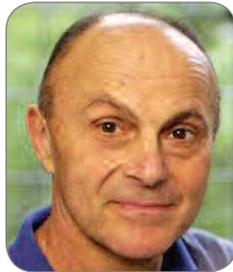


## Explaining Asset Prices: Nobel Prize in Economics 2013

By Dr. Paramita Mukherjee

The study of the movement of asset prices in the past few decades has seen different approaches and led to the development of new methodologies. These range from the 'efficient market hypothesis' to 'irrational exuberance' on part of the investor leading to asset 'bubbles'. But the attempt to find out what determines the price of an asset, whether a stock, a bond or a house, remains to be the greatest contribution to the modern finance literature and this has been honoured by this year's Nobel Prize in Economic Sciences. This merits special attention as the implication of the works can be directly used by investors to improve their investment outcomes. There are 'competing' theories proposed by Eugene Fama and Robert Shiller, but both have tried to study asset prices and to apply their theory in the real world. Lars Hansen also contributes to this by developing an econometric method used to study prices in the financial markets.



Eugene F. Fama



Lars Peter Hansen



Robert J. Shiller

making like consumption and investment. Having information on possible bubbles<sup>1</sup> can help financial sector and the economy prevent a crisis.

### The Theories on Asset Price Movements

One important aspect of studying asset prices is its predictability. If one could predict with certainty how price of an asset would go up compared to another asset, there would have been scope for making profit by the investors. However, it is learnt quickly by others implying no one can make abnormal profits in the asset market. But, in reality it is possible to get high return on an average from a particular trading strategy and there are reasons why prices might be predictable. The contribution of Nobel winners lies in analyzing these issues.

### Fama's Work

Fama tries to assess predictability by examining whether prices have incorporated all publicly available information. His 'efficient market hypothesis' states that prices of securities in financial markets fully reflect all available information. What remains is an unpredictable price pattern with random movements which are the reflection of the arrival of news. In his seminal paper in 1965, he showed that such movement of asset price is a 'random walk' in which, given today's price, the future price is as likely to rise as to fall based on the new information related to the firm. This information is immediately incorporated into the asset's price. This insight led to skepticism on the ability of fund managers. This implies that the fund managers' claim to have special ability to pick stocks is not true and their fees are nothing but a waste; this, in turn, resulted in the growth of passively managed index funds having lower fees. Fama's later findings suggest that there is a tendency for certain types of stocks, small-cap stocks in particular

### Why Study Asset Prices?

The financial sector of an economy plays an important role in channelizing surplus funds to deficit units for use of productive purpose. The financial assets, viz. stocks, bonds, bank deposits etc. are the tools or instruments through which this function is performed. Now, different asset prices may or may not move in the same direction and/or to the same extent. As a fund manager, knowing the relationships of the asset prices can provide significant insight as she can combine different assets in the manner that provides her client maximum return given the level of risk the client is willing to accept. But, the behaviour of asset prices is not only relevant for professional investors, but also for common people at large, when one wants to choose how to save through cash, bank deposits or a house. Apart from investors, asset prices also provide important information about some key variables relevant for macroeconomic decision

<sup>1</sup>When the prices of securities or other assets rise very sharply for some period of time, such that they exceed valuations justified by fundamentals, it is mentioned as the formation of a 'bubble'. This is because this high rate cannot sustain for long and makes a sudden collapse with heavy sell-off of the asset and at that point the bubble 'bursts'.

and stocks with a low price-to-book-ratio, to outperform the market over longer periods like several years.

Another empirical finding by Fama had a profound impact on the academic literature as well as on market practices. The event study from 1969 and many other subsequent studies by Fama and his colleagues indicated that the amount of short-run predictability in stock markets is very limited. Hence, looking at historical prices does not yield a good prediction of prices in the immediate future.

