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# DRIVE

## From Guest Editor...

### 21<sup>st</sup> Century Management Challenges ...



**Mr Vinubhai Brahmhatt,  
Placement Advisor,  
SEMCOM.**

The 21<sup>st</sup> Century will bring different kind of challenges and opportunities for the practicing management. The new challenges will be due to various factors beyond our control.

A general broad definition of management is:

- Utilization of Resources in optimum ways to get maximum benefit for self, family organization, society, country and world
- Coordination of all the efforts in inter related manner for achieving common goals or objectives.
- The resources are limited and have cost and are time bound.

The management operates through various functions, often classified as planning, organizing, leading/motivating, and controlling.

Over a period the management developed in stages starting with the person working on his own, then with family, with organization and then with the world.

The modern scientific management development began since about second decade of 20<sup>th</sup> century. Various techniques like time and motion studies, MBO, TQM, JIT, WCM, QC, Assembly Lines, etc emerged over a period improving productivity and the efficiency of the organization.

The basic assumptions behind the management system for the 20<sup>th</sup> century can be summarized as:

- Management is Business Management
- Only one right organizational structure
- Only one way of managing people
- Technology, Market and End users are given
- Management scope is legally defined
- Management is internally focused
- Economy as defined by national boundary

The new requirements of the 21<sup>st</sup> century will basically change the above assumptions and are summarized as below:

- Management is not only profit making
- Different type of organizations
- Many right ways of managing people
- Technologies are changing very fast.
- Management scope is operational
- Global economy
- Outward focused
- Responsible in Totality

The above will lead to the changes in various aspects of management. The major

changes are in **business strategies, managing the work force, information management, managing culture and diversity, new technologies.**

The **business strategies** will be required to address the new realities of the 21<sup>st</sup> century. These are different birth rates, in developing and developed countries, increase in old age population due to longer life span, change in distribution of disposable income, change in perception of the people for quality of the product, global inter dependency of the market, the resources and the competition and inter relation between global politics and global economy.

The new workforce will be defined as a **knowledge workers** who will be self-managed, need less control, work with autonomy and trust. They will ask about their contribution and feedback continuously. They will continuously carry out learning and teaching both. Continuous innovation will be part of their work. These knowledge workers will be the most appreciating assets of any organization without which no other assets will function efficiently.

The big change will be in management of **information** as the world will be full of different kinds of data and information. The filter or control has to be put on the type of information and quality of information and access control. The information has to be meaningful giving details about all key events, unusual events, and threshold phenomenon. It should be direct, precise and impartial.

The biggest change will be in the emergence of the **new technologies** which will affect all aspects of life. The technologies will be very powerful, very fast changing and with

shorter life. The implementation and control of the new technologies will play vital role in success of the organization. This will need continuous **skill updating**.

The above will lead to **cultural diversity** among the workforce and effective management of the diverse knowledge worker will play very interesting role in the success of the organization. This culturally diverse workforce will have due to in built diversity from different nations, lower commitment and bond, different values, belief, different training and education. Their assumptions and expectations will be different.

The acceptance of the leader, his motivation and impartial handling of the issues will be vital factors in getting the best out of these knowledge workers.

The gender diversity and emergence of women boss and acceptance will be an issue.

All the above will require a **change management**. The organization has to decide on its vision and mission, and select the change leader who can implement these changes successfully. The change leader can be internal and external as well. The organization need to strike a balance between continuity and the change.

Some of the key issues for 21<sup>st</sup> century management will be like type of entrepreneurship, management of global enterprise, sustainability in very competitive world, meeting the challenges of new trends, teaming within and beyond organization with fast networking environment, managing human resources and gender diversity.

The all above will require **learning, unlearning, and relearning** for meeting the challenges of 21<sup>st</sup> century and OPEN MIND.

#### **About the Guest Editor:**

*He has combination of multi discipline education like Bachelors in Textile Engineering, Masters in Business Administration and Diploma in Computer Applications.*

*He has more than 35 years of international experience with several industries like Textiles, Glass, Petro-Chemical, and Management Consultancy. He has worked with well known organizations like Tata Textiles, Mafatlal, Bombay Dyeing, Rama Petrochemicals, Madhwani, Indorama, and Aditya Birla group in India, Iran, Indonesia, Tanzania and USA. The exposure of working with diverse cultures and different business environment in several countries of the world is quite unique and exceptional. He has executed number of Greenfield projects. His areas of Expertise are Strategic Planning, Manufacturing, Marketing, Finance, Project Management, Technology Transfer, Commercial, and HRM.*

*At present he is working as management consultant and guest faculty with leading management institutes.*

## From the Chief Editor's Desk

### Youth: Responsibilities Reinforced...

A youth of any society needs to be aware of his responsibilities and he must contribute also towards the development of the society. These responsibilities should be inculcated as a part of their value system. Here comes the role of parents, teacher and government as a whole for this task, however with perseverance.

