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SCHOOL OF MANAGEMENT STUDIES

"Success is never permanent and failure is never final. So always do not stop effort until your victory makes a history"

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'Rank' and 'Yank' – A Critical Evaluation

~Shaveta Mahajan MBAII(HRM)

This phrase may seem quite witty, but there is one thing for sure it couldn't go unnoticed. While going through the newspaper one fine day I had to strain my mind to discover what **Rank and Yank** is all about. Economic slowdown and the entry of MNC's in new industries brought with them new forms of employee performance appraisals. Many of them, including the 360-degree evaluations, have lost their novelty. However, a controversial appraisal system is being discussed in HR circles today. Although, the idea is not novice, but it is gaining momentum in India .

Organizations today prefer to be lean with optimum employee strength rather than being fat and overburdened. They believe in pampering the employees who yield results and leave no stone unturned to ensure that they are retained.

Rank and Yank involves replacing 10 percent of the employees in organization every year as a matter of course. Believe it or not, around 20 % of the companies in India -- mostly MNC's have already put such a ranking system in place. The leading practitioners of this kind of ranking abroad include Microsoft Ford, GE, PepsiCo, Coke, Cisco & Sun Microsystems, but a few companies in India are willing to talk about it openly since the forced removal of substantial number of employees as an annual exercise is still a highly sensitive issue in India where retrenchment is still to find full acceptance.

Some call it the '**rank and yank**' strategy, others term it an '**up or out**' policy while **Jack Welch** , founder of this theory and former CEO of GE has termed it the '**vitality curve**'.

It is a ranking method in which the best and the poor performers are identified. It is also called the 20-70-10 model which says that "top 20 per cent" of the workforce is the most productive, "vital 70 per cent" work adequately and remaining "10 per cent" are non productive. Specifically (in accordance with the 20-70-10 model) the top executives are divided into "A", "B", and "C" players.

"A" players

- ◆ Filled with passion
- ◆ Committed to "making things happen"
- ◆ Open to ideas from anywhere , blessed with lots of "runway" ahead of them,
- ◆ Have charisma, the ability to energize themselves and others,

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◆ Exhibit the "four E's" of leadership:

Very high **Energy** levels

Can **Energize** others around common goals

The "**Edge**" to make difficult decisions,

The ability to consistently **Execute**, or deliver on their promises

"B" players

"B" players may not be visionary or the most driven, but are "vital" because they make up the majority of the group.

"C" players

"C" players are non producers. They are likely to "enervate" rather than "energize", Procrastination is a common trait of "C" players, as well as failure to deliver on promises.

The poor performers are given reasonable time to improve their performance and in case of failure they are asked to leave the organization and a severance package is offered to them. However, if they refuse their services are terminated and no compensation is offered to them.

Merits

It motivates the best employees, re-

moves deadwood, and helps develop strong leaders. It forces the managers to shed off the extra fat from organizations carried in the form of underperformers due to which organizations face downturn otherwise. But at the same time employees cannot be just asked unreasonably to leave. Their performance should be re viewed for three quarters. After the first quarter counseling and mentoring should be given to underperformers for improvement; again after the second quarter performance review i.e. if employees do not perform they should be given training and even after all this if they are unable to show signs of improvement they should be asked to leave amicably.

Demerits

Some critics believe that the 20-70-10 model fails to reflect actual human behavior cause an employee may fail to give his best in some cases...reasons could be many. While some critics think that it undermines team work, encourages employees to go into wasteful game playing to prevent themselves from coming in the 10 per cent slot and results in lack of job security to employees, thereby

reducing the employee commitment.

Consequences: This system promotes vitality in the firm, theoretically allowing only the strongest performers to reach leadership positions. The style may make it more difficult for employees to cross rate from one division to another. For example, a "C" employee in a company's Customer Service division would be at a disadvantage applying for a job in Marketing, even though he or she may have talents consistent with an "A" rating in the other division.

