

SPM MIRROR



Volume - 2 | Issue - 37 | October-November, 2015



02

THE CAUSES AND
EFFECTS OF \$49/
BARREL CRUDE

04

CARBON DIOXIDE
(CO₂) CAPTURE
AND STORAGE (CCS)

06

MULTI-CHANNEL
MARKETING:
TRANSFORMING THE
WAY WE DO BUSINESS

08

BIG BRAND, BIG
SCANDALS –
IS THE CONSUMER
TRUST AT STAKE?

12

CHINA'S MARKET
CRASH - THAT BIG?
WELL! OR IS IT ALL
ABOUT PERSPECTIVE?



FROM THE EDITORIAL ADVISOR'S DESK

In spite of OPEC members' and analysts' optimism, Crude Oil prices continue to be on a low note. A report released recently fears Saudi Arabia's economy facing huge challenges, if the trend continues. At the same time, US Shale industry is not without its own woes-the brave face notwithstanding. Back home after Cairn India having resorted to impairment, one of the other major Natural Gas players is speculated to take a hit in their books. In a nutshell times are tough. However it's the tough that get going in these tough times. Indian Economy continues to take advantage of low crude oil prices-the good thing being that it has been able to drive home the message about the harmful long-term effects of subsidizing precious hydrocarbon fuels. Meanwhile, people in large numbers are 'giving-up' their subsidized LPG connections and opting for market-price based LPG. Though still a trickle, it indeed reflects the response of public towards honest appeals.

But there are other worrying signs as well. Petronet LNG is incurring huge demurrages for idling of its ships due to unwillingness on the part of its customers to lift costly long-term LNG from Qatar. That's because the prevailing spot prices are much below the contracted prices. However this should also be viewed as an opportunity for the Indian players to make most out of low spot prices. Petronet shall have to deal with situation as a business risk.

One of the articles in this issue of SPM Mirror discussed the implications of a low crude oil price era. Apart from that this issue also contains thought-provoking articles by SPM students.

Kudos to the editorial team for an invigorating issue of SPM Mirror!

Happy reading,

DR. PRAMOD PALIWAL
Professor, Editorial Adviser



DIRECTOR'S MESSAGE

DR. C. GOPALKRISHNAN,
I/C, Director, School of Petroleum Management, PDPU

It gives me immense pleasure to pen the message for this issue of SPM Mirror.

SPM encourages its students to undertake activities which are beyond the routine of classroom based education-SPM Mirror being one of them. SPM Mirror is a reflection of extra-curricular and creative bent of mind of students of a Business School.

At SPM, the exposure of students to the world of Management through rigorous classroom training by our highly qualified faculty is supplemented with regular sessions from experts from business and industry.

As a matter of fact SPM firmly believes in regular sessions by management practitioners as an essential part of

good management education and training. In addition, recurring events, seminars, conferences and occasional special lectures enrich the knowledge base of students at the School. Students at SPM have opportunities to listen and learn from experts from abroad who are invited to the University from time to time. We are also in the initial process of planning for an optional short duration of stay for students in one of the reputed universities abroad as part of their education programme at SPM.

SPM Mirror issues attempt to capture these happenings. My best wishes for this and all forthcoming issues.

EDITORIAL MESSAGE

A series of learning, in one form or another, comprised the past month. With all the fun and frolic of various academic and cultural events ranging from 6th Pandit Deendayal Memorial lecture to Janmashtmi celebration the 1st and 4th trimester for PGP14 and PGP15 went on and ended with the end term exams.

A new trimester begun with new initiatives and students working together in one direction. Meanwhile we welcomed our new Director, Dr. Gopalkrishnan.

This issue contains articles on:

- The Causes And Effects Of \$49/Barrel Crude
- Carbon dioxide (CO2) capture and storage (CCS)
- Multi-Channel Marketing: Transforming the way we do business
- Big Brand, Big Scandals - Is the Consumer Trust at Stake?
- China's Market Crash - That BIG? WELL! Or is it all about Perspective?

Our regular segment- Campus Buzz has been featured, with extensive coverage and reinforced content.

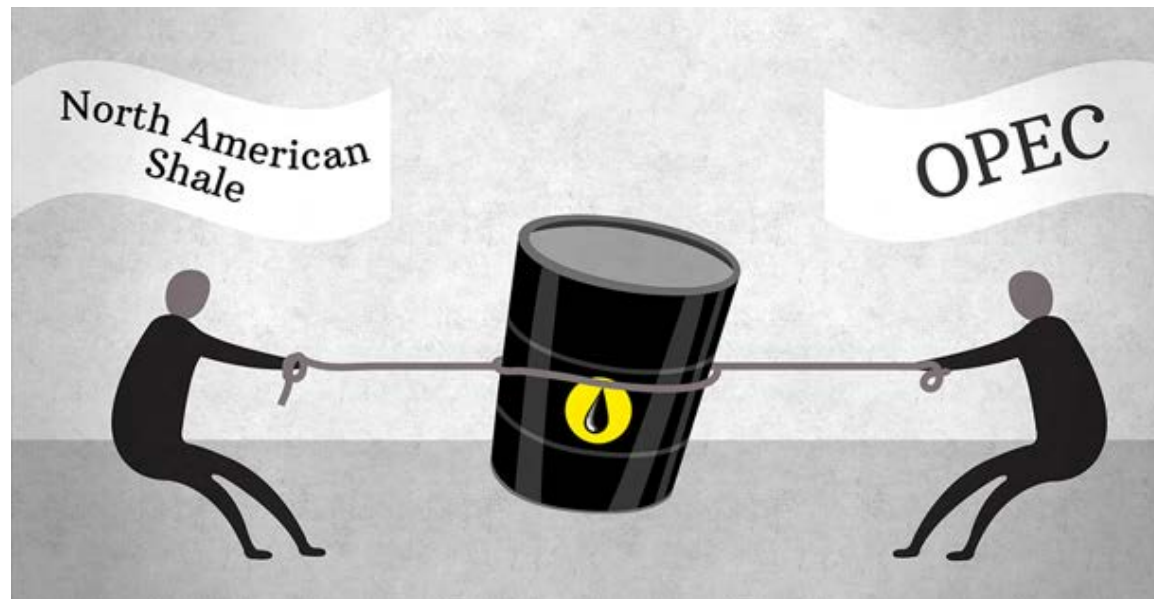
Voice Your Opinion attempts to put forth some intriguing issues and provides a platform to welcome novel outlooks on the same.

