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Is Inflation Targeting a Panacea for India?

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Introduction

Urjit Patel Committee has recently recommended CPI-based inflation target of 4% with a band of ± 2% in the frame of 2 year horizon for India. With the RBI governor and the Finance Minister also looking at the possibility of adopting inflation targeting as the objective of monetary policy, the pertinent question is how much likely it is to be successful in an emerging economy like India. Since many countries across the world already have adopted inflation targeting, we should look at their experience and try to draw some lessons from them so that it works properly in our case.

What is Inflation Targeting?

Monetary policy conducted by central bank (CB) of a country tries to attain the objective of increasing output growth along with stable prices and employment. There are many ways to achieve these. The anchor of monetary policy may be exchange rate (i.e. pegging the rupee with dollar) or growth of money. Inflation targeting is another way, which is essentially a policy framework, where the CB tries to fulfill a pre-announced target of inflation by committing itself to undertake policies to maintain that level by anchoring the private-sector inflation expectations.

The basic element of inflation targeting (IT) is the public announcement of numerical target for inflation for the medium term. Other elements are commitment to price stability as the primary objective of monetary policy; more transparency by sticking to a strategy through communication with the public and markets about the plans and decisions of the monetary authority; inclusion of variables in addition to money and exchange rate in setting policy instruments and an increased accountability of the CB in attaining the policy objective. In some emerging economies, inflation target is announced, but since the other elements are not instituted in the system, we cannot call it inflation targeting.

New Zealand was the first country to adopt IT officially in 1990. At present, there are over 30 countries that have adopted inflation targeting in the past two decades. Such countries include both developed and emerging economies, e.g. Canada, UK, Sweden, Australia, Brazil, Chile, Mexico, Thailand, Philippines, Indonesia, Turkey etc. It has been observed that the countries which adopted inflation targeting, normally target an inflation rate along with a range of 1% or 2% that they try to achieve in the medium term. A monetary policy committee in every country decides the inflation target.

Effects of Inflation Targeting

IT theoretically should lead to low level of inflation and lower volatility in inflation. A formal commitment to a target publicly announced, influences private sector expectations and make achieving and maintaining low inflation easier. But whether it leads to stability in the growth of output and employment depends on how the framework is designed, how the public expectation of future inflation rate is aligned with the CB's actual goals etc.

There exists a number of studies about the success of inflation targeting. Examining the performance in countries like New Zealand, Canada, UK and Germany, Mishkin and Posen (1997) have observed that IT has been successful in enabling them maintain low level of inflation that they were not able to do in the past.

Walsh (2009), in the study with 26 industrialized countries, has observed that while among developed countries, IT has led to similar macroeconomic experience to non-inflation targeting, it led to improved macroeconomic performance among developing economies. At least it has not been associated with greater real economic instability among either developed or developing economics. Moreover, under inflation targeting a commitment to an explicit target led to enhanced ability to deal with demand shocks and financial crises, though supply shocks like substantial rise in commodity prices forced central banks to make difficult short-run trade-offs. Notably, no country has left inflation targeting so far. A similar comparison by Roger (2010) for the period of 1991 to 2009 also points to the fact that low-income IT countries saw larger improvements in reduction in inflation rates and its volatility and improvements in average growth rates compared to non-IT countries. This more or less holds for high-income countries as well.

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However, Fraga *et al* (2003) point out that emerging market economies have faced more acute trade-offs like higher output and inflation volatility and worse performance than developed economies, owing to factors like more pronounced external shocks, lower credibility, and lower level of development of institutions in these countries. Brito and Bystedt (2008), based on 42 emerging economies including India for the period of 1980 to 2006, also observed that the cross-country result of IT resulting to lower inflation and volatility in inflation is much weaker for emerging markets. Moreover, there is robust evidence that IT regime significantly hinders output growth.

Parkin (2013) examines another important aspect related to IT. It is observed that under IT, the CB without any political interference works better in improving macroeconomic performance than the CB in agreement with government regarding the inflation target.