In a nutshell, 'Rank and Yank' appraisal method has both pros and cons and organizations should try taking maximum benefit out of it by making employees more productive keeping in mind the suitability factors and legal constraints. At the same time it's essential for the employees to realize that with the times now and ahead they cannot afford to take a back seat and if they want to survive in the corporate world they need to yield results. Thus, a mutually competitive behavior from the side of both the parties can surely make the 'Rank and Yank' method a grand success in the present industry

Alumni's Column....

MBA



MEDITATION TO ATTRACT FINANCIAL RESOURCES

Alumni Gurtej Sandhu 2004-06

Begin by relaxing and taking a few deep breaths to breathe in peace and stillness and exhale tensions and worries... Allow you to be fully present in this moment.

Visualize a star above your head connecting you with your higher self or soul.

Take a few moments to reflect on your relationship to money and how you feel about it. Explore any ambivalence, fears, or negative attitudes towards money or towards those who are wealthy. Also release any tendencies towards greed around money, and transform any dysfunctional attitudes into healthy, positive attitudes.

See money as simply concretized energy or life force—neither good nor bad in itself, but in reality a **neutral instrument** for measuring exchange based on a community agreement.

Align with your life purpose, your higher purpose—your unique contribution to the world.

Feel yourself in harmony with the abundance of the universe, supported by the nurturing energy of earth. Affirm your faith in this abundance as your soul's natural birthright. Now visualize money being magnetically attracted to you to enable you to express your purpose effectively. Embrace it as a useful tool, rather than an end in itself.

Reflect on how money could become more of a spiritual asset in your life. Ask yourself what more could you do financially to assist your spiritual development as well as that of others.

Then visualize money as a great stream of flowing golden substance, passing out of the control of materialistic forces and into the control of spiritual forces doing good work to aid human evolution.

**End by giving thanks for all the many wonderful things in your life,
and bless money as you give it to others.**



NEW DIRECT TAX CODE—It's Implications

~Navjot Kaur, Rohit Bhatia, Tarun Shahi (MBAII) Finance

"The funda of government is to eliminate excess of tax exemptions and incentives while reducing the tax rates and increasing tax slabs"

India's Finance Minister on August 12, 2009 released a draft of the proposed new Direct Taxes Code (DTC) with a view to ushering in radical changes in direct tax laws in India. The code is in two parts. The first part is a discussion paper containing provisions of the new Code and the second part is the proposed draft Direct Taxes Code Bill 2009. The new Code is expected to replace the existing Income Tax Act, 1961 and will come into force effective April 1, 2011 once the DTCB is approved by Parliament. The DTC seeks to eliminate excess of tax exemptions and incentives while reducing the tax rates and increasing tax slabs.

The proposed DTC is a single code for all direct taxes, like, Income Tax, Corporation Tax, MAT, DDT, wealth tax, etc.

The main objectives of this new code are to improve efficiency and equity of our tax system. It also seek to rationalize innumerable exemptions given to both high income personal income tax payers and corporate. The sought after consequences of this would be enhanced revenue generation and a greater degree of transparency in the tax system. It will increase the disposable income in the hands of consumers, which will boost consumption. This is positive for many industries such as FMCG, Retail, consumer durable, and automobile. It is also positive for media as it is likely to drive higher advertising. Some important implications could be:

SALARIED CLASS AND INDIVIDUALS

The new DTC offers a 'bait' to individuals and salaried class so that they can enjoy the gains of low taxes and higher deductions while accepting pains from the EET (exempt- exempt-tax) regime; removal of various of tax exemptions and incentives; and inclusion of all types of sums under taxable income. It affects different people in different income slabs with diverse types of investment choices in a different manner – some may be benefited while other may suffer due to their differing mix of savings and investments. Widening of income slabs helps taxpayers with reduction in income tax. The proposal is to increase the limit of deductions from Rs one lakh to Rs three lakh. Retirees and senior citizens will suffer heavily and withdrawal of several concessions and incentives will cause a lot of heartburn to them.

