



# CARE BUSINESS REVIEW

Monthly Business Letter of CARE School of Business Management  
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## Five Major Western Newspapers:

The Guardian (U.K), The New York Times (U.S.A), Der Spiegel (Germany), Le Monde (France), El Pais (Spain)  
(Hindu, March 15, 2011)

## Japan's Woes:

High power earth quakes, gigantic tsunami, nuclear reactor problems, have crippled Japan. The Hindu says 'Safely shutting down a nuclear power plant is not simple. Stopping the chain reaction that keeps fission going, thereby producing vast amounts of energy is the first step. But even after that is achieved, the core of the nuclear reactor is still very hot. In addition, radio- active process continues in the nuclear fuel, which too produces heat. .. The plants at Fukushima Daichi, Daini etc are facing meltdown.

(The Hindu, p.8, 15.3.2011)

## Impact:

Honda and Toyota have postponed their major plans in India due to the earthquake and tsunami devastations in Japan.

The devastating earthquake and Tsunami that hit Japan on March 11, may cost the Japanese economy \$235 Billion ( 4% of GDP). The rebuilding effect may take 5 years.

( BL, p.8, 22.3.2011)

## Wheeler- Dealer:

The term refers to a crafty person, someone who advances his own cause, usually through unscrupulous means .

( S.Upendran, Know Your English, The Hindu)

## Life Insurance:

Nippon, 6<sup>th</sup> largest life insurer in the world, has agreed to acquire 26% stake in Reliance Life insurance, involving Rs.3062 Cr. (\$ 680 Million).

(R.Rengaprasad - The Hindu, p.18, 15.3.2011)

## Life Insurance Industry Scene:

|                         |                |
|-------------------------|----------------|
| No. of Players:         | 23             |
| Break- Even period:     | 10 Years       |
| Capital Deployed:       | Rs. 34,000 Cr  |
| Premium Collections:    | Rs. 325,000 Cr |
| (Estimated for 2010-11) |                |

(S.Mahalingam - The Hindu Business Line, 15.03.2011)

## New venture:

General Electric plans to invest \$200 Million, for setting up an infrastructure equipment manufacturing facility in India.

(A.Amala quoting Media Reports)

## Opportunities:

Tata Motors to assemble Jaguar and Land Rover ( JLR) luxury sports vehicle Freelander in Pune. The Plant will produce 2000 units every year.

(SM.Parvathi - Economic Times, p.6, 3.3.2011)

## Quotes:

' Social Tension and Politics will be the driving theme in the present scenario'.

( Vikram Pandit, CEO, Citigroup).

' We want to do business boldly but not recklessly' -N.R. Narayana Murthy, Chairman Infosys.

‘ Thoughts mixed with definiteness of purpose, persistence and burning desire are powerful things.’

‘The nice thing about egotists is that they don’t talk about other people’- **M.Kalaiyaran quoting L.S.Harper – Hindu, 8.3.11**

#### **Walmart in talks to pick up stake in Future Group's Big Bazaar (27.03.11)**

MUMBAI: At a time momentum is building to allow foreign players into front-end retail, senior officials of the Future group and Walmart have met at least five times in the past four months, raising the possibility of an alliance between India's largest retailer and the world's largest retailer. If the alliance fructifies, it could reconfigure organised retail in India.

**( A.Velsamy, quoting media reports).**

#### **Helping the Poor : Current vs. New System**

**Current System: Food** : For Below poverty Line ( BPL) households, 35 Kgs of Rice/ Wheat Cost to Govt: Rs. 60,000 Cr.

**Fertiliser**: Beneficiary: All Farmers. Factored into the Product price. Govt. reimburses fertilizer companies. Cost: Rs.55,000 Cr.

**LPG**: Beneficiary : All households. Factored Into product price. Govt. reimburses oil companies. Cost Rs. 13,000 Cr.

**Kerosene**: Beneficiary: BPL Households. Each household entitled to 5 Litres per month. Cost Rs. 18,000 cr.

**Diesel**: Beneficiary: All users. Factored into the product price. Govt. reimburses oil companies. Cost Rs. 20,000 Cr.

#### **Proposed New System: Cash transfers:**

Instead of subsidizing goods, the Govt. will identify the poor and needy and move cash of an equivalent amount to their bank accounts. The System will have 3 parts: a UID Number, a

Bank Account, and some basis like BPL card to identify the deserving.

( ET, p.13, 10.03. 2011)

#### **Cloud Computing:**

In the next 10 years, almost everything will move towards the cloud, which means the entire IT opportunity will be cloud based, says N.R. Narayana Murthy. He forecasts Indian software developers will get as much as \$75 Billion of revenue from managing clouds in the next 5 years.

**(Ketzi Victoria quoting news reports)**

#### **Expansion:**

BHEL Trichy to invest Rs. 600 cr. Over the next two years, which will cater to the demands of Petro Chemicals and Nuclear equipment manufacturers. E.D. of the Company, Mr.A.V. Krishnan said that the Chinese firms are posing a stiff competition, with 20% cheaper prices.

( Business Line, p.7, 10.03.2011)

#### **Environment:**

Ozone layer in the Arctic, have recently shown massive ozone depletion. ( Ozone protects earth’s surface against sun’s ultraviolet radiation). ( The Hindu, p.14, 03.17.2011)

#### **Worst Nuclear Accidents:**

- 1) Three Mile Island Accident: (Pennsylvania –U.S. in 1979)
- 2) Chernobyl Accident in Ukraine, in 1986, was the worst as an explosion led to a cloud of radio - active material, being spewed over big parts of Europe.
- 3) The present Japanese Accident -2011, at Fukushima Nuclear plant.  
(The Hindu, 17.3.2011)

#### **Honour for HDFC:**

The Ethisphere Institute’s list of 110 most ethical organizations in the world, includes only one Indian Company- HDFC.