This newsletter offers a platform for students to express their experiences and views. We hope that it drives this process of partaking of knowledge and becomes a name to reckon with.

THE CAUSES AND EFFECTS OF \$49/BARREL CRUDE



KVNKC Sharma, PGP'15



The plunge in oil prices from \$105 to about \$49 per barrel since mid - 2014 has been a boon for oil importing countries, while threatening to slow down or destabilize the economies of oil exporters. The prevailing situation can be attributed to the disturbed equilibrium in the existing supply demand equation. The global oil inventory has increased thanks to hydraulic fracturing and horizontal drilling technological advancements, which led to United States has ramping up shale production. America's growing oil storage coupled with the economic slowdown in Europe and Asia has softened the global demand for oil; that too in the face of increased inventory. Hence, the prevalent crisis is a consequence of weak demand and oversupply in the global market and cartelization on behalf of OPEC countries, especially Saudi Arabia, which are no longer playing the traditional role of "swing" producer to help control the prices.

To add to this, the lifting of sanctions on Iran led to a further increase in global oil inventory as Iran began producing and exporting oil. Similarly geopolitical situations tend to undo the well planned supply schedule thereby disrupting the price equilibrium in global market. It has been just a few days that the oil prices gained some tailwind leading to an increment of over \$1 per barrel as a result of Russian airstrikes on Syria. This is because, "Russia's military intervention in the Syrian conflict has increased the geopolitical risks" and hence that \$1 per barrel rise can be treated as risk premium. Sometimes, even the weather might impact pricing since hurricanes in Atlantic cause can lead to precautionary shutdowns of oil fields in the Gulf of Mexico. And then, as the saying goes "Pride comes before a fall", analysts have genuine reasons to believe that the strategic move by Saudi Arabia to maintain market share at the cost of sustained loss to oil producers (including it), will prove expensive for the nation in a long run. The decrease in the foreign reserves of Saudi will for surely hinder its development and future prospects at the least. In general, it is evident



that, oil importers will benefit from lower inflation and reduced fiscal deficit while the exporters will need to endure weaker external current account balances and in some cases, severe fiscal pressures.

Venezuela, which is an OPEC member and happens to suffer from the highest inflation in the world, is one of the worst hit nations as oil makes up 95% of its total export revenue. The fact that the break-even price for Venezuelan oil explorers is over \$100 per barrel is causing the country to make a desperate plea for reduction in oil production by OPEC's Gulf member nations to no avail. Russia being the world's largest producer of crude oil is also hard hit by the plunge in oil prices. Oil and natural gas account for over half of the government's revenues and at least a quarter of the country's GDP. Moreover, two thirds of its exports are connected to the energy industry. Lower oil prices have caused the value of the Ruble to halve against the dollar, all in a span of one year and thereby pushing up the cost of imports. Inflation has climbed above 15% and the economy shrank 4.6% in the second quarter compared to the previous year. Lower prices would lead to supply disruption in Iranian, Iraqi, and Libyan markets, which all need sustained oil prices in order to profit. Efforts to shore up investment capital to develop deep water reserves and shale deposits by countries like Argentina and Ecuador would prove uneconomic. These low prices can also dent

U.S. shale production as it may not be economically viable to sustain operations beneath a certain price. Reuter's reports in 2014 indicated that the average estimates of the marginal cost of producing one new barrel of oil are between \$70 and \$77 per barrel for US shale oil while the marginal cost for Middle East Onshore oil production lies between \$10 and \$17 per barrel. Against the mentioned backdrop, most of the importers are basking in newfound economic growth thanks to the reduction in import bills and reduced inflation. India, which was ranked as the third-largest importer of crude oil in 2015 is among the biggest winners of the decline in oil prices. With oil accounting for about a third of India's imports, a lower import bill has led to the current account deficit narrowing to a seven year low of \$27.5 billion in the fiscal year ending March 2015, compared with the record high \$88 billion deficit in 2013. Cheaper oil has also enabled India to reduce its budget deficit by reducing state subsidies for fuel and fertilizers. Other countries which are reaping these benefits include Indonesia, UK, and People's Republic of China etc.

