SPM MIRROR

PANDIT DEENDAYAL PETROLEUM UNIVERSITY
A RESERVOIR OF KNOWLEDGE

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FROM THE EDITORIAL ADVISOR'S DESK

This issue of SPM Mirror coincides with the induction of new batch in new academic session at SPM. Thus at the outset my warm welcome to the Cohort-2015 and best wishes for a bright future. As always SPM Mirror, true to its name, reflects the business, professional, academic and campus related developments in this issue as well.

Crude oil prices continue to be subdued, thus creating ripples in the international oil & gas business. Saudi Arabia and other OPEC members continue with their volumes thus quelling any speculation about supply side interventions to correct oil prices.

Iran-USA and others have signed a historic deal that ends decades of isolation of Iran in the world community. This should definitely be encouraging news for all concerned including India. India has been a prominent buyer of Iranian crude and lifting of sanctions will be a shot in the arm-for both India as well as Iran. India has already initiated discussions to plan and execute infrastructure projects with Iran.

This issue of SPM Mirror has stories related to Energy & Infrastructure and other business sectors including those on functional areas of management. Please do keep writing to the Editorial team and encourage them with your content contribution also.

Happy Reading,

DR. PRAMOD PALIWAL
Professor, Editorial Adviser

DIRECTOR'S MESSAGE

DR. HEMANT TRIVEDI

Director, School of Petroleum Management, PDPU

Greetings from SPM-PDPU Gandhinagar!

Marking beginning of a new session, month of June '15 infused new energy at SPM-PDPU in the form of students of PGP15-17 batch. These new entrants were offered a well-sculptured induction program which was quite intensive and extensive.

After successful completion of the induction program regular classes began in a stream of sessions for various subjects. A seminar by Project Management Institute was conducted regarding their various courses which could be beneficial to our students in the long run. They are planning to offer a special workshop for PDPU students over the next month or two.

We are happy to welcome the new batch and with the PGP15 joining at SPM-PDPU we have raised the bar of our expectations from the students in terms of academics as well as overall development of themselves as well the institute. Looking forward to an enchanting year full of academic and extracurricular activities and wishing you all a great year ahead.

EDITORIAL MESSAGE

The past month was marked by a new beginning and its own excitement. As the year started, a fresh group of SPMites induced new blood in the institute. The inaugural ceremony was adorned by the presence of our valuable faculty members. The whole induction program of 15 days included in itself every important aspect ranging from workshops to guest lectures.

"All work and no play make Jack a dull boy"

The senior batch took care of this thought and came up with Business Quiz, Ad-Mad Competition, Short cricket tournament and another new element added to the induction program- SPMvilla, which came up to be the cherry on the icing.

This issue contains articles on:

- Reliance Downstream Avatar 2.0
- Essentials of a 'Marketer' today
- India's Way Foreword: Development of the Solar Rooftop Market
- Impact of petroleum pricing reforms and the way ahead
- Domino's – Marketing Insights
- Solar Power Bundling Scheme and its impact on the health of the Discoms

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

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.

RELIANCE DOWNSTREAM AVATAR 2.0

Siddhartha Bhatnagar
SPM Alumnus Business Analyst,
Oil & Gas, TIETO

The Discontinuation of Administrative Price Mechanism (APM) in 2002 fuelled more private sector investment & injected air of competition in the PSU dominated sector. Various players in the market entered in the downstream segment which intensified the competition. Reliance debut in the downstream business began in 2004 with the overall 1300 retail outlets over the span of couple of years. Due to the rise in price of crude, the Government shared the subsidy burden and did not transfer the market price to the end consumer. BPCL, HPCL, IOCL being the Government arms were the beneficiary in this move as the price of HSD and MSD were lower in their retail outlets as compared to their prices in Reliance, Essar and Shell retail outlet. The difference between the prices was big which lead to the change in the business strategy of three private companies Reliance, Essar and Shell outlet.

RIL decided to close their downstream operations as there was no level playing field. It had already done huge investment in retail outlets, fuel retailing license, acquisition of fluid dispensing machines, Non fuel retail merchant tie ups etc.

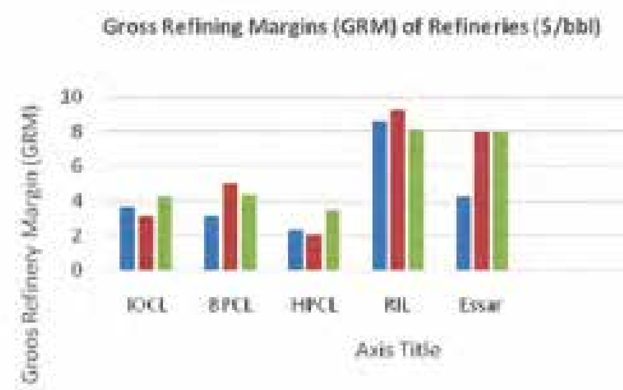
As subsidy sharing of HSD, MSD was taking heavy toll on the current account deficit of the country; Government initiated skew of measures to link MSD/HSD with market prices. This move lead to a revival in the downstream sector of the country as it invites new players to enter the niche space and give a breather to the current players.

Current no of retail outlets:

Oil Marketing Companies	Number of Retail outlets in the country
IOCL	23993
BPCL	12123
HPCL	12869
Shell	78
RIL	1400
Essar	1400
MRPL[1]	120(Received license, will start operation soon in Karnataka)
Total-Elf	Media reports say that it may enter into the downstream business courtesy heavy brand positioning in all the business dailies

As the MSD/HSD are now market linked, RIL has started its second inning with current opening of 300 outlets and plan to expand all the outlets in coming months phase wise

The cutting edge factor for RIL in the downstream business is its presence in backward integration. Their Refinery is world class with Gross Refinery Margin, GRM, one of the highest in the world. GRM is the difference between crude oil price and total value of petroleum products produced by the refinery. It is one of the parameter to judge refinery state of art. Higher GRM number reflects the higher ability of refinery to distill crude. So we can say it will produce larger amount of final product (petrol, diesel etc) as compared to the refinery with lower GRM.



If we look at the graph, difference between the PSU refinery and RIL is good enough to provide cushion to RIL to manoeuvre its future strategy. The basic reason behind the difference is the old refinery of PSU that were commissioned way back which demands attention in investment to upgrade its state of art technology.