( Business Line, p.6, 17.3.2011)

#### **Men in News:**

Malcolm Harper: Chairman, Micro Credit Rating International Ltd, London

**Tim Berners Lee, Inventor of the web** is coming to India, to address ' Designing the web for an open society ' on 28<sup>th</sup> March 2011 at Hyderabad.

#### **New Product:**

Bajaj Auto is on course, with the development of the ultra low cost car whose prototypes will be shown to its partner Renault during the course of this calendar year.  
( BL, March 22, 2011)

#### **Boeing's New Jumbo :**

Boeing's largest passenger plane, the 747-8, can carry 467 passengers, in a three- class configuration, and is designed for long haul routes. With a range of 8000 nautical miles, (14815 K.M), it can fly direct from New York to Hong Kong or Los Angelis to Mumbai.  
( B.L., p.12, 22.3.2011)

#### **IIM- Lucknow:**

IIM- Lucknow students' fund, Credence Capital has managed to beat the Nifty giving returns of 17.96% for one year, ending January, 2011. Bench mark Nifty gave returns of 5.56%.  
( BL, p.12, 22.03.2011)

#### **Innovation of Godrej Group:**

Chotu Kool refrigerator from Godrej is priced Rs. 3000 and Rs. 5,000 . It can run on electricity as well as solar batteries. This is specially designed for rural markets. Godrej has tied up with India Post, for distribution of the fridge in the rural markets. The company is also exploring the usage in Automobiles.

**( C. Senthilnathan quoting Business Line).**

#### **Team Building:**

Team building's success is when a team can achieve something bigger and work more effectively than a group of the same individuals working on their own – The principle of Synergy. **Success principles:**

- All the team efforts are directed towards the clear goals, the team goals.
- When dissimilar personality types balance and complement each other. The team goals are totally apparent and completely understood and accepted by each team member.
- There is complete clarity as to who is responsible for what.
- For issues that rely on the team consensus and commitment, the whole team is involved in the decision making process.
- There are no blocked lines of communications and you and your people stay fully conversant.
- Build trust with your team members by spending one-on- one time in an ambiance of openness and honesty. Be loyal to your employees, if you expect the same.
- Interpersonal Issues need to be recognized early and fully resolved.

**(Based on the Article of Dr.S.Ramanathan in the 'Trinity Mirror'.)**

#### **Some Interesting Facts: Gold Reserves:**

India is the World's largest Jewellery market with 25,000 Tonnes of Gold Stock which lies with individuals. The official reserves of Gold are with the RBI, which is a modest 575 Tonnes. Gold control Act was abolished in 1990. Gold futures was introduced in 2003. Gold Exchange Traded Fund was introduced in 2007.

**( Contributed by Mr.K.Seeralan, SBI)**

**Tirupur:** Tirupur, a small Town of Tamilnadu employs 500,000 workers and accounts for 80% of India's hosiery exports. The Milestones:

- \*Exports began in 1978
- \*Rs.18 Cr.exports in 1985
- \* Rs. 11,000 Cr. Exports in 2010
- \* Contributes 3.5% of Tamilnadu's economy
- \* Clients of Tirupur include Levi's, Walmart, Diesel, Tommy Hilfiger, etc.

( Contributed by Mr.K.Seeralan, SBI)

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**This year's E Week closing ceremony** on February 12 saw a special guest in attendance – **Dr. Romesh Wadhvani**, billionaire entrepreneur and Founder and Chairman of the Symphony Technology Group and Wadhvani Foundation. He is best known for the largest sale in software history; he sold his third company to i2 Technologies for a whopping \$10 billion in 2000. At the E Week ceremony, Dr. Wadhvani came up with an interesting list of 10 things that an entrepreneur gets to do:

10. You get to scare your parents – by not taking up that secure job.
9. You can save money by not buying a bed – there's no time to sleep anyway.
8. Feel the passion – if you don't, no one else will.
7. Celebrate your team. Every single day.
6. Learn to beg! Venture capital is hard to get. Prepare to crawl to the VCs desk, if needed.
5. Set low expectations for your in-laws.
4. Learn humility – otherwise, your customers will teach it to you. If your customers don't, your employees certainly will.
3. You get to be your own boss. All your decisions will be yours alone.
2. Hit the jackpot! Sometimes you'll hit a small one and make some money. Sometimes you get lucky and make plenty. But if you don't try, you will never hit it at all.
1. You get to live your dream

( Contributed by Prof.N.Janakiraman: Source: The Economist, 16<sup>th</sup> March, 2011)

### **Japanese Culture:**

Japanese are not expressive people. They show restraint and are polite. Thinking of others and selflessness first, is considered a virtue. In trouble, they look after each other. They also tend to internalize anger and sorrow. ' We will bounce back; We always do'.

( Dignity in the face of Tragedy, Weekly Edition, The Hindu, March 27, 2011).

### **Acquisition:**

U.S. based agri and food products major Cargill has agreed to buy Mumbai based Marico's refined sunflower brand – Sweekar for around Rs.60 Cr. However Marico will retain its Saffola brand edible oil.

( ET, p.4, 26.3.11)

### **Bill Gates to fund Vaccine Trial:**

The Bill and Melinda Gates Foundation will fund two Indian firms – Seerum Institute of India and Bharat Bio- Tech to develop and sell vaccines for pneumonia and diarrhoea (that kills thousands of children every year), at less than half the current market price.

( ET, p.4, 26.3.11)

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