### Shiller's Work

One seemingly natural conclusion following the limited predictability of short-run prices is that it is more difficult to predict prices over longer time horizons. But empirical research by Robert Shiller shows that this belief is not correct. In his 1981 paper, he found that stock prices are much more volatile than that suggested by the underlying trends in the dividends should suggest<sup>2</sup>. This excessive swings imply that an increase in prices relative to dividends in a year will be followed by a fall in prices relative to dividends in some other year and one can infer a predictable pattern in the longer run.

Thus, Shiller's findings contradicted the efficient market hypothesis of Fama. Shiller extended his research from stock to bond market and the real estate market. He also suggested that the rapid rise in the market (Nasdaq in late nineties, in particular) might reflect trend-following on part of the investors rather than a rational appraisal of future prospects and thus, indicated a speculative bubble in the market. Subsequently in March 2000, the bubble in technology stocks did burst, the market collapsed and his theory of 'irrational exuberance' caught attention.

This points to the rejection of the notion of 'rational' investors. Mistaken expectations may lead to over or underestimate of future payment streams; thus, psychological mechanisms may explain why asset prices deviate from fundamental values. This 'behavioural finance' approach is now an established strand in the finance literature. Even more rational investors cannot nullify the effects of swings created by irrational investors as they may face constraints or limitations preventing them from going against the market.

Shiller's significant contribution also lies in the housing market. He predicted the collapse of the housing price bubble in the recent past. His work has shown that housing prices in US and other countries that rose to the levels far above traditional valuations, was actually driven by excessive optimism about future prices. The Case-Shiller housing price index was developed to help investors track the price movements and trends.

### Hansen's Work

An asset's value is based on the future payment stream. But these should be discounted as the payments in the distant future carry less weight than immediate future payments. Shiller considered

constant discount factor. But, actually discount rates may vary over time and then, even stable dividend streams may lead to significant variation in stock prices. Why discount rates vary could be explained by a theoretical model, viz. the Consumption Capital Asset Pricing Model (CCAPM) that connects the asset prices to the savings and risk-taking decisions by rational individuals. In the longer run, compensation for risk should play a more important role for returns.

CCAPM was not testable for many years till Hansen developed an econometric method, the Generalized Method of Moments (GMM) in 1982, particularly suited for dealing with the peculiar properties of asset-price data. Hansen made fundamental contributions also by applying it in a sequence of studies. His findings showed that the standard version of CCAPM is not valid and broadly supported Shiller's preliminary conclusions that asset prices fluctuate too much even with time-varying discount rates. Hansen's work established more strongly the idea that the mispricings identified by Shiller had to do with fluctuations in people's appetite for risk, e.g. when times are bad, investors become more cautious, and when times are good more investors are willing to pay high prices for assets. This result has generated a large wave of new theory in asset pricing both with rationality assumption and in the areas of behavioural finance.

### Beyond Theory

The empirical findings of Fama, Shiller and Hansen have important practical implications.

*First*, efficient market hypothesis implies that an investor cannot earn an abnormally high return and fund advisor claiming to predict the stock prices well, also cannot provide consistently high returns. It has been observed that having performed well in the past does not imply that the advisor or the mutual fund will do so in future as well. *Second*, future stock prices are unpredictable as stock prices quickly reflect all public information. That is why stocks prescribed on the basis of 'technical analysis' also cannot outperform the market. *Third*, the evidence against the efficient market hypothesis shows some anomalies which an investor can keep in mind while investing. It is found that small firms have earned abnormally high returns over long periods that cannot be fully justified by risk. *Fourth*, stock prices may overreact to news and the pricing errors are corrected only slowly giving scope for making higher returns (say by buying immediately after a poor earnings announcement and selling it after a few weeks when price gets back to normal levels). *Fifth*, sometimes prices do not adjust to the news announcement immediately; it takes time to adjust, yielding scope for higher returns.

The debate will continue, but an investor may play safe by buying stocks and then holding it for long periods. It is also sensible to go for the funds charging low management fees.

