IT & Operations, Management Education and Others.

RP-Sanjiv Goenka Group
Growing Legacies

Editor: Dr. Paramita Mukherjee
Associate Editor: Dr. Rituparna Basu
Editorial Assistant: Ms. Rajashri Chatterjee
For queries or feedback contact the Editorial Office at imikonnect@imi-k.edu.in
International Management Institute Kolkata, 2/4C, Judges Court Road, Alipore, Kolkata 700027, Telephone: +91 33 6652 9658. website: www.imi-k.edu.in

IMI International Management Institute Kolkata