Are Emerging Markets Different?

Though we have success stories of inflation targeting in developed countries, there are mixed evidences for emerging economies and so it cannot be ascertained with certainty that it will be successful in emerging economies in future. This is because there are some fundamental differences between the developed and emerging economies. Mishkin (2004) points out that in emerging markets, factors like weak fiscal and financial institutions including government prudential regulation, coupled with low credibility of monetary institutions and vulnerability to sudden shocks like large capital withdrawals, have a significant role to play in deciding the policy in this regard. These factors not only make the emerging economies more vulnerable to high inflation, but also inflation targeting more complicated exercise than that in developed countries. For example, if a country's financial system lacks safety and soundness, the CB cannot raise interest rates to sustain the inflation target as this may lead to collapse of the banking and thereby the financial system. Moreover, when markets recognize this weakness of the banking system, capital outflow will result to sharp depreciation of domestic currency putting upward pressure on inflation rate. On the other hand, debt burden of domestic firms will rise[1] and as assets in domestic currency will rise at a slower pace, net worth will decline. This will increase the adverse selection[2] problem in credit market leading to sharp decline in investment and economic activity. If a government bailout is done for the banking system, the increase in government liabilities will be monetized in future implying more money supply and hence defeat of the purpose of inflation targeting.

Lessons for India

In an emerging economy like India, before implementing inflation targeting we should have a sound financial system as well as fiscal prudence. Otherwise, the lack of credibility of the government in sticking to the inflation target owing to different constraints faced by the central bank and also the lack of transparency may lead to complete failure of the framework.

But, unfortunately that may not be enough! *First*, one of the criticisms of inflation targeting is that under inflation targeting, central banks may sacrifice other objectives in their pursuit of low inflation and in that case, the real economic volatility should increase. *Second*, the issue of independence of the central bank from political influences is also important. In different parts of the world, a Monetary Policy Committee (MPC) decides the roadmap of the monetary policy, but such committees vary in terms of composition, transparency and autonomy. It has been observed that more empowered MPCs seem to deliver better inflation results but with little improvement in growth outcomes relative to their less empowered counterparts[3]. *Finally*, it has been pointed out that one of the major causes of inflation in India is food inflation, which is, in most of the cases, an effect of relentless hiking of procurement prices by the government. Now, in the face of food inflation emanating from supply-demand imbalances or higher producer prices, the RBI has no effective instruments to control it. Anchoring inflationary expectations by raising the interest rate will not work in this case[4].

The discussion indicates that the process of inflation targeting has proven to be indeed quite complex and a challenging task. It does not enable countries, at least emerging economies, to eliminate inflation from their systems without cost. Moreover, anti-inflation credibility is not achieved neither easily nor immediately upon the adoption of an inflation target. Hence, before implementing it in India, lots of things have to be straightened to make it successfully work in containing inflation and supporting growth. Further research should be undertaken for this.

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[1] Owing to debt denominated in foreign currency. | [2] This implies creditors will not be able to identify good and bad debtors due to asymmetry of information and will end up giving more loans to bad debtors only. | [3] Patra and Samantaraya (2007). | [4] Balakrishnan, Pulapre, "The case against Inflation Targeting", *Business Line*, March 30, 2014.

Revenue Management: Applications and Challenges

*Sumanta Basu**

In the recent Railway Budget 2014, cash strapped Indian Railways announced to price the tariff of 17 air-conditioned trains on busy corridors using dynamic pricing mechanism. The decision was taken following a successful implementation of dynamic pricing for air-conditioned trains running between Delhi and Mumbai in December, 2013. These trains were run on an experimental basis to see the performance of dynamic pricing in the context of Indian Railways, a public sector organization catering to the needs of passengers from all strata of population. During this experiment, ticket prices were changed according to the seasons, specific events such as Christmas Eve, New Year's Eve etc., and most importantly with the number of seats available for booking at that time. To cite an example, AC 2-Tier fare for travelling from Delhi to Mumbai on December 29, 2013 by the same train was increased from ₹3110 to ₹3565 with 135 and 59 seats remaining respectively. The experiment also attracted criticisms as it was the first time that a concept like dynamic pricing was used for a public service.