When a teenage steps forward, what does he confront? How does he learn his various roles so that he can devote himself to the societal development? In the words of Robert Kennedy, "This world demands the qualities of youth: not a time of life but a state of mind, a temper of the will, a quality of imagination, a predominance of courage over timidity, of the appetite for adventure over the life of ease." The challenge in front of educational institutes is to impart these values to the youth. The task is challenging because the imparting is difficult. With the changing society, the elders have somewhere failed to make youth realize their true values. First task is to identify the areas where youth can be more responsible. Participating in civic discussion, becoming aware of traffic rules, and common laws regarding public behavior and responsibilities towards public properties are some of them. Further they can be made

sensitive towards the downtrodden of the society and designing and contributing to the emancipation of them.

When a youth in the intoxication of adulthood commits certain deeds, family and sometimes society as a whole has to suffer. These responsibilities can't be undermined because it provides the needed strength for the survival of the society.

Role of education in the making of active and responsible citizen is indispensable. Since the sole purpose of education is to bring out one's potential in its entirety, it means education has to develop the character and skills of the person. Youth wants endorsement for their deeds from their parents and teachers. How many of us really appreciate the one who abides by the rules? It is the society, made up of parents and teachers who can reinforce the responsibilities amongst the youth. Youth, efficiently pivoted, can do wonders. As Rabindranath Tagore says, "Age considers, youth ventures"

**Dr Nikhil Zaveri**  
**Director & Principal, SEMCOM**

## SEMCOM Updates

### BBIC Workshop

A Workshop was conducted for the participants of ELECON Best Business Idea Competition on 27<sup>th</sup> of August 2009. Prof. Bipin Shah was the expert of the day who was introduced by Prof. Dr. S. M. Joshi and welcomed by Prof. Dr. Kamini Shah. He addressed the students by providing ways on how to conceive an idea and transform it into a business plan. It was a workshop of transition of idea into a business plan. Expert also briefed the students on how to develop a business plan.

### The Ad-making Workshop

The Ad-making workshop was organized on 7<sup>th</sup> August for one day by Mr. Pranav Jani (Programming Head, Radio City, Ahmedabad). It was attended by 63 teams from all the streams. The topics covered were Introduction of Advertising, shooting of ads, technical requirement, different appeals to be used for advertisement and camera handling. The entire event was attended by students in two batches. The coordinators for the same were Ms.Preethi Luhana, Ms.Swaty Parab, Dr. Vigna Oza and Dr. Ajayraj Vyas.

### Communication Skills and Personality Development Workshop

The communication skills and personality development workshop was organized from 10 to 14 September 2009 for MEB-I students. The workshop was conducted by well known corporate trainer Mr. Hiren Vakil. Sixty seven students participated in the programme. The event was coordinated by Mr. Sarvesh Trivedi.

### Thelesemia Test

Thelesemia test of final year students of undergraduate classes at SEMCOM was organized on 10<sup>th</sup> September 2009. Thelesemia test was conducted on 285 students in association with Indian Red Cross Society, Ahmedabad. The event was well coordinated by Dr. Sunny Thomas, Ms. Nehal Daulatjada and Ms. Bhumika Patel.

### Tree Plantation Camp

A tree plantation camp was organized by social outreach cell of SEMCOM at four villages of Umreth taluka of Anand district. About 550 plants were planted in Utkhari, lingda, Aasipura and thamna villages of Umreth taluka. The programme was conducted under guidance of Director of college Dr. Nikhil Zaveri and was well coordinated by Prof. Nimesh Joshi, Prof. Ankur Amin and student council Vice President Dr. Sunny Thomas. The event

involved the participation of College General Secretary Ms. Digna Patel, deputy general secretary Mr. Priyam Desai, Ms. Komal Patel, Mr. Javed Patel, Mr. Krutik, Mr. Kaushal. The support of Prof. Yogesh Patel and Prof. Mandakini Lathia helped in the success of the programme.

### **An ISO Audit**

ISO Audit was conducted on 8 september 2009 by Mr. Nirav Lakhtaria the auditor from ISO Ahmedabad. The audit was completed by 5 pm. The college has applied for the new quality certification of ISO 9000 -2008.

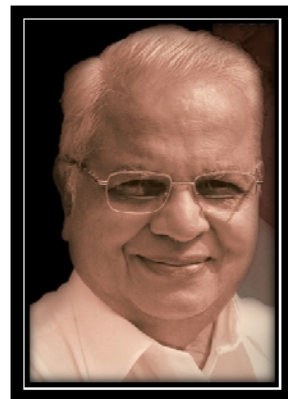
### **Editorial Team, DRIVE**

## **GURUBODH**

### **ATTITUDES: Reach altitude with right attitudes**

- **Shri G. Narayana**

**Compiled by Joe Mary George**



Guruji has explained some of the right attitudes which are essential in every human being to help him reach great altitudes. There are eighteen such attitudes given by Guruji. They are explained one by one as under.

**1. Attitude towards self:**

Believe that you have immense potentialities and you are the most valuable person. This attitude will help you to overcome all the problems of your life.

**2. Attitude towards work:**

Work is worship therefore do hard work as well as smart work for excellent work. Never do away with work or run away from work. Man is ultimately known by his work only.