*The author can be reached at p.mukherjee@imi-k.edu.in*

<sup>2</sup>The theory states that a stock's value should be equal to the expected value of future dividends.



## Companies Act, 2013 Aims at Faster Economic Growth

By Dr. Chanchal Chatterjee

Finally we have the Companies Act, 2013 replacing the very old Companies Act, 1956. Since inception, many amendments took place in response to the changing expectations of the divergent stakeholders and to the ever changing complexities of the economy. In the present national and international context, there is a requirement for simplifying corporate laws so as to provide a framework that would facilitate faster economic growth. It is also recognized that the regulatory framework of corporate entities has to be in tune with the emerging economic scenario, encourage good corporate governance and enable protection of interest of the investors and other stakeholders. In the competitive technology-driven business environment, while corporates require greater autonomy of operation and opportunity for self-regulation with minimum compliance costs, there is also an immense need to bring about transparency through better disclosures and greater responsibility on the part of the corporate owners and managements for improved compliance. In this backdrop, some important aspects of the Companies Act, 2013 are being highlighted here.

### Raising Capital

Raising capital is a crucial part of any corporate. A very high level of transparency is presumed to be important for ensuring smooth raising of capital from the market especially when the country wants to channelize its savings to the productive investment avenues for faster economic growth. A list of 115 vanishing companies is available in the official website of the Ministry of Corporate Affairs (MCA) showing that an amount of around ₹ 804 crores has been raised by them from the market. Hence, proper disclosures and accountability on the part of the corporate are necessary for restoring confidence into the investors.

Some of the steps taken in the new Act are worth mentioning. Firstly, the new Act recognizes the concept of Shelf Prospectus. At the time of subsequent issue of shares, only material changes need to be indicated, which will ultimately ensure time and cost saving. Based on the recommendation of the capital market regulator SEBI, a class of companies may be allowed to provide a master document in a year and thereafter only incremental changes need to be reported every time they access the market. This is going to immensely help those companies who need capital for expansion in a phased manner. Secondly, the new Act permits issue of preference

shares beyond 20 years for infra projects and this is going to be helpful for long-term infrastructure projects. The expert committee has also recommended call/put options for the exit route from either side.

### National Financial Reporting Authority (NFRA)

One of the very crucial steps introduced in the Companies Act, 2013 is the establishment of National Financial Reporting Authority (NFRA). The main functions of NFRA are three fold: (a) to make recommendations to the central government on the formulation of laying down of accounting and auditing policies and standards, (b) to monitor and enforce the compliance with accounting as well as auditing standards and (c) to oversee the quality of service of the professions associated with ensuring compliance with such standards.

The powers vested with NFRA are also quite strong. It will have the power to investigate and have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908. On investigation by NFRA, if any professional or other misconduct is proved, it can impose severe penalty on the accused and even it can debar the member or the firm engaging himself or itself from practice as the member of Institute of Chartered Accountants of India (ICAI) for a minimum period of six months or for higher period not exceeding ten years. Here the notable point is that, where NFRA has initiated an investigation on the matter of any misconduct, no other institute or body shall initiate or continue any proceedings in such matter. In essence, NFRA is given the supreme power in this regard and the role of the Institute of Chartered Accountants of India (ICAI) has been marginalized to a great extent. The establishment of NFRA may be crucial especially after the Satyam Scam and the improper role of the ICAI in this regard. However, it is to be observed as to how far these embargoes on the powers of other body/institute enacted under an Act of Parliament hold and behold the spirit of the accounting profession in general.

The new Companies Act approved in the parliament on August 2013 to replace the 1956 Act will have far reaching implications for corporations. However, the effectiveness of this law will depend on the enforcement of its provisions. The new Act has been widely accepted by most of the corporates though there are some areas of concern.