The withdrawal of deductions of LTC, medical reimbursement and rent-free accommodation will be particularly harsh on salaried class with low/middle incomes. The new tax regime will be very beneficial to taxpayers with annual incomes of Rs 10 lakh and above.

Overall, the new DTC is not favorable to the salaried class and individuals with low/middle incomes. It's particularly harsh on senior citizens. It's very detrimental to taxpayers who have heavily invested in life insurance policies, PPF, EPF, VPF, NSCs, two or more houses and other savings instruments. It's very favourable to those people with high incomes. DTC is also a big negative for the so-called long-term investors in equity shares and equity mutual funds.

IMPACT ON COMPANIES

Reducing corporate tax rate from 34 to 25 will benefit the Indian companies but it will discourage the foreign companies because they have to pay a branch tax at the rate of 15 % of their total branch profit in addition to 25 % of total profit. So the burden of tax is increasing rather than decreasing for foreign companies.

There is a provision that company have to pay actual tax or minimum alternative tax whichever is high. MAT (minimum alternative tax) is now proposed in DTC to calculate it at 2 % of gross turn over rather than calculating it on the 15% of total profit. So this may increase the burden of tax on those sectors whose turnover is very high like insurance sector, real estate sector etc. So it should be decreased.

Reduction in the rate of depreciation on plant and machinery to 15% will negatively impact companies availing high rates of depreciation.

The exemption available for SEZ will gradually reduce to nil, which is a welcome step because this will reduce the burden of, subsidies.

So the funda of government is to eliminate excess of tax exemptions and incentives while reducing the tax rates and increasing tax slabs.

This code has been released for public response. It would not wise to sleep over it. We should be responsive to it so that it can be improved and modified according to the needs of people and the corporate.

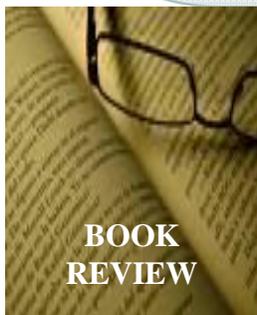
IS TELECOM SECTOR FEELING THE PULSE ??

~Kanchan Pathania-MBA II(HRM)



The other day I was watching TV and saw a bunch of people singing on a new tune *du du dum dum dum DO CO MO*...another channel was showing Hritik as Pied Piper, dragging "mousy" operators with 'Simply Reliance' plan...a little while after this mesmerizing "Hritik" came in our very own King Khan acting as cupid in a new advertisement promoting Airtel's 'pay-per second offer'. Sounds like a real exciting one!! I took the liberty to take some time out and visit websites of Telecoms. Telecom Price war has outgrown like never before, what exactly do you call a situation where you are all set to dine and having 56 dishes ready in your buffet and you are thinking of what to eat and what to leave. No matter if the operator is incumbent or a newbie, we can hear about the launch of new tariff plans, easy recharge vouchers, free minutes calling and more exclusive services almost on daily basis (specially 3G services) and the latest Buzzword in Indian Telecom Fraternity is 'Pay-Per-Use' or 'Per Second Billing'. First it was Tata Docomo, followed by BSNL, and then **Aircel** and now the country's largest private operator Airtel (expect the obvious Bharti Airtel with 100,000 cell sites is already one of the lowest producers of mobile airtime in the world at a cost of 42 or 43 paise/minute). TRAI plans a radical change in India's mobile phone industry by introducing an option of paying per second that could be a welcome note for the nation's cell phone users. On the contrary the move could be a threat to telecoms that may see their revenues decline by around 15%. This issue of 'per second billing' isn't even resolved and Reliance announces its simply reliance plan where all local & STD calls will be at 50paise/min once for and all. Morgan Stanley said in a report RCoM lower charges would be a hindrance for new operators, and could stagnate industry revenue growth for the next 12 months. This is bad for the country as a whole because it will create bankruptcy in the telecom sector. Consumer interest in the long term is not always served by lower tariffs. By engaging in predatory pricing Reliance is forcing some operators to bleed by selling below cost saying '*Reliance khud bhi dubega, dosro ko bhi le dubega*'. And by the time I finished writing this article I read in today's newspaper that Idea and Vodafone has also joined the bandwagon.