**3. Attitude towards money:**

Never try to collect money, generate wealth by your work—that will protect you in long term.

**4. Attitude towards quality:**

Keep on adding quality to your work because quality adds value. And quality never costs, it helps to earn.

**5. Attitude towards time:**

Present time is the right time and precious. Live in present as past is gone and future is uncertain. Therefore, always be in time and winner of time.

**6. Attitude towards learning:**

Learning never stops. Learning is a continuous process. It starts from mother's womb and ends in tomb. Learning new things at every stage is the way to grow throughout life.

**7. Attitude towards responsibility:**

Always take responsibility and be a leader. If you take responsibility then only you will be known and respected by others. Its only after accepting responsibility you get authority. Positive attitude towards taking responsibility contributes. Enjoying authority without any responsibility corrupts.

**8. Attitude towards company:**

To enjoy others company is a good opportunity. A good company always helps you to convert your potentialities and creativeness into reality. A group is more powerful than an individual.

**9. Attitude towards society:**

Think what you can give or contribute for the society rather than taking from the society. It is through society only you learn values and learns to distinguish between good and bad. So never forget your responsibility to give back to the society.

**10. Attitude towards nature:**

Nature nourishes all living creatures. Do not abuse or destroy it. Protect nature and it will protect you forever. Take care of nature at present and nature will take care of you at all times. Nature is wonderful creation of God, and therefore revere nature because

revering nature is revering God and his creation.

**11. Attitude towards family:**

Family is the garden in which you germinate and by which you were nourished because of love, kindness, care, attention, compassion and affection. Take care of your family when you are grown up. Nourish your family with love, kindness, care, attention, compassion and affection in times of need. Think of give and give rather than take and take.

**12. Attitude towards youngsters:**

Youngsters are your line of succession. Prepare and help them to be better than you. They are looking on to you so, let us set good examples for them.

**13. Attitude towards colleagues:**

Colleagues are your partners. Share with them whatever you have. Sharing work with them will bring effectiveness in the work. Sharing love and happiness will help to double love and happiness. Sharing problems with them will help in getting better solution.

**14. Attitude towards elders:**

Elders are teachers. Learn from them good things and don't repeat the bad things. So through their experience you get opportunity to improve yourselves. Learn from them to add value in life.

**15. Attitude towards opponents:**

Consider opponents as opportunity. Opponents will never appreciate you or your work but they will be always be jealousy and will show us our loop-holes, which will further help you to make improvement and ultimately achieve excellence. So respect your opponents and their feelings.



**16. Attitude towards life:**

Never be pessimistic in life, always be optimistic. Life is a long journey. Never give up in life. Accept the problems and solve it in the best possible manner. Let us become a good traveler without stopping in the middle. Let us complete the journey with confidence and courage.

**17. Attitude towards love:**

Love is accepted and expected by all. Love is serving. Love people, accept them and serve them. Love helps us to forgive people not forget them. Love binds us together. Love can win everyone. So let us love people without any condition.

**18. Attitude towards truth:**

Speak truth, follow truth and act what is right. God loves truth and God loves those people who speak and follow truth. Let us be with truth because truth is one of the means to reach and find God. God hates false and loves truth. So let us also love truth and hate falsehood.

**Your Negative Attitude is Your Enemy  
Your Positive Attitude is Your Friend  
Cultivate Friendship with Valuable  
Attitudes**

**THIS IS THAT**

**THIS (ATTITUDE) IS THAT (ALTITUDE)**

- *Guruji*

**My Voice:**

**Aspiration, Inspiration and Spark of Brilliance**

Most of us aspire for success and Successful people inspire us. Then we need to have spark of brilliance to set us apart from others. Most people will say you need to be systematic, methodological, precise, and accurate and perfectionist to be successful. However, others can cultivate these virtues and they will not set you apart from others.

So, what is that you have which others do not have? Answer is not difficult; your creativity can set you apart from others. Then what is creativity? I guess creative people are imaginative, can think out of box, can think impossible and can be vulnerable to situations. Now think for a while can a person who is very systematic, methodological and perfectionist can be creative. I think problem is when you are systematic, methodological, perfectionist you cease to be creative.

When you are systematic and methodological, you need to act only in certain specified way, whereas creativity requires you to be open to anything. Nothing can beat creativity and creativity requires open mind, which is not systems, methodologies and prescriptions bound. Creativity is not laziness; it is fountain of new ideas, which creates new



knowledge. Creativity results in creation and not destruction. The joy, which the creator enjoys after creation, is immeasurable. So develop the virtue of creativity, be open in your thinking, think without limitations, and please do not be systems bound and most important develop the quality of asking why?

**Sunil V Chaudhary**  
Lecturer, SEMCOM

## SWARNIM GUJARAT CELEBRATION

### Ratri before Navratri

Indians have been hailed as “*Utsavapriya*” in Sanskrit which primarily exemplifies the festive spirit of us and SEMCOM, being no exception, reflects every mood, every spirit and every charm of this festival. Each year SEMCOM celebrates the festival of dance, music, devotion, youth and austerity with utmost zeal and enthusiasm, however, this year SEMCOM decided to continue to celebrate the same festival as a part of Swarnim Gujarat Celebration to promote the objectives of the same. On 15-09-09, Ratri Before Navaratri knocked at the door of SEMCOM. Stage was set and so were the students. Preparations for the celebration had already started from the morning itself. Students were seen busy arranging lights, decorating stage, arranging for food, transportation etc.