The concept of revenue management and dynamic pricing is not new but has started getting the much deserved attention in diverse application areas only recently. Started by British Airways and popularized by American Airlines, revenue management or yield management through dynamic pricing is a very commonly used technique in Airline industry. The application areas have now expanded considerably, for instance in domains like hotel, entertainment, apparel, transportation, electricity and water distribution, and car rental industries.

Simply stating, revenue management is a mechanism to price the same (or with minor variation) product or service differentially in an attempt to maximize the revenue of the seller or service provider. To understand the basic idea behind revenue management, consider a limited stock, say of n units, of a product. In order to maximize the revenue, the seller should ideally price these n units differentially and sell these units to the customers with the n highest reservation prices for the product. The seller should price the i^{th} unit at a price equal to the i^{th} highest reservation price. In this way the seller will be able to extract the maximum revenue from its customers. As is clear from the above description, revenue management involves differential pricing. Since in almost all real life situations it is not possible to know the reservation prices in advance, one needs to be careful in setting the prices. Pricing the product lower than the reservation prices of one or more customers results in opportunity loss to the seller. Similarly pricing the product higher than the nth highest reservation price also results in opportunity loss in the form of unsold inventory.

Be it service or product, revenue management requires the offering to meet one or more of the following basic characteristics.

- Capacity should be limited and perishable. While for airlines or hotel industries, this assumption is intuitive, for industries like apparels the products are not technically perishable in nature. In this context the definition of perishability is extended to include obsolescence and the so called "out of the season's trend" or "last season's" in apparel industry.
- Customers should book the capacity ahead of time. This is again typically seen in airline and hotel industries and it leads to a change in price based on remaining capacity.
- Demand is unknown but can be estimated. The objective of revenue management through dynamic pricing is to cater to the right customer at right price at right time. Hence demand functions are estimated to project the demand based on price offered.

Since it is almost impossible to know each customer's reservation price in advance, some of the ways to segregate customers with significant difference in their willingness-to-pay are customer segmentation, product variation, distribution channel and time. An example of customer segmentation is "loyalty cards". Through loyalty cards which either offer discount on every purchase or "cash back" etc. sellers offer the same product to different customers at different prices at the same time. Similarly, examples of product variation can be found in mobile phone industry wherein phones with minor changes in features are priced differently. After the advent of e-commerce and m-commerce, variation of price with respect to distribution channels has gained significant popularity. For example, some taxi services charge a premium for booking the service over phone compared to those booked through their website. Finally, change in price with respect to time is commonly found in airline or hotel industry wherein the tariff increases as lesser and lesser seats/rooms for a particular flight or date are left or in other words, tariffs for flights with higher demand are raised dynamically with realization of demand.

Basic Model

We now describe the basic framework of revenue management [Figure 1]. The process starts with market segmentation to identify the demand function or price response function of a customer from each segment using statistical techniques from historical data. These derived demand functions are then used to create an optimization model with an objective to maximize total profit. Based on the actual profit realized and the demand received from each customer segment, demand functions are revised after every time period.

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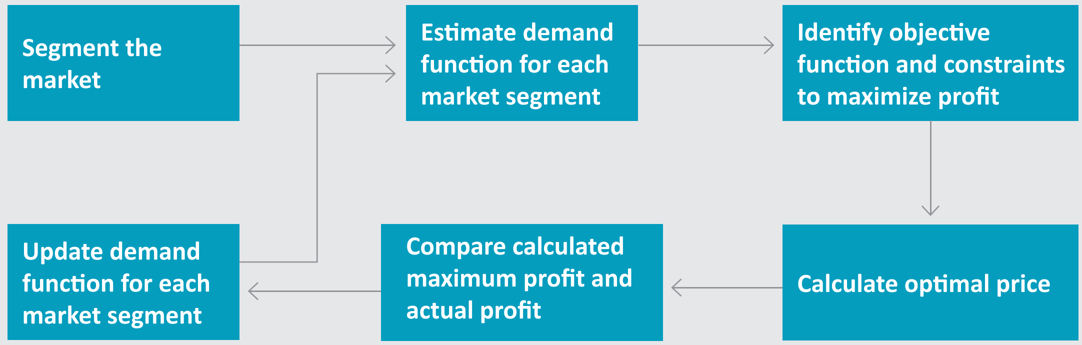
Figure 1