So what cost companies in offering a litre of petrol to consumer may cost less for RIL courtesy excellent GRM. Suppose market price of petrol is 70 rupees, RIL has the cushion to sell more than a litre in the same price to fetch the market segment. Courtesy to the watchdog Competition Commission of India, we will not be able to see the mentioned instance where RIL may sell 1.3 litres of petrol to end consumer.

The discount freebies flooded in the E commerce market will soon have effect in the downstream business as well. We may never know private companies coming up with out of the box marketing schemes to boost their sales. West have witnessed the storm from 'Flying J' -- a diesel retailer that with just around 200 stations had become the Number 1 diesel retailer in North America, beating the likes of Exxon Mobil, Shell, BP and Chevron.

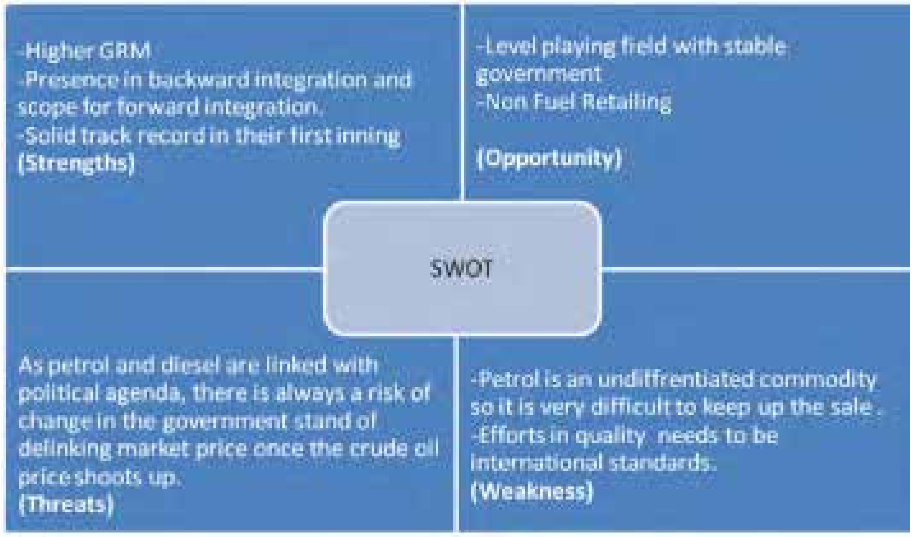
Pat on the back: -

In the petroleum industry, there exists a measure of a company's effectiveness in a particular market. It is measured in terms of marketing effectiveness (ME). An ME of '1' means that if a company's outlet share is X per cent and if it's market share is also X per cent, then its ME = X/X = 1. For long, IOC, HPCL, BPCL and IBP were content with achieving a ME of 1.

For long everyone had believed that it you had 40 per cent of outlet share, you would get 40 per cent of market share of total volume(s) of product sold. The theory was built around the fact that all stations were built alike, managed alike and, hence, would sell alike. Not many efforts were companies till late 1990 are to brand this undifferentiated commodity. BPCL was first to break this myth with initiatives such as Pure for Sure campaign. This gives them the instant result with ME going beyond 1.

Reliance felt that it was possible to have just 3 per cent of outlet share and yet have more than 12 per cent of market share. This dream was achieved by Reliance during the financial year 2005-2006.

If we do a SWOT Analysis of RIL downstream business, we could see the following observations captured in the diagram.



With market sentiments up and a stable government in the center, RIL could reiterate their performance of first inning. It has the experience that could come handy when it plans to fully operationalize all its outlets in the coming days. It may pip the big public sector undertakings to set new rules in the downstream segment. One thing is sure; there are "ache din" for end consumer.

Siddhartha Bhatnagar :

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ESSENTIALS OF A 'MARKETER' TODAY

Pratik Naker
PGP 14

"A smart marketer is someone who is capable of selling a comb to a bald man". This is what the common notion goes for a 'marketer', a successful marketer, a 'Bad-ass' marketer. With the global population educating to the 'internet', 'marketing' of products and services has become a totally different 'ball-game'. With over 2 billion people, globally active on the internet, 'marketing' has gone more virtual than ever. So what does it take for a 'marketer' to succeed in today's world? Is being a 'marketer' today tougher than what it used to be when the 'conventional' means of marketing a product/service was by means of 'print media'?

''Routine is good for business but bad for romance' is what my uncle says. A true 'marketer' himself, he knows how difficult it is to gain 'acceptance' for your product in today's competitive world. 'Monopoly' of a product/service is a 'dying' passé if you ask me. With consumers having the option to 'switch' to sources that provide for a better 'Consumer buying experience', marketers are more keen-eyed than ever before.

Richard Branson, the founder of the 'Virgin group', in my view is the 'guru' of marketing. Dropping out of college at a very tender age did not stop this kid from becoming a 'billionaire'. Spear-heading companies in the lights of media, music, energy, drinks, aviation and tourism, he managed to 'promote' his brands in the most 'outrageous' means known to mankind. 'Virgin airlines' took on the 'British Airways' head-on; a feat not many predecessors were successful at. His strategy: "Think like a customer". So is the power of a consumer today.

'Penetrating into an already established market brings with it a very steep challenge for marketers today. 'Gillette' which entered the Indian market in 1984 had fierce competition from the traditional 'two bladed razor'. Penetrating the market with its'3 bladed mach3' in 2009, was a tall order. Indian men do not consider 'shaving' an activity worth investing 'big bucks' into, so was the notion. The 'target' market 'Gillette' chose was the 'middle to upper class market'. Shaving ergonomics, closest shave possible, smoothness and precision were attributes the mach3 stood for. The 'shave India movement' initiated by Gillette was a runaway success. It also introduced the 'Women against lazy stubble (WALS), It was a marketing campaign like none other, which doubled its sales in no time.

‘The Arab Spring’ as mentioned in my earlier blog was initiated over social media. So is the power of ‘Social media marketing’. ‘Cadbury’ in order to boost the number of likes on their page, constructed a giant thumb, mimicking the ‘like’ sign of facebook. This marketing strategy of ‘Cadbury’ was so successful, it managed to garner 40,000 likes in a short period of time. ‘Heinz, which bean are you’ was similarly a huge success.