*The author can be reached at: c.chatterjee@imi-k.edu.in*



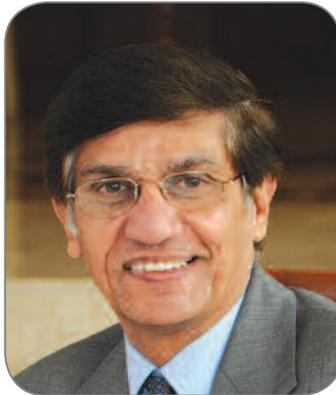
The new Act aims at greater transparency, better corporate governance and most importantly, protecting the interest of the minority shareholders.

## With Best Mind, Why Indian B-Schools are Lagging Behind?

*Mr. Pradeep Kashyap, CEO MART, in conversation with Dr. Tirthankar Nag, Dean (Academics) International Management Institute Kolkata.*

*Mr. Kashyap is known as the 'Father of Rural Marketing' in India. He is recognized as a thought-leader and is a regular speaker at CEO forums in India and abroad. His book 'Rural Marketing' has been appreciated both by students and practitioners alike.*

*In 1993 he started MART as a transparent, team-based, non-hierarchical organization based on ethical and spiritual principles. MART has emerged as India's leading rural consultancy organization. He has been Marketing Advisor to Ministry of Rural Development and has served the Prime Minister's Office and Chief Minister's Committees on rural development. He is also a World Bank and United Nations consultant.*



*Mr. Pradeep Kashyap*

### **On Knowledge, Education and Wisdom:**

Knowledge exists at three levels. It starts with information, then becomes knowledge and finally gets transformed into wisdom.

Information is something we read or hear about. They are essential to conduct our daily activities smoothly. When information is analyzed and understood it becomes knowledge. This is the purpose of education. In a B-school professors impart information and then encourage students to use the tool box of analysis to transform information into knowledge. Knowledge can be taught, can be acquired from external sources.

When knowledge is integrated with intuition and experience, it becomes wisdom – your experiential knowledge. Wisdom is the highest and deepest degree of knowledge, insight and understanding. It provides you with the broadest perspective on life.

### **On Becoming a Motivator:**

Discovering one's passion is the first step. Only then one will realize whether he or she will enjoy doing what he or she is doing or aspiring to do. When you enjoy doing something, obstacles melt away like magic and you get motivated to learn more.

At the age of 40 I discovered my passion of helping the poor improve their quality of life through rural marketing and rural development. For the last 25 years I have been passionate about it. I have gone deeper into knowledge. This has led to positions of importance, which has given me the opportunity and satisfaction of pulling hundreds of thousands of poor out of poverty.

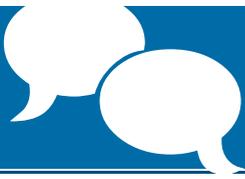
Developing common sense is another important aspect. I have built my knowledge and wisdom through application of common sense, which has helped me understand economics, banking, health, education etc. and bring a holistic understanding to rural development. I had no background or academic knowledge of rural development.

### **On Teaching in the Field of Management Studies:**

Most of us have heard of the famous Harvard professor Michael Porter, the 'Father of Strategy', whose Five Competitive Forces theory has been used by almost every consulting firm and most companies in the world. He describes an incident with his professor that changed his life. He got admission to the MBA programme at Harvard Business School, known for its case study method. A shy engineer from a small town he found himself in the company of smart, articulate urban students, who would raise their hands impatiently as they were eager to contribute to the case discussion. Porter lacked confidence and felt terrified in class. One day the strategy professor, a global authority, slipped a note into his hand, which read, "Mr Porter, you have a lot to contribute I can tell. I would like to hear more things from you in class". This encouragement changed his career. He decided to specialize in the field of Strategy because of this encouragement and the deep knowledge of the subject that the professor had. Teachers, therefore, have the power to change lives of the students but for that they must have deep knowledge of their subject since that is what influences the students most.

“

You are educators. You are born to make a difference. The day a teacher realizes that he or she has a great gift – the power to change lives – is the day an inspirational teacher is born. You have a choice either to believe that you are a mediocre teacher, teaching a boring subject to disinterested students or a human being helping younger human beings realize their potential and make a positive difference. Your beliefs create your world.