Customer Acceptance and other Major Challenges

While the idea of revenue management appears quite interesting and obvious for a seller, there are quite a few technical and behavioural challenges that one faces when implementing it in real life.

Technical challenges include, firstly, solving the optimization problem correctly and exactly. Apart from this, probably the biggest technical challenge is demand forecasting since the historical data is censored in the sense the sellers only record the demand against which a sale is made. There is no mechanism to record inquiries which could have been realized if the prices were low, or to assess people's willingness to pay higher. Recently, some statisticians have developed techniques to uncensor the data and thus making better demand forecast.

Although theoretically it is possible to find the change in price required to maximize the profit in every time period, it may not be practically feasible to implement. Varying the price too much has an adverse impact on customer's acceptance of the pricing strategy. More precisely, while price reduction is not seen as a problem by the customer, too many and too often price increases are perceived negatively. One approach to address the problem is to consider long term demand function instead of short term demand function to determine the price. A second, more pernicious, influence of current pricing on future behaviour occurs when a pricing tactic makes buyers angry because it is perceived as "unfair." For example, pricing of Coca Cola (Coke) cans based on outside temperature in 1999, and variable pricing by Amazon based on customer login in 2000 were perceived unfair by customers and had to be retracted by the companies. From these examples, we see that realistic pricing is not just a simple optimization problem but must include factors influencing buyers' behaviour such as:

- how the price is presented and packaged
- how much profit the customers believe the merchant will realize
- how this price compares to past prices and anticipated future prices
- prices the customer believes are being charged to other customers

Conclusion

As evident from the discussions in preceeding sections, most obvious examples of applications of revenue management are in airline ticket pricing, hotel room tariff etc. Apart from those traditional application areas, there are quite a few other industries where it has been applied successfully. For example, mark down management in fashion goods. In case of fashion goods, the articles are priced higher earlier and are targeted at fashion conscious customer who are not too price sensitive. Once the season passes, price is reduced or marked down and the product is targeted at customers who do not mind buying the last season's good but are price sensitive. As more and more seasons pass, the price is further reduced. In this case, the product is not technically perishable, but its utility for a fashion conscious customer becomes zero once it's a season old. Other examples of revenue management include movie ticket pricing, pricing by power and water distribution services, golf course session pricing etc.

Although the applications of revenue management have gone beyond the typical airline and hotel pricing, there is still a wide avenue where it can be successfully applied. One of the possible reasons for the gap between marketing science theory and its application to real pricing decisions is that pricing decisions are becoming increasingly tactical and operational in nature. Moreover, due to the widespread adoption of enterprise resource planning (ERP) and customer relationship management (CRM) software systems, a new wealth of corporate information is available which can be utilized to improve pricing and revenue optimization decisions. With the increase in internet usage a lot of information about customer behaviour which was formerly unavailable or was available only after a considerable time lag, is available in real time. This includes not just information on who bought what, but also who clicked on what, and who looked at what and for how long. Advances in internet and e-commerce, not only made the decision making in revenue management easier, it also requires the ability to manage and update prices in a fast-moving, highly transparent, online environment for many companies that had not previously faced such a challenge.

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Web 2.0 Tools: The Future of Collaboration?