‘Deceptive Marketing’ has become very prevalent with the advent of ‘social media’ and different gaming and ‘personalized interactive’ platforms. hotel626.com and asylum626.com were two sites, introduced by ‘PepsiCo’ and ‘Fritolays’ which got users engaged in gaming, got access to their ‘social media accounts’ and generated tweets on behalf of the user without his consent. It also compelled the user to buy more potato chips to get access to the ‘infrared marker’ to terminate the game

It is believed that the amount of data available online would be 500 times in volume to what is available today. With so much of data and secondary user information, ‘big data analytics’ has become very popular with marketers today to understand the demands and expectations of a consumer.

Steve Jobs, who people would say is arguably the best marketer there is, believed in ‘quality’ and ‘technology’ going hand-in-hand which contribute to the success of ‘Apple’. ‘Apple’ which signifies a ‘superior product’ markets its product as not only a ‘tangible product’ but the sale of an ‘ideology: “To have a dream and to stand by it and not to squander on someone else’s rules”. Focusing on the ‘buying experience’ is what separated ‘Nike’ from its competitors is an instilled belief embedded into the hearts of its consumers, ‘training, enduring and accomplishing your goals’.

With so much content in global domain, marketing successfully has become challenging. Richard Branson, marketed himself to market his products and services and so did ‘Stevie’. The inherent qualities and skills that a marketer acquires sets himself and his product apart from the ‘Hoi Poloi’. Whether its ‘Globe trekking’ in a hot air balloon or collaborating with another successful brand of another segment, marketing strategies are abundant. But what truly destines a product to success is the ‘marketer’ behind it.

“I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

– Maya Angelou

INDIA’S WAY FOREWORD:
DEVELOPMENT OF THE SOLAR ROOFTOP MARKET

Garima Heerani
PGP 14

SOLAR IN INDIA

Solar power plants in India in 2013 are still almost exclusively ground-mounted PV plants. Such plants are typically larger than 5 MW in size and supply electricity to the grid. Central government policies like the Jawaharlal Nehru National Solar Mission (JNNSM) and the Gujarat Solar Policy have provided preferential Feed-in-Tariffs (FiT) to incentivize the installation of over 1.5 GW – almost exclusively photovoltaic (PV) –in the past two years. The NSM alone wants to add another 3.6 GW by 2017. Additionally, an ever-increasing number of Indian states offer solar policies or directly allocate projects. These include Karnataka, Rajasthan, Tamil Nadu, Andhra Pradesh, Punjab, Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Orissa.

SOLAR ROOFTOP SCENARIO IN INDIA

Most of the Indian households use their rooftops in variety of ways, so chances for availability of rooftops for solar are very few. Residential rooftops are used for drying clothes or partying. Also if we look at the roof of a commercial building, such as a shopping complex, much of the space is already taken up for outdoor air-conditioner units, water tanks or even cafeterias. Then there is the question of avoiding shading. The place for a solar rooftop plant should be such that no shadow would fall on the panels for the next 25 years. Commercial and residential establishments therefore generally either not have the space, or prefer not to freeze the space available for solar plants.

The story is different when it comes to industries. Factories have large, flat roofs which are free for use, and there is practically no issue of shadows falling on them. Factory-owning companies are also amenable to long-term contracts.

Why it makes sense?

Prices across India are going to continue to rise, driven by rising fuel costs (coal and diesel), a structural under investment into new generation capacity and grid infrastructure and increasing pressure on state electricity boards to balance their books. States reeling under power deficits will increase upward pressure on spot market prices to meet their own demand for short-term peak power.

By utilizing the large potential for solar energy, we could drastically reduce its dependency on external power sources as well as its vulnerability to the kind of massive grid failure.

Solar installations on the other hand, last 20 years or more, with the cost of power remaining unchanged for the entire lifetime of a plant. By switching to solar, the city can hedge against future increases in grid electricity prices.

Solar rooftop installations are already beginning to take off across India. While the installed capacity in 2013 is still only a little over 100 MW31, there has been a surge in new projects and market participants. The south Indian states especially are ready for fast growth in rooftop PV.

To boost the rooftop solar market following measures must be taken:

1. Public Private Participation should be promoted: With this government will be able to capitalize and support the early stages of market development, when the scale of the efforts is too small to financially stand on its own. The private sector brings additional capital, knowledge, expertise and technology to the development and becomes established in the new market. After the new market has reached a self-supporting threshold, government can reduce its investment and allow the new market to flourish on its own. The profits from the new enterprises ultimately return value to the general fund through corporate taxes and personal income taxes.
2. Consumer awareness: consumer need to be educated to understand the benefits and limitations of solar, also communicate the potential and feasibility of rooftop solar.
3. Tax incentives: should be given to promote solar generation for households and small commercial and industrial establishments by allowing individuals to offset their investment in solar rooftop plants against their taxable income.
4. Create a knowledge and skills base for executing solar: Large scale solar deployment will be successful only if there is a strong focus on ensuring quality and an adherence to technical standards in the PV installations. This requires a well- developed skills and knowledge base in the city.
5. Bundle government projects: Bundling provides scale to the installer who would save on engineering, procurement and logistics costs.
6. Improve the solar financing framework: In order to overcome the liquidity challenge of solar power investments, debt plays a crucial role. Debt at rates lower than the equity IRR expectations (15%) would also reduce the cost of solar on a per kWh basis, making it viable more quickly.
7. Provide support for grid-connectivity of rooftop solar: Owners of rooftop PV systems will want to feed power into the grid during those times when their captive power consumption is low (e.g. on public holidays and weekends). Feeding power into the grid would allow for a more generous system sizing and would significantly reduce the per kWh cost of solar as no power is wasted – thus making it viable.