I used my common sense to acquire knowledge and went on to write a book on rural marketing, which is a standard text at many premier B-schools. Similarly, any business requires knowledge of many subjects to succeed. It is not possible to master so many subjects. But if we develop common sense then we can understand things easily. Management schools teach techniques and concepts to develop analytical mindset of students. In real life every executive does analyze, but he also needs to synthesize for which he requires experience and intuition. As students grow in their careers, knowledge alone is not enough to take complex decisions. The managers need to have intuition or insight to foresee the future. Intuition is enhanced through varied experiences and relationships.

Developing relationships with students is important. Human potential is often buried deep in a student. Warm relationships help to bring the potential to the surface, which can then be actualized. Further, students do not like to learn from professors they don't like. Even in life we do not like to learn from people we do not like. So behaviour of the teacher has to be consistently good so that they can emerge as role models and students enjoy learning from them.

A teacher must make students feel they are somebody. They must build their confidence through encouragement and not by criticizing their poor performance. Teaching and learning should be a joyful experience and not a burden.

### **On Excellence:**

What is excellence? Excellence is a journey, a search for the highest. That is why Tom Peters called his famous book *In search of Excellence* and not the destination of excellence. Excellence is a process of continuous self-improvement.

My guru used to say, "You should bring the same level of awareness and concentration that you experience during prayer to your daily activities. Level of awareness equals degree of excellence". Total awareness or enlightenment, in other words, leads to complete excellence. That is why when we see something truly excellent we say, 'God must have made it'. A constant effort must be given to increase our awareness. Excellence is not achieved by attitude alone, it depends equally on the awareness you bring to the task.

### **On Motivating People Toward Excellence:**

Students can be put on the path to excellence through mentoring. A professor who enjoys complete trust, respect and faith of his students can develop strong, instructional and emotional relationships with them. The two share warmth, love and support.

“

To enhance knowledge we need to do more original research, undertake consultancy assignments with companies and do a stint in the real world of business. We respect men of knowledge and the highest respect is given to spiritual masters. Even political leaders and royalty bow before them, because these souls have the highest knowledge concerning human consciousness. If one aspires to become the most knowledgeable professor in one's subject then that person will automatically get respect from students.

I look for every opportunity to show and tell my team members that I care for them deeply. These young people have given some of the best years of their lives to help me grow MART. I honour them for that. Their successes are my success and we celebrate all successes. Similarly, their setbacks are my setbacks and I always offer my shoulder and hand to them in their hours of need.

To motivate students we must engage their emotions, not just their minds. The key to the heart of students is a story. At MART we have a tradition of celebrating staff members' birthdays, weddings, annual increments and just about any occasion. Most of my teaching and inspiring my team is done through stories that I tell at these gatherings. Story telling is a very personal and emotional experience. It allows management ideas to get united with emotion and leave an indelible mark in the minds of the listeners.

Many cultures have a rich tradition of parables, stories and mythology to help common people relate to complex subjects like character, honesty, sincerity and so on. In management too, anecdotes and evocative stories can help managers learn about human nature. These stories inspire managers to strive toward excellence.

### **On A Sad Note:**

It is sad that the number of research papers published in international management journals by professors in the US in one day is more than the total number published by Indian B-school professors in a whole year. Further, why is it that only a few management professor from India finds his/her name in the Global 50 Thinkers List? Interestingly, there are eight Indians in the list but most of them are teaching in the US and Europe. If Indians have the best minds, as we know we do, then why are we lagging behind?

### **The Panacea:**

To enhance knowledge we need to do more original research, undertake consultancy assignments with companies and do a stint in the real world of business. We respect men of knowledge and the highest respect is given to spiritual masters. Even political leaders and royalty bow before them, because these souls have the highest knowledge concerning human consciousness. If one aspires to become the most knowledgeable professor in one's subject then that person will automatically get respect from students.