*Soumyakanti Chakraborty**

In his Pulitzer Prize winning book, The Looming Tower, Lawrence Wright points out that the US intelligence system was "*blinking red*" much before 9/11. The different agencies responsible for the safety and security of the United States of America had frighteningly accurate information on a possible terrorist attack. CIA analysts, for example, prepared a section titled "Bin Laden Determined to Strike in the US" for the President's daily brief of August 6, 2001. The FBI was aware of an effort by Bin Laden to send students to the US to attend civil aviation universities and flight schools. On July 5, 2001, Richard Clarke, the chief counter-terrorism adviser on the US National Security Council told in a high level meeting that "something spectacular is going to happen and it's going to happen soon." For a long time, 9/11 was considered to be a failure of the US Intelligence community. However, the failure was not in intelligence gathering, but in intelligence sharing. The tragedy could have been averted if there was a mechanism to share information among the agencies.

The consequences of lack of knowledge sharing in business organizations are surely not as catastrophic as 9/11, nonetheless, business leaders often lament over the unreleased potential that is trapped inside the organization in the form of unshared knowledge. Time and again managers have expressed their helplessness in unleashing that latent power. As former Hewlett-Packard CEO Lew Platt once said, "If HP knew what HP knows, we would be three times as profitable". Thomas Stewart, in a 1994 article, urged companies to focus on what they know: their intellectual capital. Peter Drucker has identified knowledge as the new basis of competition in the modern society and economists have called knowledge an unlimited resource, the only resource that grows with use. Acting on these emphatic exhortations from experts, business organizations have created positions like Chief Knowledge Officers, Director of Intellectual Capital, etc.; however, today, almost twenty years after the clarion call to focus on organizational knowledge, businesses are still struggling to manage knowledge in their organizations.

Knowledge workers in today's world primarily use emails to communicate. In addition, there are technologies like corporate intranets, knowledge management portals etc. where the content can be accessed by the entire organization. In a recent survey it was observed that knowledge workers are not happy with the technologies available to them for sharing knowledge. Email has transformed into a very formal mode of communication and is no longer suitable for sharing knowledge. As far as knowledge management portals and the corporate intranets are concerned, only a small percentage of the organizational knowledge ends up on these platforms. Organizations have tried to force employees to contribute to knowledge management portals but imposition of rules and structures to promote knowledge sharing has not worked.

Emails, knowledge management portals and corporate intranets therefore, fail to provide answers to questions like: what would be the correct way to analyze this design problem? Is there anyone else who is working on the same problem? Is there a template available for this report? What are the main problems that our R&D is working on at present? Who were the employees who played pivotal role in the Chennai office restructuring last year? Thus, in the absence of a suitable knowledge sharing system, the result is inevitable – organizations keep reinventing the wheel, an unaffordable luxury in today's fiercely competitive world. However, we need not despair just yet, for it seems that Web 2.0 may help solve these seemingly insurmountable problems, it is a sliver of hope amidst this gloomy state of affairs.

Web 2.0: What is it?

Web 1.0 was characterized by the use of Internet as an alternate distribution outlet for content, a platform where consumers could consume content from traditional content generators, for example, online versions of newspapers, magazines, company brochures, etc. In contrast, the essence of Web 2.0 is collaborative behaviour. The consumers are themselves co-creators and disseminators of the content. It is a move towards a more interactive and participatory form of the Internet, in other words, a democratic Internet. The phenomenon of Web 2.0 is best understood by studying the companies which have been in the forefront of this movement – Wikipedia, Facebook, YouTube, Flickr, etc.

Why Should Businesses be Bothered?

The Web 2.0 companies listed above may be confusing to a business manager. Most companies are not in the business of building communities or helping people socialize. Then, how can these technologies help? Let us look at the world of a knowledge worker in a large, multi-functional company with a global footprint. This worker will have strong ties with a relatively small group of people. This group would comprise close colleagues who have worked with her for years. Outside that core group, there would be a relatively larger group of people with whom the knowledge worker has weak ties. These would comprise employees who have worked with her in a project in the past, are somewhere between an acquaintance and a friend, and with whom she interacts periodically. There is an even larger group of people, particularly in large organizations, with whom our knowledge worker has no ties at all. However, it can be immensely beneficial for her if she could find a way to interact

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with this group. This is the group of employees which may help her determine whether others have worked on the same problem which she is now engaged in or they may point her to the right resource, etc. In short, keep her from re-inventing the wheel. We may classify this set as her potential ties.