The function began at 6.30 PM.. The atmosphere became vibrant with young feet stepping in all dressed in bright jovial colors. SEMCOM College bears richness in having multi-talented students who not only excel in the studies but also participate actively into co-curricular & extra curricular activities. College has hired a DJ to ensure the quality music for the function however, college band acted like an icing on the cake.

By 7 PM every student was ready to tune up with the Garba beats. The function began with a mega Aarti wherein everyone was found at one with the almighty. Principal of the college Dr. Nikhil Zaveri, faculty members and all students offered Aarti with great devotion. Soon after that Garba Rasiyas started rejoicing over the music played on. The entire SEMCOM family was seen in a mega festive mood like never before. Apart from celebration, one interesting aspect of the entire event was a food management. Former General Secretaries of SEMCOM took this opportunity to be a part of SEMCOM by managing the food department. Students enjoyed Garba at their Heart's content till 10.30.

- **Swarnim Gujarat Celebration Team**

## Book Worms Club:

### Book Review on "The Secret" Reviewd by Dr Hemant Antani

On 2<sup>nd</sup> August 2009 book worms club was started at SEMCOM. The opening ceremony was attended by director of college Dr. Nikhil Zaveri, Prof. Sunil Chaudhary and other eminent personalities. The objective of the club is to bring all book lovers together and have reviews of various books. **Well-known cardiologist Dr. Hemant Antani did the first book review presentation on The Secrets by Rhonda byrne.**

The book The Secrets deals with secrets of life. The secrets are

- ❖ Secret is law of attraction.
- ❖ You are the one who calls the law of attraction into action; you do it through your thoughts.
- ❖ You become what you think about the most, but you also attract what you think about most.
- ❖ If you think about what you want in your mind and make that your dormant thought, you will bring it into your life.
- ❖ Thoughts become things.
- ❖ Thoughts are sent out in universe and they magnetically attract all like things that are on same frequency.
- ❖ We are thinking all the times; you can completely change every circumstance/event in your life by changing the way you think.
- ❖ Law of attraction is law of creation. You create your life through your thoughts and law of attraction.
- ❖ Make a list of your beautiful memories, some future events, funny moments, music, a person you love. Focus on these shifters when you are not feeling good.

❖ Aladdin and Genie: “Your wish is my command” Universe is your Genie: “Your wish is my command” Genie never questions your commands but assumes everything you think about you wants it; and so he gives it!

❖ The three steps of creative process are Ask, Receive and Believe.  
Ask: Ask what you want from universe. You must be clear about what you want.

Believe: Believe that it is already yours.

Begin to feel wonderful about it. Feel the way you will feel once it arrives.

❖ A man can change himself and master his own destiny if he is wide awake to the power of right thought. When you want to change your circumstances, you must first change your thinking.

❖ Everything you want is an inside job. The outside world is the world of effects.

❖ To acquire love fill yourself with it until you become a magnet.

❖ Healing through mind can work harmoniously with medicine.

❖ The essence of this law is that you must think abundance, feel abundance, believe abundance. Let no thought of limitation enter your mind.

❖ You are the designer of your destiny. You are the author. You write the story. The pen is in your hand, and the outcome is whatever you choose.

❖ Do the things that you love and bring you joy. Inner happiness is the fuel of success. Be happy now, feel good now.

❖ The earth turns on its orbit for you. The oceans ebb and flow for you.

The birds sing for you.

The sun rises for you.

Every beautiful thing you see is for you.

You are the master of universe.

You are heir to the kingdom.

You are the perfection of life.

And you now know the secret.

## RESEARCH ARTICLE

### *E-BUSINESS and DEVELOPMENT of E-FINANCE*

- **Mr Nimesh Raval, Lecturer**, SEMCOM
- **Mr Pratik Shah , Lecturer**, SEMCOM

#### **1. INTRODUCTION**

In this modern era of technological revolution, electronic business has emerged as the most crucial part of the global economy. Understanding of the concept of e-business is important. Under e-business, there are many electronic developments and e-finance is one of them.

The development of e-finance with reference to financial service institutes, financial payment and market institutes is required to be studied. However this development in India is at a very initial stage. Therefore we have to take data from foreign countries in absence of availability of Indian data. Here we have tried to focus on the aspect of e-finance globally.

#### **2. E-Business.**

##### ***E-Business concepts***

The idea that companies succeed by creating value is not novel. What is new, however, is how innovative business designs are delivering value. Although it's not easy, a good way to outdo competition is to render it passé by pleasing customers in new ways. Essentially, that's what electronic business (e-business) is all about.