Well it's truly said " While the fighters fight, users enjoy". .!!

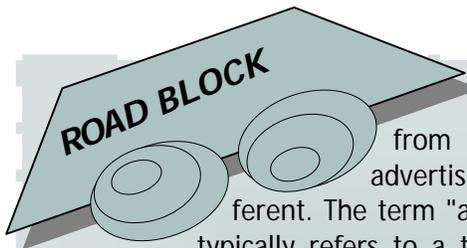


**BOOK
REVIEW**

**Eliza Jain
MBA II-FIN**

Business Maharajas is a famous book written by Gita Parimal. Ambani, Bajaj, Birla, Goenka, Khaitan, the Shahs, and Tata; eight of India's most powerful men, are studied in contrasts in this book. Their businesses are distinct and varied. Some are highly educated; others are barely educated. Some inherited their empires, others are self-made. Some reached the top in their 30s, others did not even get started until their 50s. And what they do, what they think, and how they react impacts the entire Indian economy.

Business Maharajas is about these business personalities. Instead of concentrating on their strategic decisions, Piramal focuses on their personal experiences and visions to expose how they think, how they conduct their businesses, and how they arrive at complex investment decisions involving billions of rupees. Overall a worth reading book. So just rush to nearby bookshops to grab its copy!!!



The term "roadblock" may derive from offline traffic terminology, but in advertising it means something quite different. The term "ad roadblock or simply "roadblock" typically refers to a type of offering on online ad networks. An ad roadblock provides an advertiser with the ability to 'own' 100% of the page views on an online ad network, blog, website or other online property, for a specified period of time. When advertisers and advertising agencies are tasked with reaching mass audiences online, many undertake roadblock advertising because it's an effective tactic for gaining user attention and engagement. Ad roadblocks are most often used for important announcements and product/service launches. Media buyers have recreated this online, snapping up all of the home page inventory on numerous major sites and portals on a single day, so a user is confronted with the same ad on numerous sites. This is very useful for advertisers who need to promote something significant and timely, like the arrival of a new film in theatres; the series premiere of a popular TV series; a major political, entertainment, or sporting event; or the launch of a new product. For this reason -- along with the ability to show video and employ rich media with a large page footprint, and their sizeable price tag -- roadblock campaigns have been particularly popular among entertainment companies and big-name brands.

Advertisers like Toyota have used local site ad network and technology provider Centro to easily place their new model auto ads on 140 different sites across the Web. "The New York Times" has also used a Facebook roadblock ad to increase its page fans on the social site and ignite a political discussion. It placed the ad, along with video footage of President Barack Obama, post-election last November and almost quadrupled its Facebook fans as a result. STAR Network's premium online video destination, www.startv.in, and Tata Teleservices joined hands to present an exclusive Roadblock campaign 2009 featuring the Tata Photon+. The five-day campaign had an innovative Tata Photon+ pre-roll played out on all videos played on STAR Player throughout the duration. Thus, the somewhat distasteful notion of "blocking" consumers aside, roadblocks serve a valuable purpose in their ability to capture users' attention when they first arrive at a site.

Do you
Know???



Tejesvi Madan
MBA-II (MKTG)