In his landmark paper, The Strength of Weak Ties, Mark Granovetter argues that the strong ties of a person are unlikely to help her solve new problems, provide new perspectives or generate novel ideas. A weak tie is more helpful in such cases as the weak tie can serve as a bridge to different networks with whom the person has not interacted yet. Granovetter's hypotheses have since then been tested and validated in organizations. Unfortunately, today's business organizations tend to concentrate mostly on strong ties, and have neglected the strength of weak ties. Technological tools, office space design, interactions outside of work, etc. are intended to strengthen already strong ties. The current technologies cannot help a worker leverage her weak ties, nor can it help her connect to potential ties. Experts believe that Web 2.0 technologies can play a crucial role in this regard. Wikis are being increasingly adopted in business organizations for collaboration among employees who are working on the same project, i.e. employees with strong ties. For example, wikis solve the version control problem that employees face when multiple employees work on the same document. For employees with weak ties, technologies like Facebook, Twitter, etc. inside the organization can help employees to connect with their weak ties and technologies like wikis and corporate blogs can help in leveraging potential ties. In addition, Web 2.0 technologies are subjected to network effects, i.e. these tools become easier to use and get more helpful as more employees start using these tools. Therefore as the organization grows, unlike conventional technologies, knowledge management may become easier with Web 2.0 tools.

Implementation Challenges

The adoption of Web 2.0 technologies will not happen on its own. To a large extent, the successful implementation would depend on the decisions and actions of the senior management. While young employees in the organization may be already conversant with these tools, the seniors may initially consider it to be a waste of time. It would be necessary for the top management to convince the employees on the usefulness of these technologies, and if required, to demonstrate usage. Indeed, the success stories of companies where these technologies have been implemented exhibit a similar pattern – the top management team was one of the first champions of the system. At the same time, it is important to remember that Web 2.0 tools are free-form technologies and users contribute of their own volition. Therefore, employees should never be forced to contribute. One other challenge is the appropriateness of use. Employees may start using the technologies but the outcome may not be as intended. These platforms may turn out to be outlets for dissent and debates. Will these changes be welcome? If yes, to what extent? Should the top management curb the voice of dissent right at the beginning by drafting a usage policy? Can such a policy end up discouraging employees from contributing? As with any other technology, Web 2.0 comes with its own set of challenges.

In April 2006, US Intelligence Community launched the Intellipedia, a wiki based tool, similar to Wikipedia, which allowed the different security agencies to share information among them. A community wide blog was also launched in 2005. The results are quite encouraging and knowledge sharing within the US Intelligence Community has increased to a large extent. If US security agencies with its long tradition of intense competition and a history of inter-agency non-cooperation can successfully adopt Web 2.0 technologies to share highly sensitive information, it augurs well for businesses. Web 2.0 might just deliver.

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Guest Lectures

Dr. Subhendu Bose, Associate Director, PwC took a few sessions on March 14, 2014 on "Valuation of Shares and Bonds" for the first year students. The sessions were part of the **Financial Management** course. He elaborated on business valuation, its fundamentals and different approaches and the concept of corporate finance in the contemporary world.

Mr. Kaushik Mukherjee, General Manager and Company Secretary, Phillips Carbon Black Ltd delivered a lecture on March 8, 2014 to the first year students at IMI-K on "Application of Business Laws" as part of the **Legal Aspects of Business** course.

Mr. Shivaji Roy, Former GM – HR, SAIL took a session on "Managing Industrial Relations" for the first year students of **Human Resource Management** on March 5, 2014. He explained the link between economic growth and industrial relations in a liberalized economy, which is characterized by intense competition. His deliberation provided a clear idea regarding different machineries for prevention and settlement of industrial disputes in Indian context. Finally, he discussed the pros and cons of worker's participation model in managing industrial relations.