E-business defined from the following perspectives <sup>(1)</sup>:

- **Communications:** delivery of goods, services, information, or payments over computer networks or any other electronic means
- **Commercial (trading):** provides capability of buying and selling products, services, and information on the Internet and via other online services
- **Business process:** doing business electronically by completing business processes over electronic networks, thereby substituting information for physical business processes

- **Service:** a tool that addresses the desire of governments, firms, consumers, and management to cut service costs while improving the quality of customer service and increasing the speed of service delivery
- **Learning:** an enabler of online training and education in schools, universities, and other organizations, including businesses
- **Collaborative:** the framework for inter- and intra-organizational collaboration
- **Community:** provides a gathering place for community members to learn, transact, and collaborate.

## **2. E-finance and it's development**

E-finance is defined as “The provision of financial services and markets using electronic communication and computation”<sup>(4)</sup>.

Thus electronic technology will change the traditional financial system. This change, however, is very slow in progress. We will now study its effect on various areas.

### **I. E-Finance and the Financial Services Industry**

This section begins by describing how different kinds of financial services firms, depository institutions, insurance companies and securities companies, have deployed e-finance technologies. Then, we discuss how these new technologies have reshaped the role and structure of the financial services sector. We attempt throughout the section to draw out the research questions and policy issues raised by the advent of new e- finance technologies.

#### ***A. Adoption of e-finance by financial services firms:***

##### **a. Financial Intermediaries**

By the end of the 1990s, e-finance technologies had arguably affected all aspects of the business of banking and financial intermediation, with the possible exception of lending to large businesses. Depository institutions have used electronic information technologies, for example, to make credit decisions to consumers since the 1980s. Having computation abilities that allow the use of large databases has made this possible. For consumers, the application and approval process for both mortgages and credit cards has become sufficiently automated so that it can be done without any personal contact with the lender. The ability to make these credit decisions in this way depends crucially on standardized information provided to lenders by a small number of credit bureaus that keep track of individuals’ credit histories. With respect to credit cards, their use as a medium to make payments,

along with debit cards, has grown dramatically, fueled by rapid communications technologies that allow vendors to validate a person's credit worthiness in seconds.

In recent years, information technologies have also been used systematically for lending to small businesses. Since the early 1990s, banks and finance companies have been using credit scoring models to lend to small businesses on a wide scale. These models use information about borrower quality, such as the credit history of the proprietor, to estimate the likelihood that a particular small business loan will default; loan applications with a sufficiently low default likelihood (high "score") are granted. Survey evidence suggests that large banks have been the first to use credit scoring for their small business loans, and that these models are generally used only for very small, small business loans such as those under \$100,000<sup>(5)</sup>. Smaller banks have also gotten access to credit scoring technologies.

The widespread use of these information technologies have made it increasingly easy for banks to remain at "arm's length" from their borrowers. Over the past two decades, for example, the probability that a bank communicates with its small business borrower in person rather than with the phone or mail has declined from 59 percent in 1973 to 36 percent in 1993.

Surveys by the Federal banking regulators suggest that depository institutions in very recent years have also invested heavily in e-finance technologies (e.g. website on the internet) as a means to distribute their products to retail customer. As described by Furst et al<sup>(4)</sup>, by 1999 banks with transactional websites – websites capable of allowing customers to conduct business – held more than 90 percent of banking assets. Banks have used the internet as an alternative means to distribute their traditional credit and payments products to retail customers. For example, Furst et al. find that most internet banks offer balance inquiry and funds transfer, bill payment and credit applications online. In contrast, fewer banks with transactional website offer brokerage, cash management, fiduciary or insurance services online, although this may reflect the fact that fewer banks provide these services.

## **b. Insurance**

Like the securities underwriting business, the insurance industry also has not seemed to adopt e-finance technologies in large numbers yet. For example, in 1999 12% of US insurers used the internet to sell products amounting to 1% of the total sales<sup>(6)</sup>. Insurance companies tend to buy and hold securities (mainly debt securities) issued or originated by someone else, thus limiting the potential usefulness of e-finance on the asset side of the business. On the liability side, slow adoption of e-finance technologies may reflect the relative infrequency with which an insurer and retail customer interact. In contrast to

bank depositors, policyholders generally interact with their insurer only at the time of sale and when filing a claim. Also in contrast to banking services, insurance policies tend to be quite heterogeneous and consumers tend not to be well informed about the products, making automation of the sales process difficult.

Differences in regulation may also play a role. The issue of why the insurance Indus. try has been relatively slow to use the internet needs further study.