Commonwealth games 2010:India's Economic Perspective

Ranjeet kaur,
MBA 1, Sec-C

The 2010 commonwealth games in Delhi are just over a year away. The event is important for the country not only for the development of sports, but also a chance for India to prove to the world that we are capable of successfully organizing a world class event even during the time of global problems like terrorism and economic gloom. CWG 2010 will turn out to be a successful event and a show of strength by India. But India still is a developing country which on one hand is struggling with the problem of poverty and on the other, global warming is causing an agricultural crisis leading to inflation in the economy. Energy resources are getting depleted, unskilled and poor people are forced to work with least wages and skilled and literate people are still jobless. Forty percent of Indian population is below poverty line which indicates that booming Indian economy is still unable to feed a majority of its citizens. Although these games will have an international impact and boost India's economic linkages with the world, promote local tourism and hospitality and encouragement to local art and craft besides attracting investments. India's famous tourist places can attract huge forex earnings as during CWG, which will be conducted in October 2010, the foreign tourist arrival is likely to be double. Ayurvedic and medical tourism sectors will also be beneficiary during CWG 2010. But all this will benefit the society for a temporary period of time. Delhi is undergoing a complete makeover where the infrastructure is concerned but can it hide shabby and disguised slums behind the shimmering and glamorous construction? India's present goal should be the development of human resources, dealing with poverty and creating a healthy wealthy and literate India. India should first win the race against poverty and then think of going international through conduction of sports and leisure.

WHICH IS THE BETTER INDICATOR OF INFLATION - WPI/CPI?

~ Sandeep Bansal MBA-1

Inflation indicates the rise in price of a basket of commodities on a point-to-point basis. It basically suggests an increase in the cost of living over a period of one year. The rate of inflation is high if the prices are rising by 7%-8% or more and low if the prices are rising at 2%-3%.

Worldwide there are two barometers, which measure at what rates the prices of commodities are rising in the economies. The two are **Wholesale Price Index (WPI)** and **Consumer Price Index (CPI)**. Most of the major economies like US, UK, Japan, France, Singapore and China have selected CPI as its official barometer to weigh its inflation. But India is amongst few countries of the world, which selected WPI as its official scale to measure the inflation in the economy.

CPI: - A CPI is a measure estimating the average price of consumer goods and services purchased by households. A consumer price index measures a price change for a constant market basket of goods and ser-

vice from one period to the next within the same area. The index, worked out by the ministry of labour, is used to measure the cost of living. CPI is used by the government, private sector, embassies, etc to compute the dearness allowance.

WPI: - To calculate inflation, the inflation-computing agency collects the prices of identified commodities. The agency can take into account wholesale prices, retail prices or factory-gate prices. The Wholesale Price Index (WPI) takes into account the wholesale prices of 435 commodities.

The 100-point index is subdivided into three groups. The primary articles, which include food and non-food agriculture products, have a weight of 22.02% in the index. Fuel and power account for 14.23% and manufactured goods have the highest weight of 63.75%.

Flaws of WPI

◆ Out of 435 commodities, more than 100 commodities are ceased to be important from consumer point of view so the price changes in

those 100 commodities does not really affect the Indian consumers.

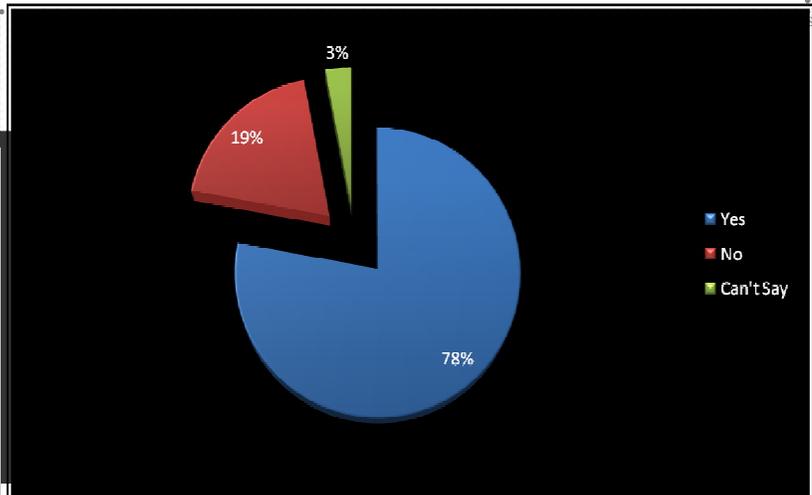
- ◆ There is a huge difference between the provisional and final index figure.
- ◆ WPI measures the general level of price changes at the level of either the wholesaler or at the producer and does not take into account retail margins. So WPI does not reflect the actual price hike, which the consumer is paying.
- ◆ The importance of service sector can not be ruled out in India but service sector are not duly accounted in WPI.
- ◆ WPI essentially measures the price changes from the production side and not from the consumption side.