The fact that India and Indonesia, which were among the "Fragile Five" economies as represented by Morgan Stanley are surprisingly steady against the US dollar only as a result of the decline in oil prices can demonstrate the far reaching consequences of fluctuations in oil price. Most oil exporting countries are unable to balance their budgets with \$49 per barrel, and face tough policy decisions about cutting their spending, increasing borrowing or a combination of both. This is an unfounded dilemma for wealthy nations like Kuwait and Qatar, who until recently didn't have any such concerns. Similarly, countries like Venezuela and Iran would prefer economic growth to dependence on OPEC and might consider it in their best interests to estrange themselves from OPEC and collude with the US in order to decrease their production for a while, for a more prosperous future. This again denotes a different impasse for these countries which have been traditionally associated with OPEC. It would be interesting to wait and watch the policy response from each type of government. Will the wealthy and poor countries opt for extreme steps or will they tighten their belt and reduce their oil production remains to be seen.

CARBON DIOXIDE (CO₂) CAPTURE AND STORAGE (CCS)

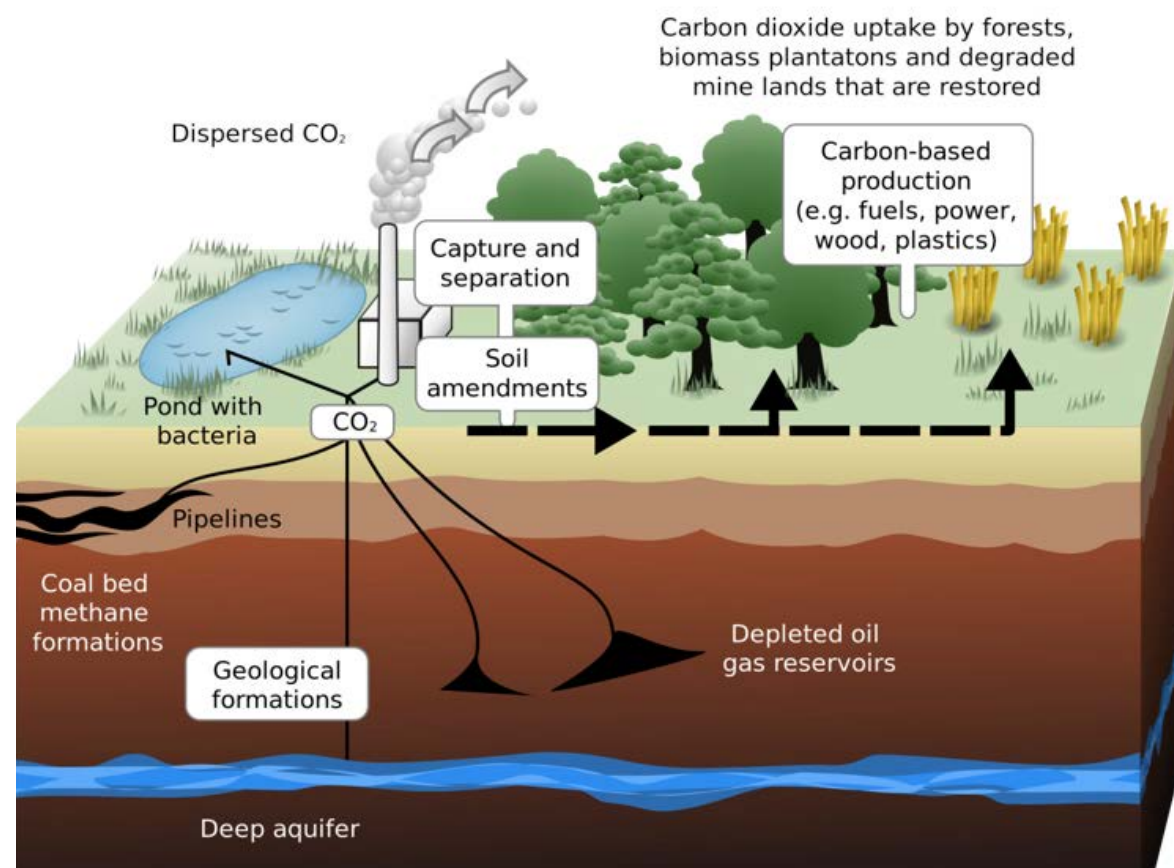
The nations across the globe contribute different amounts of heat-trapping gases to the atmosphere. Uneven contributions to the climate problem are at the core of the challenges the world community faces in finding effective and equitable solutions and hence the need for trade, technology, and transition to a lower-carbon energy system.

There are many heat-trapping gases (from methane to water vapour), but CO₂ puts us at the greatest risk of irreversible changes if it continues to accumulate unabated in the atmosphere. This is mainly due to CO₂ having caused most of the warming and its influence is expected to continue and it remains in the atmosphere longer than the other major heat-trapping gases emitted.

Carbon dioxide (CO₂) capture and storage (CCS) is the only technology that can reduce CO₂ emissions substantially while allowing fossil fuels to meet the world's pressing energy needs which is capable of reducing CO₂ emissions from fossil fuel power plants and heavy industries by upto 90%



Monika Singh, PGP 14



WORKING:

There are different ways of reducing these emissions depending on at what stage, CO₂ is captured. That is during fuel combustion (oxy-combustion-it comprises of burning of fossil fuel such as coal or natural gas in oxygen instead of air). The products of this oxy combustion are mainly water and CO₂ which are easy to separate at the end of the process enabling the desired capture after the fuel has been burned (post combustion). Here the exhaust gases go to a scrubbing column where they are washed with a solvent - chilled ammonia or advanced amines that absorbs the CO₂. The CO₂ and solvent are then separated.