### **c. Securities Firms**

E-finance has also affected the securities industry, particularly for the broker-dealers in the secondary securities markets. During the 1990s, the discount brokerage business rapidly gained market share. Discounters typically rely on fees from retail customers with few ancillary services, thereby allowing individuals to trade securities at very low cost. From 1990 to 1999, employment at discount brokers rose from 2.4 percent to 5.3 percent of total employment in the securities industry. Moreover, the discounters enjoyed a higher profit rate (pre-tax return on equity) than national full-line securities firms or large investment banks in every year from 1990 to 1999 <sup>(7)</sup>. Will e-finance technologies reshape the primary securities markets to the same extent that it has affected the brokerage business? The traditional approach to bringing a new security to the primary market involves “book building,” a process by which investment banks assess the demand for a security issuance from a small number of well-connected institutional investors before finalizing the terms of the offering. Wilhelm<sup>(8)</sup> argues that the relationship-based approach to book building has allowed information to be collected efficiently in an environment of high search and information costs. By lowering these search and information costs, however, e-finance technologies may reduce the comparative advantage of the relationship-based approach relative to a more arm’s length process, such as an online auction. Some online IPOs have succeeded over the past five years, beginning with the Spring Street Brewery in 1995 <sup>(6)</sup>. More than 3,500 people bought shares in the \$1.6 million offering over the internet. The shares were subsequently traded on an internet bulletin board called Wit-trade. The SEC investigated the primary issue market and the secondary trading and issued a no-action letter. In 1999, W.R. Hambrecht created an online auction (OpenIPO) available to any individual or institutional investor that has brought several companies public. OpenIPO operates a Dutch auction in which participants pay the minimum price necessary to sell all of the shares offered. According to the Hambrecht website, six companies have used the OpenIPO format successfully since 1999. Whether the online auction model of securities underwriting represents a real threat to traditional securities underwriting methods remains to be seen. Many studies have found that



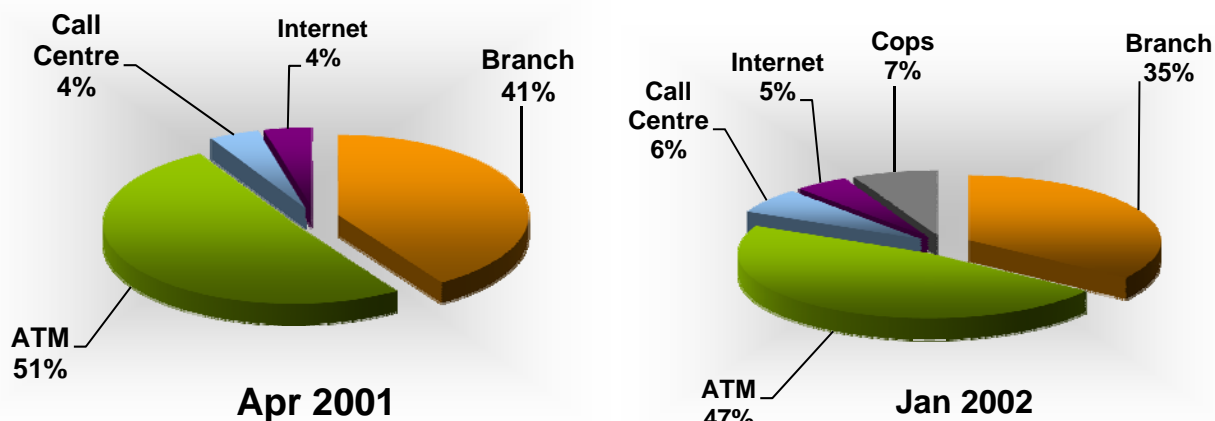
securities are under priced when first sold to the public, suggesting that issuers sacrifice substantial amounts of capital by using the traditional underwriting approach <sup>(9)</sup>. Thus, an important question for future empirical research is whether securities sold in an open auction yield less underpricing than securities sold using the traditional, relationship-based technology.

### ***B. E-Finance Technologies in Payment Services:***

Electronic communications technologies have been used in the banking sector for many years, particularly in interbank payment systems. One of the early applications of electronic communication networks to finance was the Fedwire payment system. By 1918 this linked the accounts of banks held at the twelve Federal Reserve Banks across the U.S. using leased telegraph wires and inaugurated electronic settlement of accounts. This facility, combined with the ability to settle in central bank balances, eliminated the fluctuating exchange rates that had previously been common between bank balances due from banks located in different regions of the country. This early application of electronic communication in finance displays one of the heralded features of Internet communications: the importance of distance was reduced as telegraphic instructions to adjust central bank balances replaced the need to physically ship coin and currency. In this case, the advent of the specialized intermediary, the central bank, and the electronic communication method served to substitute for existing currency exchanges. Electronic payment systems have evolved over the decades. Interbank payment systems in the industrialized countries typically utilize dedicated telephone networks and mainframe computer systems to manage their payments, which are characterized by high volumes and values of payments. Many other payment systems, some intended for lower-value payments, have also adopted electronic infrastructure. In the U.S. the automated clearing house (ACH) system was designed and built in the 1970s and is widely used for the payment of wages and other recurring payments. Many European Giro systems have adopted electronic formats to reduce paper processing, as did the credit card associations, both in the 1970s. The electronic communication and computation technologies associated with these payment systems are clearly complementary to banks' activities.

Another type of electronic technology banks have invested in is the automated teller machine (ATM) and the network facilities that allow depositors remote access to their bank accounts at any time of day. While the number of bank offices has continued to rise gradually over the past 20 years, the number of ATMs has exploded, from 18,500 in 1980 to 324,000 by 2000 <sup>(10)</sup>. In India, at present 40,000 ATM's are available which are expected to raise to 2,50,000 within 5 years. ATMs add convenience for the depositor, but they do not seem to substitute for the branch. Rather it seems they are complements.