Mr. P. K. Sahu, General Manager – HR & IR, Tata Steel Processing and Distribution Limited visited IMI Kolkata on March 7, 2014 to deliver a session for the students of the course on **Training and Development**. In his session titled "Training Evaluation", Mr. Sahu discussed about the importance of objective measurement for conducting the cost benefit analysis of training and development programmes along with the standard methods of training evaluation.

Capability Capacity Connects

Workshop on CSR and Corporate Governance at IMI Kolkata

With businesses expanding their purpose from profit making to include people and planets, sustainability has taken a centre stage for business entities. Corporates have proved that they have the ability to make a significant difference in the society and improve the overall quality of life through CSR activities. Partnerships between companies, NGOs and the government should be facilitated, so that a combination of their skills such as expertise, strategic thinking, manpower and money will put the socio-economic development of India on a fast track.

Recognizing the business needs, IMI Kolkata organized a two day Workshop on CSR and Corporate Governance from March 20 to March 21, 2014 along with Samabhavana Society from Mumbai as the organizing NGO partner. The theme was Capability, Capacity and Connects, i.e. capacity building and connecting to the partners in rolling out the CSR programme nation-wide, a strong initiative of Indian Institute of Corporate Affairs (IICA).

The first day started with the speech of the Convenor for NGOs from IICA, Ms. Gayatri Subramanium deliberating on CSR provisions in the Companies Act 2013. Luminaries from the industry, the likes of Mr. Rajendra Tripathi from IBM India, Mr. Vijay Vardhan from ITC , Ms. Neepa Saha Sharma from CESC and Ms. Riddhi Ghosh, independent CSR consultant spoke on various issues. Since the theme was CONNECTING through Social Media, representatives from LinkedIn and Google too participated. Dr. Tirthankar Nag, Dean (Academics), IMI Kolkata and Dr. Nandita Mishra, Associate Professor, IMI Kolkata deliberated on issues like how to do CSR mapping and what business should do.

The topic for the second day was "Importance of Corporate Governance for Delivering Effective CSR". Dr. Bhaskar Chatterjee, Director General and CEO of IICA, was the guest of honour and key note speaker. He focused on "CSR: The Game Changer", taking the participants through various case studies and enumerations.

Mr. Harsh Jha, Former MD Tata Metaliks, Mr. Tarun Gupta, Director Finance, Damodar Valley Corporation, Mr. Ashok Sinha, former Director-Finance, Coal India, Prof. S. P. Mukherjee, renowned academician and thought leader on Corporate Governance and Mr. Kaushik Mukherjee, Company Secretary, Phillips Carbon Black spoke on different aspects of corporate governance in the panel discussion.

Mr. T. K. Gupta pointed out that resettlement and rehabilitation by better environment management is the order of the day. Health hazards to society have a cost and CSR has a much bigger role for large PSUs to arrive at beneficial results. Mr. Ashok Sinha deliberated on the role of PSUs in executing and working towards CSR. He pointed out that our systems are not in place even if we have policies. Mr. Kaushik Mukherjee focused on Strategic CSR. He emphasised that NGOs becoming CSR partners is strategically well crafted. Social Investment can become effective only when we reign in governance in designing and executing CSR activities. He appreciated the empanelment of only 154 NGOs with TISS out of the 33 lakhs NGOs in India. This explains why governance in rolling out strategic CSR is required. Many NGOs directly set transparency as a goal, which these 154 enlisted NGOs must have done. All the panel members debated on the formula for success for these NGOs. Competence, identity management, accountability, financial stability and transparency are set to be the main goals. Mr. Harsh Jha pointed out that we should learn and replicate more from success stories of CSR activities instead of reinventing the wheel. CSR is in the DNA of many organizations. NGOs are true partners in making the planet happy. Dr. S. P. Mukherjee elaborated on altruistic activities, which would deliver value addition and sustainable approach, the basic ingredients of Social Investments and also on the eight Millennium Development Goals (MDGs) and Business Excellence Model. The role of NGOs as CSR partners is very important with respect to the eighth goal, i.e. to develop a global partnership for development.