Both technologies can be retrofitted to the existing power plants as well as various industrial plants. Once captured and in order to be stored the CO₂ is compressed and dehydrated. Now the issue arises regarding the storage of CO₂, which is normally piped into natural storage reservoirs; depleted oil and gas fields. They have geological features like: a layer of porous rock to absorb the CO₂ and an impermeable layer of cap rock to seal the porous layer underneath, trapping the CO₂ permanently. A rigorous monitoring system is always set up to ensure that CO₂ storage sites function as they should and continue to do so even after a CO₂ injection well has been sealed before the fuel is burned (pre combustion).

CHALLENGES:

The CCS technology can be used by the E&P companies at their best but what stops them from using this technology is relative in nature with the fact that emission of CO₂ during oil sands production is less (<30%) during WTT and WTW process in comparison to approximately 60-80% of the life cycle emissions that comes from burning the fuel in vehicles.

The process is currently being demonstrated worldwide at commercial scales, but without more experience, the role of CCS in meeting future climate goals will remain uncertain—especially in emerging economies. Without supportive policies and engaged local communities, CCS technologies will be unable to assume a central role in climate change mitigation. Also, there is another major challenge faced by using this technology is that it leaves behind dangerous waste material that has to be stored, just like nuclear power stations and the technology is expected to use between 10 and 40 percent of the energy produced by a power station.

The need of the day is energy security with the focus of climate integrity through CO₂ capture & sequestration. The important application of which is found to be in upstream sector in the reservoir stimulation where CO₂ can be used for EOR instead of matrix acidizing and hydraulic fracturing. CO₂ used for EOR is considered as an important factor in reducing the risk for climate change and at the same time protecting reservoirs from damages caused due to fracturing and acidizing and leading to 7-23% of OGIP recovery.

As per EIA the current production of Global Petroleum and other liquids of the world are 95.70 million barrels per day which is known to continue to outpace consumption and a major factor contributing towards CO₂ emissions. Hence with the environmental concerns taken in consideration there many projects which taken into consideration the CCS which includes 21 Power Plant CCS Projects across USA, Canada, EU, Norway, China, Korea and UAE. In India Power Sector is the largest consumer of coal accounting for about 70% of total coal consumption in the Indian economy and leading to an average emission of 0.82 t CO₂/MWh which leads to demand of CCS technology.

Thus, CCS is a key tool that can be used for tackling the climate change and climate variability, providing energy security as well as economic prosperity by reducing global CO₂ emissions by 19% and that fighting climate change could cost 70% more without CCS and hence it plays an important role in order to reduce Green House Gas Emission. Hence the focus should be to develop clean power with CO₂ capture & sequestration.

REFERENCES:

<http://www.carbonbrief.org/around-the-world-in-22-carbon-capture-projects/>
<http://www.carbonbrief.org/around-the-world-in-22-carbon-capture-projects/>
http://www.irade.org/website%20documents/CCS_IRAde_DST.pdf
http://www.usea.org/sites/default/files/event-presentations/09-12/Summit_CCUS_EOR.pdf
<http://keith.seas.harvard.edu/papers/123.BergersonKeith.DirtyOil.e.pdf>

MULTI-CHANNEL MARKETING: TRANSFORMING THE WAY WE DO BUSINESS



Pratik Naker, PGP'14

The healthcare industry has been notoriously depicted to be laggards when it comes to 'Technology adaptation'. The organizations that attempt to adopt novel practices are often 'market leaders' who ought to maintain their position vis-à-vis its competitors. Since Pharmaceutical units have large 'product portfolios' consisting of products belonging to different therapeutic segments bound by strict regulations, often released into markets after a rigorous (and very expensive process), companies often aim at increasing commercial productivity dictated by constrained commercial budgets.

Multi-Channel Marketing (MCM) could well be the answer to their woes. Having a customer-centric approach, it attempts to engage its stakeholders namely doctors, patients and payers in a more personalized manner to forge mutually beneficial relationships. Only recently has technology developed such versatility to sustain such personalization backed by 'big data' to carry out interactive 'e-detailing' sessions. The essentials to successful MCM implementations are therefore:



SEGMENTATION

A 'segment of one' accommodating only one stakeholder (medical practitioner) at a time to deliver very customized information, through offline channels (sales representatives, meetings, print, broadcast) and digital channels (e-details, webinars, video conferencing, apps, websites). An optimal mix of channels serving the interests of each segment, individually, imparting only relevant knowledge at its convenience is the primary objective of this model.

THERAPY AREA OF THE PRODUCT

The approach to promoting an 'analgesic' would be different to that of an oncological product. The promotion of a 'Dietary Supplement', registered as an OTC food product would be very different to that of a 'prescription' product. The promotional mix for a 'Family physician' would be different to that of a 'therapy specialist' e.g. orthopaedic.

PRODUCT LIFE CYCLE STAGE

As observed time and again (Thumbs rule) a product when launched requires more rigorous marketing efforts. If the product is an 'innovator' product, a prospective 'prescriber' may require constant updating and product specifics i.e. Product toxicity, route of administration, contraindications, etc. 'Marketing focused towards 'pull' rather than 'push' is followed.