### Channel usage



	Branch	ATM	Call Centres	Net	COPS
<b>Cash Transactions</b>					
Jan-02	18%	82%		Nil	
Apr-01	19%	81%		Nil	
<b>Non Cash Transactions</b>					
Jan-02	41%	33%	9%	7%	10%
Apr-01	50%	39%	6%	5%	Nil

From this above information of ICICI bank <sup>(11)</sup>, we can have an idea about utilization of mode of payment by the customers in India. This bank has introduced online banking in the year 1997 for the first time in India. There after it has also introduced online bill payment in the year 1999.

## II. The Impact on Financial Markets

In this section we consider the impact of electronic communication and computation on stock markets, bond markets and foreign exchange markets. In recent years a very large literature has developed on market microstructure (see, e.g., O'Hara <sup>(16)</sup> for an overview). Most of this literature is concerned with understanding the operation of stock markets.

Traditionally stock markets were at physical locations and operated with face-to-face communication. The development of the over the counter market for stocks into the Nasdaq trading system was an early example of e- finance in the context of markets. Subsequently most stock exchanges in the world including the London Stock Exchange, The Tokyo Stock Exchange and the Frankfurt Stock Exchange have moved to electronic trading. The New York Stock Exchange, which is the largest by market capitalization in the world, still uses physical trading. However, even they have introduced the Network NYSE platform that allows retail and institutional investors to engage in electronic trading. The foreign exchange (FX) and bond markets provide an interesting contrast to stock markets. These have traditionally been dealer markets that operate over the telephone. There has not been a physical location and trading is done directly by pairs of dealers or with the help of brokers that intermediate between them. In recent years the foreign exchange market has started to rapidly move to electronic trading. In contrast the bond market has been slow to change and is still largely a telephone market. The similarities and differences between these markets raise a number of important issues. The first is why they traditionally have such a similar market microstructure. The second is why there has been such a difference in the speed with which they have moved to electronic trading.

#### **a. Stock Markets**

Many stock markets around the world have adopted electronic trading methods. In the

U.S., the Nasdaq market was created in 1971 to allow dealers to make over-the-counter trades on an electronic system of linked screens. It has grown rapidly and has become one of the main equity markets in the U.S. Regulatory pressures in the mid-1990s led to the entry of many Electronic Communications Networks (ECNs) in the trading of Nasdaq-traded stocks. These electronic systems allow a wider set of participants to view limit orders (orders to buy or sell specific amounts of stock at various prices), as well as allowing for the possibility of executing trades electronically. In more recent developments, exchange based markets (including the New York Stock Exchange) have implemented various automated order execution systems, either to trade small orders, supplementing their floor-based trading systems, or as the primary means of trading. There are many important questions that have been raised and addressed regarding the growing electronification of stock trading. The effects of electronic trading on the cost, speed, and overall liquidity of trading are continuing important research questions, as are the effects on the economies of scale and market structure of exchanges. As described by Weston (this volume), the recent growth of ECNs has enhanced competition in trading for the stocks traded on ECNs and Nasdaq. ECNs allow traders to transact directly with each other at a small fee in an

electronic marketplace, thereby eliminating the need to compensate the dealer via the bid-asked spread. The ECNs allow traders to view the bids and offers in their limit-order book. In some cases these electronic limit-order books are available to the public on the Internet. Traders can “hit” these bids and offers if they offer attractive prices and “crossing” trades are automatically matched, thereby short-circuiting the traditional role of the securities dealer. ECNs can also allow traders to route orders to the dealer that offers the best price for the order. Weston shows that bid-asked spreads have declined with the growth of trading on ECNs, and that the spreads narrowed the most in the stocks that are most frequently traded on the ECNs, accounting for other factors.

## **b. Bond Markets**

Similarly to the FX market, compared to stock markets relatively little academic work has been done on the operation of bond markets. The structure of bond markets has traditionally been very similar to that of foreign exchange markets. The secondary trading in government, municipal and corporate bond markets is done over the telephone in multiple dealer markets. To illustrate the operation of bond markets we will focus on the markets for government securities. These are large in terms of volume. Fabozzi <sup>(22)</sup> reports that the volume of US Treasury securities that is traded daily was around \$200 billion per day in the first half of 1999. The primary market involves auctions that are open to all but where a special role is played primary government securities dealers. They are expected to participate meaningfully in the Treasury auctions and interact directly with the Federal Reserve Bank of New York in open market operations. They also supply market information to the Fed. The principal market makers in the secondary market are the primary dealers. Interdealer brokers provide dealers with electronic screens that post bid and offer prices. Trades are typically executed over the telephone.

In contrast to the FX market the move towards electronic trading has been relatively slow. In the US Treasury market Allen, Harris and Sato <sup>(21)</sup> report that 40% of securities were traded electronically in 2000. In contrast for corporate bonds only 10% were traded electronically. This is not because of a lack of bond trading platforms. Banks (2001) points out that in 1997 there were 11 online platforms. By 1999 this had increased to 40 and by 2000 to more than 80.