Though WPI is an old measure (1902) compared to CPI (1970), WPI measures inflation at each stage of production while CPI measures inflation only at the final stage of production. Though WPI helps in understanding of the movement of prices worldwide, CPI is known as the best and most well known indicator of inflation. Time has come when Indian government should value the benefit of CPI vis-à-vis WPI.

Voice of the Students

POLLING

Should Foreign Universities be allowed to setup their institutions in India??



Sangram Pathania MBAII (Marketing)

◆ **RBI leaves key rates unchanged, 27 Oct 2009**

RBI has left the repo rate (at which it lends short-term funds to banks) at 4.75%, and the reverse repo rate (through which it absorbs liquidity from the banking system), at 3.25%. It has revised the inflation target to 6.5 % from 5%. It has also hiked the SLR from 24 per cent to 25 per cent. The FY10 GDP growth rate remains at 6%

◆ **Pay just Rs 19 for portability**

Come January 2010, consumers need to pay only Rs 19 and change their service provider, even as they retain the same mobile number. In a move that could intensify the stiff competition in the world's fastest-growing telecom market and push call charges ever lower.

◆ **India to be 3rd largest economy by 2050**

India will be the 3rd largest economy in the world after China and United States by 2050, An article "The G20 in 2050", carried in Nov bulletin of the Carnegie Endowment said, " Total GDP, of three nations in real US\$ terms, will be over 70% more than that of other G20 countries combined."

◆ **PSUs too may be asked to trim expenses in austerity drive.**

The government is planning fiscal prudence and austerity measures for PSU that include holding back additional funds and a clamp on national and international travel.

◆ **India, US agree on trade pact framework**

The two governments agreed to work together on a framework for promoting real and meaningful cooperation in trade and investment.

SMS PULSE

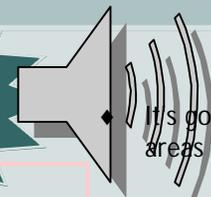
Compiled By: Shilpa Sharma MBA II (Fin)

- ◆ Interclass cricket matches of boys and girls were held from 16 Oct-21 October in which second year (girls) won by 9 wickets after chasing the target of 50 in 2.5 over's.
- ◆ Of Super match (men), first year team was the winner.
- ◆ SMS conducted **Talent Hunt** in the month of October, wherein students had participated in Business Quiz, GDs' and Paper Presentaion. Team-MBA-II(B) comprising of Shaveta Mahajan, Kanchan Pathania, Harish Sharma and Sangram Pathania won in the category of business quiz. In GD the winner was Jagdish MBA-II
- ◆ Second year students have given a warm welcome to their juniors by organizing a grand Freshers on 16 Nov,2009 in University premises. Presence of honourable faculty members added grace to this enticing event.

UPCOMING EVENTS

- ◆ International conference would be held on 28TH NOVEMBER,2009
- ◆ SoMS would conduct Alumni Meet on 13th Feb,2010

SPEAKING OUT...!!



Austerity drive- another publicity stunt!!

- ◆ It's good as it sets the standard and should be implemented in other areas too. **Rohit MBA-II A**
- ◆ It's a welcome thing as it lessens the unnecessary burden on public exchequer, but, it shouldn't be a flavour of season and be a consistent policy, irrespective of the party in power. **Ankush Kher MBA-I**
- ◆ -It will hardly make any difference to the economy. **Swati(MBA-I)**
- ◆ -It's like 'Haathi ke daant khane ke aur dikhane ke aur'. **Ashwani kumar(MBA-II B)**
- ◆ Charity begins at home. **Neha Gupta (MBA-II)**