IMPACT OF PETROLEUM PRICING REFORMS **AND THE WAY AHEAD**

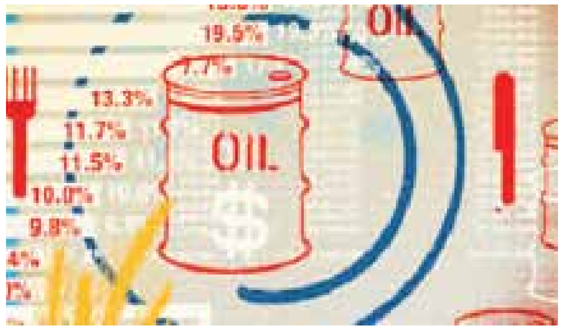
KVNKC Sharma
PGP 15

The path to petroleum product pricing reforms in India has been full of undulations. Even though Administered Pricing Mechanism (APM) was dismantled during 1998-2002, the Government continued to regulate the prices of petrol, diesel, Public Distribution System (PDS) kerosene, and domestic LPG, except for over a year, when oil marketing companies (OMCs) revised the consumer prices of petrol and diesel in line with the international prices. Though the petrol pricing was deregulated in June 2010, Government control continued to an extent. This control of petroleum product prices has not only severely affected the fiscal balance of the economy, but has also adversely impacted the oil companies, eventually affecting the overall development of the sector. In fact, the impact of petroleum product subsidies has compelled the government to announce certain reforms in the past few months.

The sharing of burden of under-recoveries with upstream oil companies has affected their profits significantly. The overall profitability of Public Sector Undertaking (PSU) OMCs has also been adversely affected due to the ad hoc pricing methodology. Further, since the compensation of under-recoveries is provided only to PSU OMCs, the prevalence of government control over prices of diesel has resulted in a non-level playing field and has, therefore, kept private OMCs away from competing in the market thereby affecting the competition. Continued control on diesel prices has also incentivized personal car buyers to shift to diesel-based vehicles, thereby encouraging dieselization. Due to the large difference between prices of domestic LPG and market-related prices of LPG, there has been a diversion of domestic LPG cylinders to non-domestic uses and black marketing of these cylinders. While the significant under-pricing of kerosene is the chief cause for nearly 40 per cent of subsidized PDS kerosene to diverted and black marketed for adulterating diesel oil. This also implies that substantial benefits of subsidies are accruing to unintended beneficiaries.

With these negative outcomes of the mentioned reforms, Government announced a slew of directives and policies which include, directing the OMCs to supply diesel to bulk consumers at full market price to save an estimated 13,000 crore in annual subsidy outgo, allowing OMCs to increase the consumer prices by small amounts from time to time, introducing the cap of 9 LPG cylinders per household per annum to limit subsidy outgo, introduction of Direct Benefit Transfer (DBT) system to transfer subsidy amount directly to the account while selling PDS kerosene at market prices.

As a result of these measures, the under-recoveries of OMC's have reduced considerably. But even after complete deregulation, the price of diesel will be nearly 85 per cent of the petrol prices due to lower excise duty and tax rates for diesel. Currently, adulteration of diesel with kerosene takes place primarily due to under-pricing of kerosene and its movement through the value chain at subsidized rates.



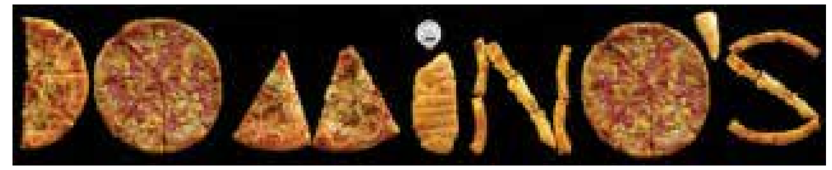
As DBT gets implemented, the incidence of adulteration is likely to reduce substantially.

Though the Government seems to have adopted Trade Parity Pricing (TPP) to make domestic prices more competitive in

consumer interest, the catch is that TPP will operate only at the refinery gate thereby preventing the consumer from getting the right price signals. In fact, refineries are facing the worst consequences of TPP since it is not possible for them to bear the adverse impact of the implementation of export pricing mechanism which will essentially affect PSU refineries(As they refine the petroleum products for domestic consumption).

There is no better time than now to start moving towards rapid reforms as declining international prices offer an opportunity for reforms which can link domestic prices to world prices. In the absence of such linkages, subsidies will re-emerge once the world prices rise. The actual cost of imports of regulated/controlled products should be permitted to OMCs and should not be linked to refinery gate prices. If the TPP system is to be used, having already introduced it, this needs to be reviewed and reworked based on the proportion of exports to the production of petrol and diesel separately and not taken together. Further, the production from wholly export-oriented refineries should be excluded while making these calculations. Moreover, government should find ways and means to expedite the implementation of DBT to PDS kerosene and domestic LPG consumers so as to limit these schemes to only those consumers who need this support. The Government should also consider strengthening the competition commission of India to monitor and penalise any existing operators across the value chain, if found misusing their dominant presence and indulging in disturbing the level playing field. A well laid-out basis for sharing under-recoveries as against the current ad-hoc mechanism is also the need of the hour. The Government should exhibit discipline and transparency by paying interest on any outstanding under-recoveries.

DOMINO'S – MARKETING INSIGHTS



Nupur Parikh, PGP 15

VISION

Exceptional people on a mission, to be the best pizza delivery company in the world.

MISSION

Sell more pizza, have more fun. Their actions are in sync with their Vision and Mission statements. Each element can be clearly looked into with the help of 7Ps of Marketing.

What comes to your mind when you think of having those indigenous Italian pizzas at home in thirty minutes flat? Domino's of course! Well, that's how Domino's Pizza has placed itself in the consumer mind-space. Consistently over time, Domino's has always projected itself as the best pizza home delivery brand. And this strong image building exercise has served as a source of sustainable competitive advantage.

Founded in 1960, Domino's is the second-largest pizza chain in the United States, after Pizza Hut, and the largest worldwide, with more than 10,000 corporate and franchised stores in 70 countries.

Jubilant Food Works Limited, operates Domino's Pizza brand with the exclusive rights for India, Nepal, Bangladesh and Sri Lanka. Domino's Pizza in India is the largest and fastest growing food service company, with a network of 887 Domino's Pizza restaurants in 199 cities (as of May 14, 2015). The Company is the market leader in the organized pizza market with a ~70% market share in India (as per Euromonitor data published in 2014).

PRODUCT:

Domino's strategy has always been "Think global, Act local". Asian pizza markets, including India, require 'recipe localization' from pizza makers to a greater extent than many other markets such as Latin America and Europe. Indian pizzas tend to be spicier and more veggie-oriented than those in other countries.