IMPARTING SKILL AND TRAINING

Arming reps with fancy 'tablets' and 'apps' to supplement MCM would only be successful if the data gathered from face-to-face meetings and e-campaigns can be properly analysed and disseminated. Training imparted to handle technology is important for the success of the campaign.

DATA ANALYSIS

The data that is collected should be properly analysed via sophisticated dashboards that track sales (prescription vs OTC), the number of contacts, market share, the value (financial) per head, based on which effective segmentation of stakeholders (platinum, gold, iron and lead) can be done, formulating strategies for each segment effectively.

INTERACTION QUALITY

For apps, dedicated product websites, webinars and social (medical) platforms, the quality of interactions shared, the time spent on the platform etc. are more effective in tracking value than the number of clicks/visits to these platforms.

ACCESSIBILITY

Designing channels in a way that facilitates information sharing (product related, general therapy knowledge, and references to clinical studies), sales reps accessibility etc. can prove to be a game changer to drive sales.



CROSS-CHANNEL ACTIVATION

A vast array of channel offerings brings customers right at the centre of this unique model. Traditionally "Continuous medical education" (CMEs) programs have been expensive and difficult to organize and implement. With online "CMEs" and "e-Learning" program practices now available through digital platforms coupled with traditional practices has made imparting knowledge more fruitful and practical.

SOCIAL MEDIA MARKETING

Johnson and Johnson has been very successful at MCM, engaging its stakeholders effectively through various channels including social media and digital marketing for its OTC products. Having a much diversified portfolio, including a large product mix of various product lines, it has successfully managed to implement MCM.

ETHICAL MARKETING

Pfizer, the global leader in pharmaceuticals, having recognized the importance of digital marketing, and being duty-bound to not promote its products, took to promoting its values through an online commercial 'Graffiti'.

The biggest threat facing brick and mortar pharmaceutical units manufacturing 'Nutraceuticals', Dietary supplements in particular, are FMCG giants producing Functional beverages (e.g. Gatorade) and functional foods (e.g. maternal & child supplements manufactured by Nestle), who spend heavily in above the line marketing, which leverages on an effective 'push-pull' strategy, a tactic that is severely impairing Pharmaceutical giants, making MCM all the more important.

BIG BRAND, BIG SCANDALS – IS THE CONSUMER TRUST AT STAKE?



Pranali Baxi, PGP15

With the onset of June 2015, there broke out the news of India's youngsters' staple food, two-minute Maggi noodle to be blamed of excess lead content than prescribed by Food Safety and Standard Authority of India (FSSAI). This was followed up with a ban on Maggi noodles by the Supreme Court of India without paying heed to Nestlé's appeal of false allegations on the brand. This shook the consumer trust apart from tarnishing Nestlé's image which saw a 15% southward plunge in its stock price. Critics opine that Nestle India did not opt for the right mitigative measures at the right time to save the "noodles" from going off the shelf. Moreover, they also feel that a delayed response from Nestlé's end shook consumer trust and damaged the brand big-time more than it should have. Till date, Nestle hasn't admitted to the allegations of excess lead content while arguing it has passed similar tests across the globe except India.

But since the damage has been inflicted, Nestle needs to regain its position in India by reinforcing the consumer and judicial trust on the brand. As we speak of it, Nestle has initiated a few steps to bring back "Noodles" and to reinstate the trust by "We Miss You Maggi" commercials.

Nestle India's MD Etienne Benet was replaced by Nestle Philippine's MD Suresh Narayan within a month of the ban. However, Nestle is still struggling to bring its most loved and



famous brand to its consumers, we speak of what should a brand do to reinstate the consumer trust and to control the extent of damage? While Maggi Noodles is more of brand specific scandal that Nestle faced, the more recent Volkswagen US "clean diesel" scandal not only broke the consumer trust but has also traumatised environmentalists and climate scientists.

The scandal broke out when Environment Protection Act (EPA), US found out about VW's engine's to be cheating the carbon emission test. On 4th September 2015, Volkswagen admitted to the claim. Volkswagen was competing with Toyota's hybrid model on the basis of efficient yet powerful and environment friendly engine. It has increased its US market share from 2007 on the basis of this selling point. But, as it turned out, the designed engine worked fine under simulated environment showed the carbon emission to be fair below the needed while when the cars went on road; engine would work in original way thus increasing carbon emission as the speed increased. When this news broke out it was known that cars from 2010 to 2014 were affected thus totalling the number to 11 million cars. This again led to the resignation of its CEO. As details emerge, it has been established that one of the employees acted as a whistleblower by revealing the illegal usage of software in the engine management system.