## Importance of Symbolic Brand Benefit

By Dr. Gopal Das

The American Marketing Association (1960) defined brand as 'a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors' (p. 404). A brand provides three basic categories of benefits to customers namely, functional, experiential and symbolic. The functional benefits signify the problem solving capacity of the brand, like Colgate removes stains. The experiential benefits refer to the sensory pleasure or cognitive arousal derived from using a brand, like the taste of a Snickers bar (sensory pleasure) or the playing with Lego (cognitive arousal). Finally, the symbolic benefits mean the signal effect of using brands, which refers to what the brand says about the consumer to the consumer and to others. The signal effect of a brand can be based on the image of a generalized or typical user of the brand and/or the personality of the brand itself. One such symbolic association to brand is *brand personality*. The objective of this article is to review the importance of brand personality.

### Use of Personality Metaphor for Brands

The consumption of brands can add meaning to consumer's life as brands convey symbolic associations. For instance, the advantage of wearing a Nike shoe or a Rolex watch, drinking Coca-Cola or driving a Mercedes goes far beyond physical attributes and functional benefits. Thus, a bond between customers and brands can be established through brand personality. King (1970) believed that people choose their brands the same way they choose people to make friends with, considering factors in addition to the skills and physical characteristics. He also advocated that consumers tend to attribute human personality facets to their brands. Brand personality describes a brand in terms of human characteristics associated with it (Aaker, 1997). Such associations reflect the general tendencies of humans to bestow human characteristics or traits to inanimate objects, i.e., animism and it has long been argued in the branding literature, that consumers associate certain anthropomorphic qualities to commercial brands. Metaphor is used to attribute human personality traits to brands. Use of metaphor in describing a brand facilitates the communication of complex phenomena by reference to a framework of understanding that is easily comprehensible and familiar. The use of metaphor simplifies consumer decision-making process. The use of 'brand as a person' metaphor became a common practice in investigating the image of product or service brands.

### Importance of Brand Personality

Aaker (1997) defined brand personality as a 'set of human characteristics associated with a brand' (p.347). For instance, the brand personality of 'Absolut Vodka' is hip, cool and young. Brand

personality is all about people's feelings about it (Keller, 1998). How important is brand personality? 'Gentle, sensitive, quite, good-natured, flexible, modern, cheerful and creative' or 'sophisticated, glamorous, wealthy, elegant, fashionable and innovative' – which personality profile do you like to be associated with or expect to find in people you choose to emulate or associate with? Maybe linking 'brand personality profiles' to consumer's purchase behaviour sounds bit far-fetched, but an increasing number of brand managers and researchers are highly optimistic in considering this idea of brand personality. Some marketers believe that the harder aspects of brand like functional attributes of a brand have stronger impact on consumer purchase behaviour than its softer aspects like personality. Brand personality plays an important role in differentiating similar products, as it is less weighed by physical attributes. Research has established that while a brand's physical attributes like features, price and materials may change, sometimes frequently; brand personality is an enduring quality, resisting change. The uniqueness of brand personality may create a strong brand identity. Brand personality can be served as a basis for meaningful and sustainable differentiation of one brand from others. A differentiated brand significantly contributes to the enhancement of firm performance. Brand personality serves as a sustainable competitive advantage for the firm. Practitioners found that consumer segmentation and brand strategy of a firm are formed based on brand personality-customer relationship.

The relationship between brands and customers could be strengthened through brand personality by creating 'feelings' or 'liking' towards the brands. Brand personality may create feelings toward a brand. Brand personality could be used as a basis of establishing relationship: even friendship between brand and human being through creation of likings and feelings toward a brand. A consumer can maintain or enhance one's self by using brand that is symbolically similar to the self. A consumer tends to support brands and services whose personalities match with his/her own. Finally, brand personality positively influences purchase decision of products or services and enhances loyalty and ultimately has great influence on brand equity.