Also, there has been a constant innovation in what they have to offer. There is innovation in crusts, toppings, flavours, side-menu, and category to attract different segments of customers, like value for money meal options.

To bust the myth, that Pizza is a junk food, Ajay Kaul, CEO, Domino's, in an interview with Hindustan Times, published in December 2007, said "Whether a particular food is junk or not is decided by applying TFF (Trans Fat Free) norms. Under the available norms, our products are TFF and cannot be termed as junk or fattening food. Not that youngsters are concerned about it much, but the health conscious people can rest assured."

PRICE :

General perception prevails that pizzas are expensive and cannot be afforded by many, but Domino's has lots of meal options to cater to all the segments. Also, it comes up with various offers and discounts frequently, which makes Domino's very attractive for consumers.

PLACE :

The Domino's stores are strategically located, such that it is convenient for the quick delivery process, as well as for customers to walk-in.

The distribution channel followed by the company is mostly through takeaways, telephone ordering and online ordering (webpage plus mobile apps).

Domino's internal research shows that people in Tier 1 & Tier 2 cities are increasingly dining out, particularly during weekends.To attract new customers, it becomes important to have a sit & dine arrangement. They are taking this into consideration, and making space for better dine-in facilities. However, they do not offer a complete restaurant service like other pizza outlets

PROMOTION :

In the beginning, Pizza was considered a 'snack' which would be consumed between meals. The concept that pizza can be consumed as a part of lunch or dinner, had to be ingrained into the psyche of Indian consumers, for whom both pizza and home delivery were an alien concept.

With their initial tagline "hungry kya?" to the next tagline "Khushiyon ki home delivery", they tried to ingrain into the Indian consumer market, that pizza can be consumed anytime, anywhere; and that your favourite pizza can to delivered to your doorstep in 30 minutes flat!

After they had captured the home delivery segment, Domino's started building up emotional connection with its consumers. With 'Yeh hai rishton ka time' as their new slogan, they tried to inculcate into the minds of the consumers that Domino's is there for one's every precious occasion, and it helps create strong bonds and long- lasting memories. This is very evident from each and every advertisement or T.V. commercial they come up with.

In 2012, Domino's made changes with the logo, and removed the word 'Pizza' from the former 'Domino's Pizza'. According to Russell Weiner, Domino's chief marketing officer, "The best way to signal that there's something new on the inside, is to create something new on the outside." He added, "so much of our menu is beyond pizza right now that we feel like we're more than just a pizza place."

One can often find humour content in most of their advertisements. On being quizzed as to why they always add humour to their brand, Dev Amritesh, Chief of Marketing, Domino's Pizza-India, explained, "The product and home delivery element can very well be communicated through the humour quotient". Domino's came up with a refreshed menu in 2014, with 10 new pizza options. This adds up to their innovation factor, and also keeps the consumers happy, by coming up with something new and interesting every now and then, to tickle their taste buds. Recently, in July 2015, it came up with new advertisement where they introduced "chef's inspiration – exotic Italian pizzas".

PEOPLE :

The company trains its store staff appropriately, to ensure a strong store discipline. Once in a year, the senior management in supposed to work in the store to remember the regime and also understand consumers better.

To avoid any kind of harmful behaviour, like rash driving, while the employee is out for delivery, the stores celebrate the first free delivery to get the stigma out, and also encourage wearing a badge that states "I won't be fined for delivering free"; thus taking the loss on company's books.

PROCESS :

The company outsources the raw materials to find the best quality product at the lowest cost possible, based on agricultural map of India. Specialty crop regions are identified throughout the country and the task of processing is allocated to commissary in that region. Materials are then sent to the retail outlets in refrigerated trucks.

The 30-minute delivery is carefully executed. If time taken for delivery exceeds 30 minutes, it is free (up to Rs. 300, maximum 4 pizzas). They have an implementation plan for executing this strategically. The system is designed to deliver in 30 minutes with a 99.6% success rate.

PHISICAL ENVIRONMENT :

There is minimum focus on the ambience of the outlets, as their main focus is on home delivery. However, the store counters are such that the customers can see the kitchen, and have a feel about how their pizzas are getting ready. This lowers the customer's anxiety about the food preparation and hygiene, and they feel confident about what is being consumed.

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SOLAR POWER BUNDLING SCHEME AND ITS IMPACT ON THE HEALTH OF THE DISCOMS

Apurva Mittal, PGP 14

The Ministry of New and Renewable Energy (MNRE) has landed with various strategies and mechanisms to reduce the solar price for utilities in India.In order to facilitate grid connected solar power generation, the concept of bundled solar power was introduced in the first phase of Jawaharlal Nehru National Solar Mission (JNNSM), 2010.

Bundling can be defined as a strategy that joins products or services together in order to sell them as a single combined unit. Similarly, under the mechanism of bundled power, comparatively expensive solar power is bundled with power from the unallocated quota of the Government of India (Ministry of Power)which is generated at National Thermal Power Corporation(NTPC) coal based stations, making it relatively cheaper before it is offered to the Distribution Companies (Discoms). The price of this bundled power is set by the Central Electricity Regulatory Commission (CERC). The main idea behind introducing the concept of bundling was to reduce the price of solar so that impact on the Discom is reduced. Reduced cost of bundled power made solar power relatively cheaper for the Discoms on one side and on the other side the developers too were pleased, as they would receive a higher solar tariff.

During the completion of JNNSM Phase I, the Government was successfully able to reduce the cost of bundled power to approximately INR 5/kWh, hence creating a win- win situation for all the stakeholders.

SOLAR POWER BUNDLING - PRICING MECHANISM

NTPC VidyutVyapar Nigam Limited (NVVN), the trading arm of NTPC plays a pivotal role in this whole process, NVVN signs PPAs to purchase solar power from developers and then sells it at a reduced price after bundling it with an unallocated quota of coal-based power.