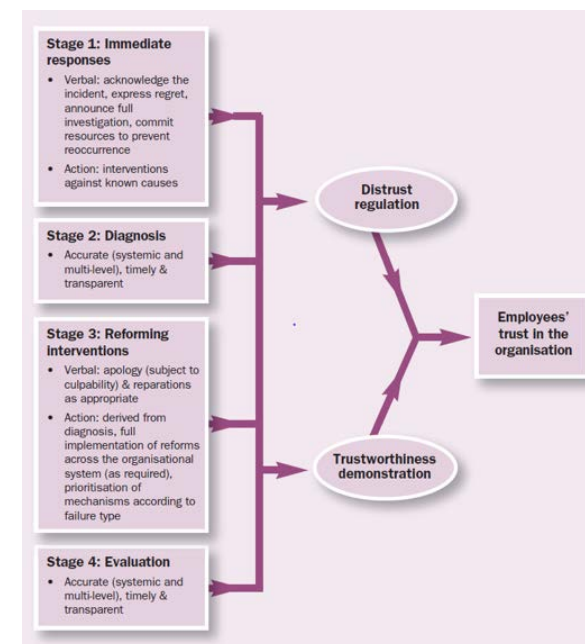
Any organization is driven by its top management and here unethical, careless behaviour of top management can neither be ignored nor justified. Coming to the close of two big scandals we may need to look at some basic important aspects which link business ethics and trust as well as understanding the trust and trustworthiness of an organization. Quoting GRAHAM DIETZ and NICOLE GILLESPIE from their occasional paper on the "recovery of trust", Trustworthiness for an organization is attained by delivering exactly what they are promoting. When an organization fails to deliver on its promises, somewhere it is being unethical and damaging its reputation.



TRUST REPAIR

The IBE report outlined four stages of effective trust repair, which follow a simple chronological sequence:

- Immediate response (in the first 24-72 hours) – Nestle failed at it while Volkswagen took responsibility and followed the consequences faster.
- Systematic and thorough details about the causes and facilitators of the scandal. – Maggi Noodle got a clean sheet from the court yet it is still struggling to lift the ban on the good. While or Volkswagen the process is going on.
- A comprehensive and targeted series of reforming interventions aimed at producing an organisational system that engenders and sustains trustworthiness- Maggi came out with "We miss you Maggi" commercials and more concrete efforts are yet to be realized. While, Volkswagen is yet to start.
- Regular evaluations of progress. – It is yet to be seen as to what waits for both of them.



The trustworthiness of others is usually gauged on the basis on three dimensions: Ability (i.e. technical competence), their Benevolence (i.e. their motives and interests) and their Integrity (i.e. honesty and fair treatment). If the overall judgement is positive, it increases our willingness to take a risk in our transactions with that entity – i.e. to trust them. This trust might involve buying an organisation's products and services, investing in their stock, or rendering service as an employee. But, should any of these attributes be called seriously into question, it makes us wary, and reluctant to engage in any risk-taking. Such distrust can hamper collaboration, exacerbate the inefficiencies of monitoring, stifle innovation, and damage relationships.

Thus, every encounter provides each party in a relationship with evidence of the other's trustworthiness, and hence the potential to nurture or undermine trust. This concept can be clearly related in the case of both Maggi Noodle and Volkswagen.



CHINA'S MARKET CRASH - THAT BIG? WELL! OR IS IT ALL ABOUT PERSPECTIVE?



Ronak M Sani, PGP'15



Chinese Stock Market crash on 24th August which was dubbed as 'BLACK MONDAY' by market analysts wherein Shanghai Stock exchange lost 8.4% of its value. The carnage followed on Tuesday as well when the exchange again lost 7% of its value. The amount of money lost is estimated to be \$3 trillion, which is more than the economic output of Brazil.

But the market crash is that big?

Two compelling perspectives can be highlighted. If China's markets were really the global colossus, the markets would have taken that into account and shifted to the Far East accordingly. But they didn't. Let us try and understand that with a correlation that if the countries were as big as the size of their stock market. No doubt the Chinese stock markets can give investors a roller-coaster ride. In fact they are the most volatile at the current moment. But if volatility records were checked just for the previous decade the markets are a 30% less volatile compared to the market crash of 1929.

China's Markets Aren't China's Economy

Sometimes a country's markets are wrongly equated with the trajectory of its GDP. This can be regarded as a loose correlation because the former is a financial instrument while the latter is an economic one. Even if growth has slowed from 7% to merely 4% that's not a disaster.

No doubt the situation in China is serious, but it's all about psychology, not economic reality. China is the world's last true growth market. It will remain volatile, but as such, also filled with opportunity. The louder the Chinese doomsayers become, the more likely they are to be wrong yet again. Growth there may slow, but it won't grind to a halt, barring a complete policy reversal from Beijing... and that's something 1.367 billion consumers will make sure never happens.

Before great depressions, markets swing in both directions because stability within the markets changes rapidly. If there is a crash in the Chinese market, the orient first and then the west will suffer big time. China holds much of bond debt, if they sell off, it will be at a discount driving prices for bonds lower, perhaps much lower. China is producing the majority

of domestic consumable goods and without China producing them there is no ready market that can create the volume needed. While institutions do hold the majority of financial instruments and transactions they are no more intelligent than individual investors and are just as susceptible to market madness. Leverage of corporations is no different than leverage of countries or individuals, a lever can work both directions and you are in big trouble if you are on the wrong end of that lever. Across the world people who do not have the means to lose investment money are always the losers in the stock game, stocks are not a spectator sport like fantasy football, they, like all investments involve real risk, not just rewards. Fact: Most people cannot grasp the complexity of any detailed process, much less investing. But there is one point on which everyone would agree, small growth is still growth, but the downside risks from the above variables are absolutely critical to understand the big picture and that is, a financial bubble has been created world-wide. Believe it or not, if there is a crash in the Chinese market, the orient first and then the west will suffer big time.



Is there a reason to worry?