This sketch of the bond markets and the comparison to experience in FX markets suggests a number of important research issues. Why are bonds, particularly government bonds traded in dealer markets and not on exchanges? Are the factors that lead to this structure the same as for FX or different? Why has

electronification been so slow compared to FX and other financial markets? Will the delay in electronification be temporary or more long lasting?

#### **4. Concluding Remarks**

E-finance is not new. For example, the Fedwire used electronic communications system

as early as 1918. The Nasdaq market involved the electronic trading of stocks as early as 1971. The difference today is that electronic communication and computation is now used much more widely than before. A large number of people have access to the internet and this has vastly changed the opportunities for the use of electronic payments systems, the operations of financial services firms and financial markets. We have argued that this change raises a number of important research issues. For example, is the widespread use of paper-based checks efficient? Will the financial services industry be fundamentally changed by the advent of the internet? Why have there been such large differences in changes to market microstructure across different financial markets? We look forward to these and other questions being answered as the emerging field of E- finance develops.

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## DEBATE COMPETITION:

### EXAMINATION HAS NO PLACE IN EDUCATION. (Against the motion)

As we know every coin has two sides. One side is for the people who believe in the importance of examination and the other side who do not believe in its importance. It is up to us, in what sense we think about it. I am not the man to guide or judge but I am here for presenting my views against the topic, 'Examination has no place in Education'.

Those people who think that examination should not be conducted actually are making fun of themselves. Life is all about examination. In each and every stage of life a person faces examination. If we know that examination is going to come then why should we be depressed? Rather we should be prepared for it.

If we rewind our memory we know that centuries ago the sons of kings went to ashrams to gain knowledge, that is, vidhya from guru. And of course all of them have faced examination in order to prove themselves to be the best among many and to make them capable for their designation in the kingdom.

Even Pandavas went to guru Dronacharya for learning various lessons. But among them Arjun became one of the best archers. Everyone had the same guru but everyone could not be the best archer.

Likewise a businessman, whether big or small, should prepare Balance-Sheet at the end of a financial year in order to find out the profit and his current status.

My opponent has given a very good example of Bill Gates, a dropout student. Though he is a dropout student, does he appoint a dropout student in his company? What is the ratio of appointing dropouts with the educated?

Today people prefer to vote for the candidate during elections who has sufficient knowledge and not a dropout student. Do we want our nation to be handed over to these dropouts? Then, what will be the position of our country?

So, the country can be developed by the people who have in-depth knowledge about a particular field. Only such people can reach the zenith of progress and development. Otherwise what will be outcome of it? I hope I don't need to explain it.

Thus examination is considered to be a tool for checking one's capability as how much one had gained from the knowledge provided to him or her.

Today the honourable judges are seated in front of me along with the respected Principal and teachers. These people have reached the present position because they successfully faced examination in their lives. Therefore they are in this designation with great dignity.



All my opponents have a very good excuse for not wanting to put forth knowledge. Finally I want to say that today I stand in front of you and this is also an examination.

**Nishant R. Soni**  
**SYBCom – B**

## **EXAMINATION HAS NO PLACE IN EDUCATION (For the motion)**

Education is a broadest sense in an act or experience that has an effect on the mind, character and ability of an individual.

And examination word actually seems to have the magical power to transform a happy and cheerful person into a frustrating and nervous person.

Our education system is patterned in such a way that students who have ability to memorize and reproduce the same in examination are considered to be the best.

Classroom lectures and practices, Do really help in producing a good human resource capable enough of thinking, analyzing, reflecting and confronting the society as an individual?

*Bill Gates! High school drop out. It was this high school drop out who gave the world the greatest breakthrough in technology.*

*Richard Branson! Well known entrepreneur. Who did not cram a single definition of who is an entrepreneur?*

*Henry Ford! Never received university education but gave the greatest car to the world.*

SCORING MARKS has always remained an important factor of examination but the imparting of knowledge in true sense of word is pitifully ignored.

Approaching of examination is beginning of fear; anxiety and stress to the students mind and if they do not perform up to their parents' expectation it may lead to take an extreme step of ending their lives.

STUDENTS COMMIT SUICIDE.

This is nothing but Examination.

The fear of examination is so much that if a student is not prepared up to the required standards they sometimes use unfair means to copy from a near sitting intelligent student, to SCORE MARKS!

And this is nothing but Examination.

And Yes! No one can deny the facts that students receive marks are they really true! Whether the teacher was sound from mind or had a fight from her husband or his wife.

Or was the teacher in a hurry to check all the papers in one go so as to go outdoor for shopping.

And even if they check the papers they COMPARE the answers to the textbook, to check the memory and recalling. Thus creative and reflective answers are never encouraged.

So can we say examination is mere cramming and unnecessary expenditure on books!

These arguments without an iota of doubt say that examination is not a stick to determine your education and my education.

Hence and henceforth Examination has no place in Education.

**Priti shukla**  
**SY BCOM B**

## **Contributors:**

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