During Phase I, the ratio of solar to coal-based power was kept at 4:1 i.e., with every four units of unallocated coal based power one unit of solar power was bundled

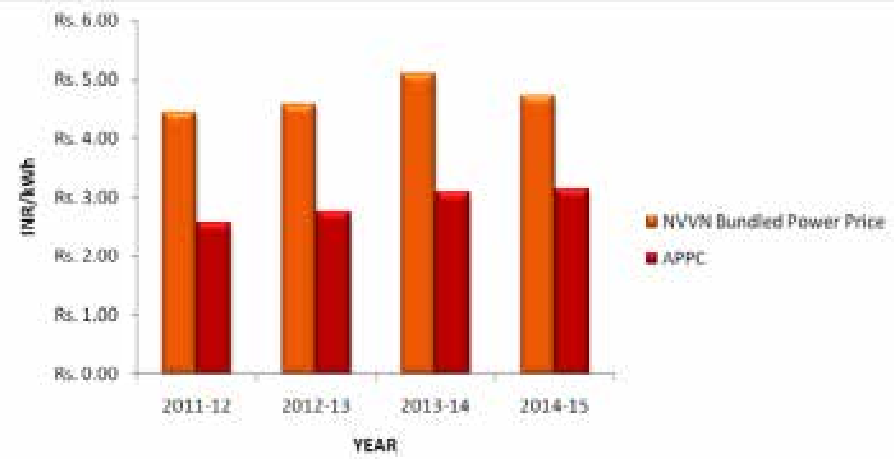
The state of Rajasthan (in the FY 2011-12), had received maximum allocation (100 MW) during JNNSM Phase I, which equals to 74% of the total allocation. NVVN bought unallocated power from NTPC at INR 2.91/kWh (Y) and bundled every four units of this power with one unit of the solar power, purchased directly from the developers at a weighted average of INR12.11/kWh (X). This mechanism resulted in a substantial decrease in the price of the bundled power, INR4.43/KWh (Z).

With India's coal production growing at a snail's pace, one of the major problems with the concept of bundling was the scarcity of unallocated coal. Political disputes surrounding irregular coal block allocation lead to further non-availability of coal.

All these factors facilitated the introduction of the Viability Gap Funding (VGF) scheme.VGF is a financial tool wherein a state determines the tariff and assures that the gap will be funded by it's resources. Under this mechanism, the electricity generated is bought at a pre-determined tariff of INR 5.45/kWh over 25 years, instilling a level of assurance in the financing community to fund these projects. Now that Solar Energy Corporation of India (SECI)has succeeded as the off-taker of power from NVVN, a developer; to bid for the projects, will first have to identify the buyers of their generated electricity. Additionally, the banks in India will have to do their due-diligence on each kind of buyers.

During Phase – I, stakeholders were trading with a financially strong and big name like NTPC. Due to which the traders had developed a level of comfort and were assured that their money was safe. This level of trust and bankability unfortunately could not be associated with SECI (now RECI) as it was not a self-sustaining and self-generating organization during that phase. During NVVN's operative period, as the sole trading arm for bundled power, lower cost of solar project models minimized risks perceived by financiers. Risks such as marketability of solar power and potential defaults by distribution companies, were also reduced. These were some of the main reasons for NVVN to make a comeback in JNNSM Phase -II, Batch II.

Both Bundling and VGF have their pros and cons. It cannot be ascertained that which one is better than the other. But one can surely assess the effect of these PPAs on the health of the Discoms.



(Fig. 2 APPC v/s NVVN Bundled Power Price of Jaipur DISCOM)

With the Discom's mounting debts, the respective states are increasing the electricity tariffs each year. By increasing the Tariff, on one side the losses for the previous years have lessened for the Discoms but on the other side they are getting buried in more and more debt every year. At the end of the day, this is impacting the end consumer.

reasons for NVVN to make a comeback in
JNNSM Phase -II, Batch II.

Of all the states, Rajasthan is bearing major losses and has borne the brunt of it for three years in a row. From the above-mentioned graph – we can observe a gradual rise in the APPC as well as bundled power price, over the time frame. One of the major reasons for the increase in the price of the bundled power is the unavailability and increase in the price of the unallocated coal, which is the major component of the bundled power. It can be seen that the gap between the APPC and NVVN bundled power has gone up and as high as INR 2.01/kWh in the year 2013-14. Bearing such huge amount of debt if the Discoms had a choice, they could have opted for other sources under APPC. Since the discoms are obliged to buy bundled power through NVVN, they end up bearing the APPC, bundled power cost as well as the gap between the former two.

The Average pooled power purchase cost (APPC) takes into consideration weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self generation in the previous year from all the long-term energy suppliers, but excludes those based on renewable energy sources and short term purchases. The Discom's annual reports take the unallocated solar power purchase for bundling into consideration while calculating the APPC but exclude the solar component of the same. This doesn't really give us a clear picture of APPC, subsequently financial health of the Discoms.

(Fig.3 Power Purchase cost from various energy sources for Rajasthan Discoms for FY 2013-14)

If we compare the power purchase cost borne by the Discoms from various energy sources, one can observe that the price of the bundled solar power is relatively lower than many of its counterparts. If one delves further, the cost of purchasing solar energy (both thermal and PV), is remarkably high. So, to stabilize this gap, Bundling is utilized to lower the price of purchase of a high priced energy source such as solar power with a low-priced unallocated coal power. At such a low cost (in this scenario), a Discom will be released from the burden of buying energy source at a high price and will gradually decrease its debt and address it's Renewable Purchase Obligation (RPO) by penetrating solar into the market.

From this it can be concluded, that Bundling is not significantly impacting the financial health of the Discoms. In fact with technological advancements and government intervention in the solar sector, which would further help reduce the solar tariffs, we can soon be looking at a relatively equal bundling ratio.

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FACULTY FOYER

TEACHING SUSTAINABILITY IN BUSINESS SCHOOLS: THE CONTEXT OF MARKETING MANAGEMENT

Pramod Paliwal, PhD, FCIM Professor

Keywords:

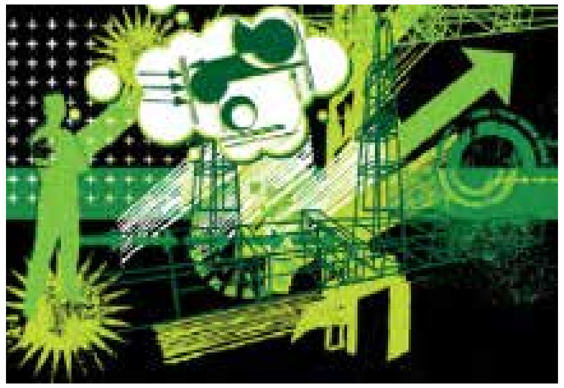
Sustainable Development; Sustainable Marketing; Sustainable Products & Services; Carbon Competitiveness; Resource conservation; Sustainability education; Marketing curriculum

ABSTRACT OF A FORTHCOMING PUBLICATION

One of the greatest challenges facing humankind today is to learn how to live sustainably i.e. living well and also at the same time preserving the natural systems that make it possible for all people, including future generations, to enjoy a good quality life. Incidentally industrial development is one of the indicators of quality life across nations. But with the ever increasing demand of goods and services, the importance of sustainability in production and consumption has been realized across the globe. These aspects have also become significant in the light of increasing costs of energy and natural resources; concerns about energy security, climate change, greenhouse gas emissions, air and water pollutions and other economic and environmental concerns.