The two day workshop was well appreciated by Industry, IICA and NFCG. This was an effort on part of the Centre of Excellence namely Centre for Corporate Governance & Social Responsibility (CCGSR) of IMI Kolkata, a partner of IICA for its "IICA Certificate programme in CSR" and accredited as National Centre for Corporate Governance by NFCG.

Announcements

IMI Kolkata to Offer FPM

IMI Kolkata is going to start its AICTE approved Fellow Programme in Management (FPM) from the academic session 2014-15. Within an enviable time period of only 3 years in operation, IMI Kolkata by its strong foundation of research, academics and high quality curriculum earned the approval of the All India Council for Technical Education (AICTE) to run the Fellow Programme in Management (FPM) similar to a doctoral level degree. The programme is aimed at working executives, faculty members and scholars who are willing to pursue doctoral research in management disciplines like Marketing, Finance, HR, Economics, Operations Management, Strategic Management, IT etc. The FPM at IMI Kolkata offers prospects for creating multidisciplinary knowledge with a strong foundation of research amidst a stimulating academic environment. Announcement inviting application will come soon.

IMI Kolkata Collaborates with The University of Tours

Commencing from November 2014, IMI Kolkata's top 5-7 students in the area of Marketing will have the opportunity to attend classes in University of Tours, France for a month. The Tours' faculty will also take classes at IMI Kolkata. The students are expected to be highly enriched with the most advanced knowledge imparted in a dynamic multi-cultural environment. The program will help them in combating the challenges posed in this competitive era in order to become an excellent professional in the marketing field. After qualifying, such students under the exchange programme will be awarded University of Tours' M.Sc. in Business Administration in addition to their Post Graduate Diploma in Management from IMI Kolkata. IMI Kolkata is also looking forward to collaborate with other universities in the areas of Finance, Operations Management, Supply Chain, Logistics, International Business, HRM and OB.

Faculty Achievements

Case Study on Spencer's Retail

A case study titled "Spencer's Retail Limited: Repositioning in a Changing Retail Environment" by **Dr. Mohua Banerjee** has been published by Ivey Publishing, which is a part of Ivey Business School at Western University, Canada. The case puts forth the evaluation of a whole new retail marketing strategy based on Spencer's Retail Limited. To target the expanding segment of upwardly mobile and upper-income Indians, the pre-eminent organized retailer in India decided to introduce western-style hyper stores with high-end merchandising. The initial reactions of shoppers were positive, but soon the novelty wore off and store traffic declined. To counter the negative consumer responses, the retailer undertook a year-long test of a new repositioning strategy in its signature hyper store in a large urban centre. The case provides the test results, which include consumer reactions as well as impacts on store traffic and profit margins. The case is available on the Ivey Publishing website where faculty, publishers and corporations worldwide can purchase copies for use in their classrooms, textbooks and seminars.

Workshop on Corporate Finance

Dr. Paramita Mukherjee and **Dr. Chanchal Chatterjee** attended the one day workshop on March 21 , 2014 on Corporate Finance organized by Centre for Advanced Studies, Department of Economics, Jadavpur University. The workshop mainly focused on the areas like cross-country studies related to the performance of firms and corporate governance, empirical analysis of financial structures of firms etc. Noted academicians and researchers around the state attended the workshop for meaningful discussions.

Other Achievements

Ms. Rajashri Chatterjee, Research Associate at IMI Kolkata, presented a paper titled "Corporate Social Responsibility in India: The Paradigm Shift" in the two day national seminar on "Contemporary Issues in Business" organized by the department of commerce, Burdwan University from March 13 to March 14, 2014. The paper makes an attempt to analyze the disclosures on the amount of CSR spending in various specified activities with reference to BSE 100 companies at the end of the financial year 2012-13. It also provides an overview of the future spending on CSR activities in India in the light of the Companies Act, 2013. Finally, the paper critically analyses the recent provisions of mandatory CSR spending as per the new Act.

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