Financial markets are time and again pumped up with credit and quantitative easing to keep the real economy afloat are in any case ripe for a crash - or "correction", as the market players like to call it. The only question is how far and fast they go - and how great is the price paid by the rest of us. Paradoxically, Beijing may be better placed than others to ride out this storm. China's economy is slowing down, as it shifts from export-led growth in consumption. But it's still growing at 7%, nearly three times as fast as Britain and the US, which are supposed to be the west's current star performers. Even if China's figure is overstated, its growth is still at least twice the Anglo-American rate: the kind of economic problem the rest of the world would be happy to have. That follows three decades when Chinese growth averaged 10% a year, delivering the fastest economic development and reduction in poverty in world history - as

well as rising inequality and environmental degradation. But China's stock market is small compared with its western equivalents and relatively insulated from the rest of the economy.

China rode out the 2008 crash by pumping public investment into the economy, delivering 78% growth between 2007 and 2014, while the US managed 8%. That has left it with a huge debt pile, estimated at 282% of national income, which some now believe will bring China's economy to a juddering halt. But that is mostly debt between state-owned institutions, so there is no basis for a speculative Lehman's-type collapse. In fact, some of the problems China is now facing as it tries to bring the stock market crisis under control, such as capital outflow, stem from the liberalization urged on it by the World Bank and its own home-grown would-be oligarchs.



References:

- <http://www.dailymail.co.uk/news/article-3153186/Think-Greece-s-economy-one-trouble-s-CHINA-s-facing-financial-meltdown-biggest-stock-market-crash-Great-Depression.html>
- <http://utopiathecollapse.com/2015/07/03/is-chinas-stock-market-bubble-bursting-billions-wiped-off-share-values-in-june-the-shock-is-only-just-beginning/>
- <http://www.vox.com/2015/8/23/9195891/china-stock-market-crash>
- <http://fortune.com/2015/09/02/china-crisis-us-economy/>
- <http://www.economist.com/news/business-and-finance/21662092-china-sneezing-rest-world-rightly-nervous-causes-and-consequences-chinas>
- <http://money.cnn.com/2015/07/06/investing/stocks-market-china-greece/>
- <https://www.stratfor.com/weekly/chinas-crisis-price-change>

FACULTY FOYER

INTERNATIONAL VISITORS LEADERSHIP PROGRAMME ON U.S.A FOREIGN POLICY AND ENERGY SECURITY



Dr. Kaushal Kishore, Faculty-SPM attended 'International Visitors Leadership Programme on U.S.A Foreign Policy and Energy Security' sponsored by the Department of State, U.S.A which was scheduled from August 31, 2015 to September 19, 2015 in the four cities of U.S.A.

The programme offered opportunities to participate in both formal and informal interactions with top scientists, policy makers, journalists and research scholars from around 25 countries during the three weeks period.

CAMPUS BUZZ

SPMITES WELCOME DR. C. GOPALKRISHNAN

With great enthusiasm and expectations students welcomed Dr. C. Gopalkrishnan, who took charge as the Interim Director for SPM PDP. Dr. Gopalkrishnan, before joining SPM, was the Director at Institute of Management, Nirma University.

This was after Dr. Hemant C. Trivedi's term as Director, SPM-PDP came to completion on 17th September, 2015.

To bid farewell to their adored Director, students of SPM assembled on 15th September, wherein students gave their vote of thanks addressing Dr. Trivedi, followed by an overwhelming speech by both Dr. Trivedi and Dr. Gopalkrishnan, citing some of their valued experiences and inspiring the young students.

Dr. Trivedi got overwhelmed when the students of SPM presented a farewell card, full of best wishes and thank you notes, and a touching poem written by one of the students.

The event concluded with cake-cutting ceremony, and all students wishing the parting director good luck for his future endeavours.



6TH PANDIT DEENDAYAL MEMORIAL LECTURE

PDPU organized the 6th Pandit Deendayal Memorial Lecture on 25th September, 2015. On this occasion, MoU on 'Collaborative Research' was signed between PDPU and NCL (National Chemical Laboratory, Pune) and to memorialize the birth anniversary of Pandit Deendayal Upadhyaya, Dr. R. A. Mashelkar, FRS, Padma Vibhushan delivered a speech on "Reinventing India as an Innovation Nation."

In the introduction, he talked about the visible shift at global level from individual contributions to public funded innovations over the past century, and particularly the changing face of STI (Science, Technology and Innovation) in India. He mentioned that 'Innovation' is the key to Accelerated Inclusive Growth and Competitiveness.

Dr. Mashelkar focused on the need for 'Indovation' - Indian Innovation and 'Patent Literacy' for India, and the need for qualifying various innovations and recognizing them for the purpose of calculating Global Innovation Index, and bringing up India's ranking. He also pressed upon the idea of MLM (More - Less - More) i.e. get More innovation, from Less resources, for More people.

The lecture inspired the young audience to think differently, and understand that wealth and knowledge should co-exist.



SPM student team makes it to the finals of IIM-A "INSIGHT 2015"

"INSIGHT", IIM Ahmedabad's flagship marketing conclave hosted its 28th edition on the 27th of September 2015, wherein students, academia and consumers participated in various marketing and market research events to bag top honour. The competitions included "CineMark", "Adarsha", "Ad Mania", "Rajneeti", "Wizards of Barter", "Kotler's Conundrum", "Star Manager" and "Battle of the Brands". The prescribed format for each event included elimination rounds and a final face-off that occurred at the IIM-A campus on the said date. Prestigious B-Schools across India participated in the event "CineMark" which was a "Film Marketing" event with special emphasis on the creation of a marketing strategy for the movie "Bajirao Mastani" to be released soon.