In the consumer-focused industries and along their value chains, individual companies will need to consider making resource efficiency and environmental competitiveness a core element of their strategy and business models. This will bring new capabilities and stimulate innovation with far-reaching implications for efficiency and future growth. (World Economic Forum, 2012)

Marketing and the stimulation of consumer demand have often been criticized as a major part of the problem of unsustainable economic growth (Kleanthous & Jules, 2004). However marketing is also viewed as a part to the problems of unsustainable development. Marketing has a vital and distinctive role to play in creating a more sustainable world. It is through marketing systems that the society's needs and wants are met. In the process, marketing has an indelible footprint on both-the environment and society. And when it comes to responsible satiation of wants and needs, marketing - as the interface between business and society-has an enormous job as a force for shaping a deciding change for all concerned-consumers, producers, marketers, policy makers and society in general.



Marketing thus along with almost every other business function, is experiencing a key shift towards environmental and social sustainability (Hart, 1995). The very definition of Sustainable Marketing viz. "the process of creating, communicating, and delivering value to customers in such a way that both natural and human capital is preserved or enhanced throughout" (Martin & Schouten, 2012) is a very good pointer towards this.

Businesses are on the pathways of developing sustainable marketing strategies (Hart, 1995). Marketing teachers of business schools can play an important role in supporting these efforts by companies by developing curricula that build the knowledge and skills set required to enable marketing graduates to contribute to sustainable marketing initiatives. Students of Marketing must not only be familiarized but also be practically equipped to apply a sustainable marketing framework in the organizations that they shall be working. There is currently a strong emphasis on using constructivist frameworks to integrate sustainability issues into curricula. This involves the adoption of interdisciplinary / trans-disciplinary approaches to learning and teaching in conjunction with cooperative/collaborative learning (Marinova & McGrath, 2004).

Thus arise two important research questions towards this intellectual responsibility of marketing educators in business schools;

1) What are the implications of teaching sustainability for marketing discipline curriculum, and

2) What are the issues related to developing sustainability knowledge and skill sets in marketing discipline students.

Author has used the methodology of Literature Review has been used to identify patterns from the multiple studies that have been undertaken on these issues. A structured approach was used to determine the source of materials for review. The peer-reviewed literature was the main source of information. This is followed by an experience-sharing note by author in designing sustainable marketing curriculum and delivering the same.

Teaching sustainability in business schools has been discussed from both view points, the implications for marketing curriculum as well as the knowledge and skill set required by marketing discipline students of business schools. It is important that the marketing curriculum needs to be designed in such a way so as to engage students, to make them inquisitive, and to participate in discussions. Marketing faculty has an important responsibility towards enabling marketing graduates to be not only the change agents for their prospective companies but also to play a role of a responsible citizen in the society. And marketing curriculum designers and teachers can accomplish this by nurturing the mindset, initiating students to sustainability concept frame and learning tools, and open up vistas where students are able to develop the requisite skill sets.

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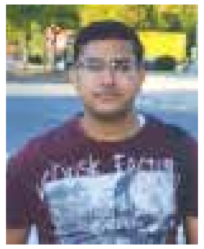
CAMPUS BUZZ

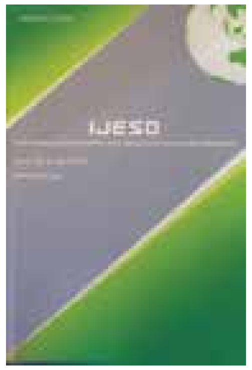
SPM STUDENTS EXCEL AT INTERNATIONAL CONFERENCE ON ENERGY & ENVIRONMENT RESEARCH



Mridu Pavan Chakarborty

Nitin Lekhwani

Another glorious achievement for SPM was attained when the students Mridu Pavan Chakarborty and Nitin Lekhwani, PGP-14 batch, were invited to present their research paper at "2nd International conference on energy & environment research" held at Lisbon, Portugal on July 13 - 14, 2015. The team presented the research paper on "Green building material market: A South Asian Perspective."



THE BEGINNING OF A NEW JOURNEY

A new life, a new beginning, a new adventure, a resourceful journey of 24 months and beyond, with 45 new faces from diverse backgrounds under one roof. This journey at School of Petroleum Management started on 11th June'15 with "Induction programme" which is mandatory exercise to be undertaken by any B-School in order to introduce people of different courses to the field of management.

Induction programme was like a stepping stone to a new phase of life. The day started with a warm welcome from the family of SPM. The very first session was with Dr. Hemant Trivedi, Director, School of Petroleum Management, along with all faculty members who introduced students to the world of management, its challenges, its opportunities and how SPM will help in effectively positioning them in the corporate world. It was then followed by "Ice Breaking" session by Prof. Satish Pandey, aimed at creating a friendly atmosphere between the batch mates. It was related to how effectively you can communicate with people by way of verbal as well as non-verbal communication. Later on, a case study analysis of 'British Petroleum and Deep Water Horizon Disaster 2010' was organised.

The entire induction programme had a series of guest lectures, concerned with different sectors of management. The very first session was conducted by Mr. Chandan Nath, where an insight on how advertisements are place in the market was provided. Another eminent personality was Ms. Jeroo Master who shared her experience about social entrepreneurship. Mr. Shobhit Garg introduced role of HR and its importance in an organization.