### References

- Aaker, J. L. (1997), 'Dimensions of Brand Personality', *Journal of Marketing Research*, Vol. 34, No. 3, pp. 347-356.
- American Marketing Association (1960), *Marketing Definitions: A Glossary of Marketing Terms*, AMA, Chicago, IL, p. 404.
- Keller, K. L. (1998), *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, Prentice Hall, Upper Saddle River, NJ, First Edition.
- King, S. (1970), *What is a Brand?*, J. Walter Thompson Company Limited, London.



## Redesigning Capital Markets: Conference at Istanbul

Dr. Paramita Mukherjee, jointly with Dr. Chanchal Chatterjee, presented a paper entitled 'Price Behaviour around Share Buyback in the Indian Equity Market' in Borsa Istanbul Finance and Economics Conference (BIFEC) 2013 on *Policy Issues and Challenges in the Global Financial System and Economies* held on September 30 – October 1, 2013 at Borsa Istanbul, Turkey.

The International Conference was attended by eminent practitioners and academicians from around the world. Panel discussion

on redesigning capital markets in post global crisis era was an enlightening one with varied views of the CEOs of Turkey, Bulgaria, Vienna and Warsaw Stock Exchanges. Sessions ranging from asset pricing, financial market dynamics, behavioural finance, effect of monetary policy, economic growth to quantitative approaches in finance and Islamic finance were full of discussions among experts in the respective areas from London School of Economics, University of Southern California, World Bank, Central Bank of Brazil etc.

### Paper Publication

Prof. Tirthankar Nag's research paper titled 'Strategies to improve urban water delivery in West Bengal, India: An analysis of water institutions and benchmarking of water delivery organizations' shall be published in *Climate Change and Environmental Sustainability* journal in its October 2013 issue.

### Invited Teaching

Prof. Tirthankar Nag has been invited to teach doctoral course modules by IIM Ahmedabad in the course titled 'Energy Environment Policy'. The course deals with the energy sector and its issues globally and is offered to PhD level students who wants to carry out their doctoral dissertations in advanced areas of energy policy. Prof. Nag has been teaching doctoral students in this course and other similar courses for nearly a decade.

## IMI EVENTS



## CMD Allahabad Bank, Ms. Panse, Revisits IMI Kolkata

Allahabad Bank CMD Ms. Subhalaximi Panse revisited the IMI Kolkata campus on October 21, 2013 to inaugurate the induction training programme for the newly recruited probationary officers second batch consisting of 266 Probationary Officers (POs) who will undergo banking training for a period of three months. The programme has been directed by Dr. Sarojakshya Chatterjee and Dr. Nandita Mishra.

Addressing a packed house comprising dignitaries from Allahabad Bank and the trainee POs she emphasized on the importance of the hands-on experience at the branches where actual business is generated. She stressed on building customer relationships at the branches and creating awareness among the customers regarding use of technology such as ATMs, tele banking and net banking to facilitate day to day banking transactions of the customers and the time saved per transaction cost of the bank.

Ms. Panse explained the new role that the POs as the face and brand ambassador are expected to take up in their performance as bankers – to ensure customer delight rather than customer satisfaction. She emphasized on evolving the branches as customer-centric units.

Elaborating on the emerging trends in the banking sector she urged the POs to gather expertise on Sales and Marketing of products as



that will help the bank sail through the rough waters of competition with the peers and private banks.

The CMD highlighted the biggest advantage that Allahabad Bank holds is of having 61% branches in semi urban and rural India. Since rural India will be the focus of banking business in days to come, she hoped that the bank can leverage on the competitive advantage that it already has. However, for that purpose the performance

of the branches has to be improved significantly.

To encourage high level of performance and bring in a healthy competitive environment amongst the branches of the bank Ms. Panse announced certain incentives such as making a branch fully air conditioned provided the branch earns the additional cost of installation and further maintenance of the air conditioning system; introduced grading system for the branches named platinum, diamond, gold, silver, bronze category to rate the branches as per their performance.