SPM PGP 14 students namely Apoorv Sharma, Mittali Solanki and Pratik Naker, team AMPlifiers were finalists at the event which also included teams from IIM-A, IIM-R, IMT-G, ITM-K and SCMHRD. The event helps emphasize the position of SPM as a prime Indian business Institute. We heartily congratulate the team for their achievement.

GOVINDA AALA RE AALA!

India is a land of festivals and at SPM every possible attempts are made to keep alive Indian customs. Following the traditional rituals, Janmastami celebrations began by worshiping Lord Krishna, followed by matki-fod competition between both the batches. Along with SPM students, PDPU mess members were also being invited for matki-fod.

As a part of the competition, girls were blind folded and were provided a stick to break the matki, whereas the boys had to compete by taking part in the traditional pyramid formation. Nikita Sood stood winner among the girls, and the boys from the senior batch emerged as the winners with the pyramid formation.

The blend of young SPMites, music, colour, and dance left behind an atmosphere of spirituality and happiness all over the lush green campus.





VOICE YOUR OPINION

QUESTION:

Even against the backdrop of low oil prices and Beijing's plunging economy, Chinese markets are only relying on Middle East for their energy needs since China's refineries prefer the medium and heavy grade crude from the Gulf. This strategic importance to competing Middle Eastern oil producers will incentivize them to maintain or expand current export levels to the People's Republic.

In short, China will find itself locked in the embrace of Middle Eastern producers for the foreseeable future. Considering the physical threats to supply and ongoing political crisis stirred up by ISIS (across the Middle East), is it a wise move especially when we so often hear - "Do not put all your eggs in one basket"?

OPINION:

Sujit Sinha, PGP'15

In May 2015, China topped US as largest oil importer in the world while also revealing China's heavy dependence on Middle East for its energy needs. In my opinion, Beijing needs to increase the capacity of its Strategic Petroleum Reserves (SPR) from a domestic perspective since analysts estimate that China has only two-thirds the capacity of SPR to match the import protection International Energy Agency (IEA) member states. Now, against the backdrop of the outsized role of China in the global commodities trade, the extreme reliance (China imports more than 60% of its oil consumption from Saudi Arabia) on Middle East for its energy supply does pose a threat to the stability of energy market.

A major supply disruption in the Gulf region may further cripple Beijing's economy which is already reeling in the wake of mid 2015 stock market crash. Similarly, Middle Eastern price politics which result in unstable and unpredictable prices may also disturb the Chinese government's priorities (as any sudden fluctuation is bound to send economic and financial ripples thereby jumbling the priorities for the government). Also considering the political crisis and threats from ISIS, I opine that China import from non-middle east countries such as Venezuela, Ecuador, Russia, etc. In this way, it can avoid any possible catastrophe that might arise due to "putting all the eggs in one basket".

BOOK REVIEW

JUGAAD INNOVATION

Navi Radjou, Jaideep Prabhu and Simone Ahuja

'Jugaad' is a word often heard in general conversation in India. Whether to find ingenious solutions to problems or turn adversity into opportunity - Indians swear by it. This book has numerous examples which illustrate how western corporations are following the principles of "Jugaad".

Jugaad Innovation argues that the West must further look to places like India, China, and Africa for a new, bottom-up approach to economical and flexible innovation. After all, it would be unwise to develop a complex and fancy product wherein there exists a simple, low cost yet quality solution. Interspersed with examples of innovative entrepreneurs in emerging markets such as Africa, India, China, and Brazil, Jugaad Innovation illuminates paths to stimulate breakthrough growth in a complex and resource-scarce world. Simplification has now become a trend and those companies which follow the principle of 'Jugaad' i.e. producing more with minimum utilization of resources, and the principle of 'Flexibility' i.e. changing business strategies with time, have been successful in the long run. In short, this would make a good read to any aspiring manager as it helps in developing a fresh and alternate perspective.

- Om Sahani, PGP'15



EDITORIAL TEAM

APURVA MITTAL • MEHERNAZ PATHAN • PRANJAL KISHORE • PRATIK NAKER
RIYA GIRI • DRASHTI SHAH • KVNKC SHARMA • NUPUR PARIKH • PRACHI SHARMA • SHOBHIT GARG

NATIONAL CERTIFICATION FOR ROOFTOP SOLAR PV INSTALLER



SKILL UP!

Become a Certified
Training Centre |
Trainer | Installer

+91-79-2327 5362 | pvinstaller@germi.org | pvinstaller.germi.org



PANDIT DEENDAYAL PETROLEUM UNIVERSITY SCHOOL OF PETROLEUM MANAGEMENT

Off Koba-Gandhinagar Highway, Raisan, Gandhinagar- 380027, Gujarat, India.
Ph: + 91 79 23275107, +91 79 23275112 | Fax: + 91 79 23276364
Visit us at www.spm.pdpu.ac.in

Disclaimer: The views expressed herein are solely those of the authors and the pictures/graphics have been sourced from web-media in order to contextualize with the articles. The editorial team or SPM Mirror and SPM-PDPU do not in any way endorse or authenticate them. The views cannot be duplicated or used without the permission of the Editorial Team. SPM Mirror is for internal circulation of SPM-PDPU stakeholders and is not for commercial Purpose.