Exhilarating, eye opener, intrusive, and an interesting practical session was conducted by Mr. Snehal Desai where the practicality of industry was being discussed upon. Mr. Jitendra Adhia discussed about the power of unconscious mind. Mr. Chanchal Maheshwari's session was an insight about working of a consultancy firm and about his experience and life at Ernst

& Young. Mr. Akhilesh Magal discussed in detail about the solar sector and its various aspects. Mr. S K Negi and Mr. B R Shinde discussed the highly technical aspects of O&G sector.

Education is complete only when one enjoys at every stage of learning. So along with guest lecture session, various brainstorming sessions were also arranged. Activities like AD-Mad by seniors and capturing your personality in a click by Mr. Subhas Tendle were organized,.

Managers always work in teams and together they fulfil the ultimate goal of organization. In order to develop this trait, Mr. D.J Pandian organized group presentations. There were 4 teams formed to discuss on topics like "Should there be more IIT's and IIM's", "Management lessons from sports", "Make-in-India" and "Movie Analysis". Apart from normal class room activities, a movie session was also arranged. "The Pursuit of Happiness" which focused on various aspects of management and also to pursuit the ultimate goal of life i.e. Happiness, was showcased.

In order to provide better understanding and practical exposure to classroom sessions, industrial visits were planned in five Oil and Gas Industries like GSPC, GSPL, GSEG, OPAL and SHELL's HAZIRA LNG spread across various regions of Gujarat. Visits to GIFT CITY, Kankaria and Sabarmati River Front were also organized.

To provide a break from the monotonous life, various events and activities such as Night Cricket Match, SPM Villa, Dodge Ball, Business Quiz were organized. The event SPM Villa was organized for the very first time and focused on the mental sharpness as well as physical fitness of an individual. It was divided into different segments where in top twelve candidates were selected from the batch. There were group as well as couple tasks and after an event spanning three days, winners were announced.

Thus, those ten days ended in the blink of an eye. This span of ten days made PGP15 ready for all upcoming challenges of Post Graduate Programme.

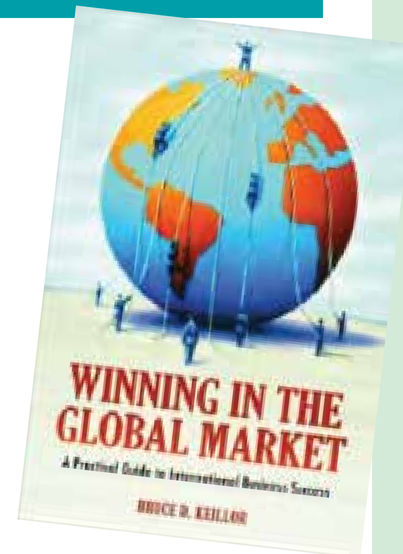
ALUMNI CORNER

ENTREPRENEURIAL VENTURE BY SPM ALUMNUS

SPM PGP11 alumnus Mr. Ketan Mehta has established his entrepreneurial venture known as GPower. His company operates with the vision of providing energy efficient, cleaner and greener lighting solutions. GPower has already started marketing & distribution of its product line. Congratulations to Mr. Ketan and best wishes for his success. The company website is www.mygpower.com

SPM REVIEWS

WINNING IN THE GLOBAL MARKET

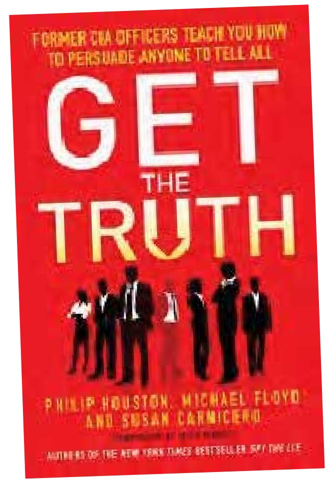


Reviewed by : Mayank Gupta **Author :** Bruce D. Keillor

Publisher : Praeger **Year :** 2011

International opportunities are not limited to the Fortune 500. Winning in the Global Market: A Practical Guide to International Business Success is a resource that will enable firms of all experience levels to explore the possibilities international markets hold and, if they are already engaged, to improve current international operations.

Practical and easily understood, the guide synthesizes well-established approaches to global business best practices and shares the most cutting-edge ways of dealing with today's dynamic international business environment. Readers are shown how to conduct an international SWOT analysis that can spell the difference between failure and success and are taken sequentially through issues that must be addressed to compete in the international arena. Regardless of a firm's current status, the book will prove invaluable in answering four critical questions: which market, or markets, to enter (or continue in); when to do so; what the scale or scope of entry should be; and when it is appropriate to make changes.



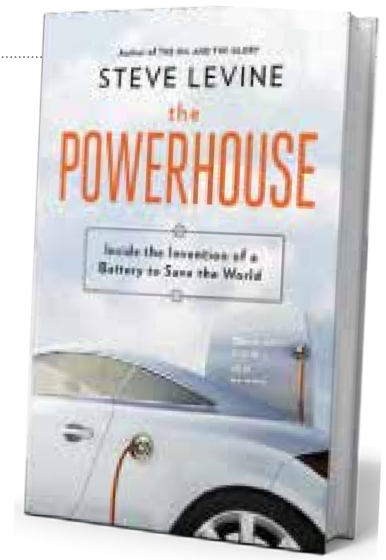
GET THE TRUTH

Reviewed by : SHIKHA SAH **Author :** Philip Houston, Michael Floyd, Susan Carnicero

Publisher : St. Martin's Press **Year :** 2015

This book opens the window on a fascinating world which most of us will seldom directly encounter. The stories are amazing and also very informative. Through fascinating true-life stories that read like an international crime thriller, the reader learns about 'optimism bias' through the border-hopping adventures of a dual national; how the CIA's top interrogator manipulated a 20-year spy to spill all in one interrogation; and the story of one of the most brazen moles in US intelligence history.

THE POWERHOUSE



Reviewed by : ABHAS MITTAL **Author :** Steve Levine

Publisher : Viking **Year :** 2015

The book is an exciting saga about the detailed ins-and-outs of cutting-edge energy storage research and development. Author Steve Levine shows how it takes more than raw talent in the laboratory to renovate our existing energy storage infrastructure. He details how history has evolved and shaped not only today's existing batteries, but also the thought processes of scientists regarding how battery research should be conducted, and the obstacles that stand in the way. A must-read for aspiring scientists, or anyone who has ever wondered what working as a scientist truly involves.

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