Ms. Panse advised the young batch of POs to stay focused, acquire and assimilate as much knowledge, skill and expertise as possible from this three-months training programme that will not only help the bank stay glued to the growth trajectory but also open a plethora of opportunity for the POs to climb up the ladder in their career in the banking industry.



## MDP

### Building & Leading a High Performance Team

An in-campus MDP for 30 mid-level managers of Garden Reach Shipbuilding Engineering Ltd was conducted for two days from October 7-8, 2013. The various topics covered in the programme were on functional, behavioural, analytical skills.

**Programme Director:** Dr. Nandita Mishra

**Resource Persons:** Dr. Nandita Mishra,  
Dr. Rachana Chattopadhyay, Dr. Devjani Chatterjee,  
Dr. Chanchal Chatterjee, Dr. Shweta Dixit

### Mentoring for Success

Mentoring programme is a year-long programme more of training and consultancy for Vedanta Aluminum Industries at Jharsugda, Orrisa. There will be three phases of the programme. The first phase was from October 22 to October 24, 2013.

The senior Vice Presidents, COOs and Operation Heads are identified as mentors. There are 40-50 such mentors and around 70-80 mentees. Mentees are in the level of M-4 and below. There are also some mentees who have a dual role of a mentee as well as mentor.

The focus of the programme was to impart managerial excellence, functional/technical skills and behavioural development.

The relation between mentor and mentee would be though informal but very structured. The main purpose of identifying mentor was to create new leaders in the organization and taking it ahead in future.

All the participants' main objective was to see Vedanta not as the top 10 aluminum producer but as to top 5 or top 2. The organization realized that this can be achieved through enhancing physical infrastructure, knowledge infrastructure and emotional infrastructure.

The programme named Mentoring for Success would focus on building and strengthening the knowledge infrastructure and emotional infrastructure. It is always felt that technology doesn't built organization, it only facilitates. It is people who build organizations. Commitment of the people of Vedanta is the essence of the success of the programme.

This would be a certification programme and after successful completion of all the modules and assessment record the mentors would be certified by IMI Kolkata and the mentees would also be given titles of Ninja, Samurai, Bravo and Blossom depending upon the level of excellence and competencies.

**Resource Person and Programme Director:** Dr. Nandita Mishra



The relation between mentor and mentee would be though informal but very structured. The main purpose of identifying mentor was to create new leaders in the organization and taking it ahead in future.

## Guest Lecture

Dr. Debashish Biswas, Senior Manager, Deloitte delivered a session on Innovation & Project Financing on October 5, 2013.

Mr. Subhendu Moitra, VP & Regional Head, Eastern & North-eastern India, Project Advisory & Structural Finance, SBI Caps delivered a lecture on Project Financing on October 7, 2013.

## Confero



The upbeat annual fest of IMI Kolkata, Confero, held on September 24, 2013, turned out to be a grand event amongst the business schools of Kolkata. Events under the name InQuizzitive, I-Discourse and

Ad-Mad took place on the day of the event. Students from prestigious colleges like XLRI, IIM Calcutta, St. Xavier's, Presidency University, Jadavpur University participated in these events. The institute witnessed footfall of 250 students from various institutes, colleges and universities.

Mr. Charu Sharma the famous quiz master hosted the quiz contest InQuizzitive. XLRI Jamshedpur won followed by IIM Calcutta and Presidency University. I-Discourse, the debate competition had 24 teams. Presidency was the winner, followed by St. Xavier's College and XLRI. Ad-Mad show had 16 teams. Army Institute of Management got the first and second place. IMI Kolkata got the third prize.

## Farewell to Dr. Ahindra Chakrabarti

Dr. Ahindra Chakrabarti, Director of IMI Kolkata stepped down from his position on September 30, 2013. During his tenure at IMI Kolkata Dr. Chakrabarti brought about changes in the area of academic performance and overall excellence.

