

A Life in Social Work

Anu talks about how she found her calling and her strength of mind, both at once through non-profit work.

Anuradha Gupta, 86A6PS403



We used to joke that there are corporate husbands with wives that do 'social work.' But it was always my calling to reach out and make a difference. Sometimes seeing people benefit was a reward in itself and sometimes because it lifted me from my mundane, existentialist dilemma. It gave my life a sense of purpose in the backdrop of the Myth of Sisyphus, rolling a boulder up a hill, moving from one day to another day where existence precedes essence.

I always noticed somebody that was in a worse situation than me. It was like the universe conspired to have me notice that. At a time when I had no job and had suffered a miscarriage (that led me to years of sadness) I noticed a lady whose child was dead, living in the slums who had to go to work the next day. It gave me strength to get my act together, get back to working and plough through so many years. I had my own little girl soon and much later adopted my son, the fourth adopted child in our family.

And yet there were 54 million children abandoned in India. And there were children who were malnourished but pushing a cycle wheel gleefully along the road. There were women who were breast feeding because there was no food in the house.

What brought joy in their hearts? Where does the peace come from in such a tough world? Growing up in India I was surrounded by such examples. There were of course the success stories, the little boy in

the train who was selling *bindis* while singing off key and collecting money. The slums in Dharawi spawned the greatest enterprise. When child labor was banned in Varanasi carpet industry, the export factories had to furnish certification that they were child labor free. What happened to those children who would make some money working in this industry? Some would study; they had options. Rather than move in and find them options, these factories destroyed a means of livelihood. Many took to stealing and prostitution. US on the other hand that imposed this restriction and has many children working in extensive agriculture. A kind solution for anything has to be a grassroots solution and a balanced solution. I had to connect with a corporate with a strong sense of social responsibility or non profit to make that possible.

I always thought I would be the corporate, ambitious lady and manage social work in parallel. It was wonderful being in Levers and working with villagers in Etah. It really moved me when I organized an eye camp and when I was transferred into my division. I worked with the Factory Manager of my department to improve the village around our factory, we framed our response to village development against a backdrop – that improving quality of life of villagers where we had factories and places in general would be good for the economy, kind and good for our sales most of which came from penetration into villages, small packs and mass brands like Lifebuoy. The corporate responsibility that Levers undertook with

projects like Project Shakti (back in 1990's) actually added a sense of pride and belonging to employees that cared.

But moving to the US, there were different <http://www.managingtheartofliving.org/images/T>



[ree.jpg](#)

challenges. Loneliness, lack of community, I worked briefly with substance abuse and teen pregnancies and it was so disheartening, I opted to safer issues like education. I worked for a while and while the recession and prioritizing spending time with my kid made me stay at home, I started looking for non profit volunteering. The skills I brought to the table were publicity basically, project writing and grant writing I added with time.

I went through many non profits, Asha, Pratham, Anuradha Foundation, Food Allergy and Anaphylaxis Network, Lend a Hand India, BITSunami, Life for Manish which I tried to bring to BITSAA, BITS.Aid and eventually Art of Living Foundation.

There were two issues in non profits, one is that a lot of small non profits address the same issues and do not get together for critical mass because of limited budgets and the other is that in the absence of remuneration, one works because one believes in issues to turnover is very high. The needs for affirmation, achievement and power (through money, position) are all more difficult to strive for, people work from home and rarely connect and most work is pro bono. Personalities tend to govern decisions in the absence of policy sometimes. Coming from a huge corporate, this was a challenge for me always since I loved structured work. India on the other hand is gorgeously diverse and beautifully chaotic. When India got liberalized so to say in 1991, suddenly, there was less red tape, less rules and more of international business that we were

studying and since IIFT, Delhi was affiliated to the Ministry of Commerce, we were bang in the middle of a metamorphosis. A nation so large, yet democratic, secular, such dichotomies exist in every area that the mind boggles

So how does one connect with a cause? For some it is a calling, they set up or work for non profits as employees. For others they chose from many non profits in areas like health, poverty alleviation, education, environmental issues etc. The problem is that working with causes often got one depleted. Many experience fatigue while working through a particular cause that they believe in passionately but they get hurt. Seeing children struggle to get vocational education can be tough for anybody. People get burnt out.

In that context, two non profits come to mind that are rather complete in their practice.

One is the Art of Living foundation that seeks to strengthen individuals who then contribute to social causes. The other is close to home for us BITSians, BITS.Aid which was formed three years back and then reorganized.

I must say that BITS.Aid has a very noble objective. Imagine 30,000 BITS, Alumni who are already in some way or the most connected to social causes. They have the skills, the resources, the motivation to make a difference. Improving that nexus by listing projects and getting volunteers who are anyway looking for a cause based on a particular skill (or even a job) is a formidable task.

Sudip has organized a team to relaunch BITS.Aid. I had three years back listed a project (Lend a Hand India) and been part of the initial team that included the late Laxman Mohanty, a great friend and colleague who worked for setting up schools in Orissa and many such causes.

But I have constraints and my family priorities often take over. That is where a spiritual non profit helped me; spirituality in India is often connected with going off on one's own path, one's own journey inwards and can be an isolating one, with people going off to Ashrams or many living in seclusion to ponder life's mysteries. Is the purpose of self-development merely for the self? Or is it to take the knowledge to the community and serve the community with valor?

Art of Living attempts to answer these questions by instituting for its volunteers a practice that involves Sadhana, or their own strengthening practices (involving Sudarshan Kriya, yoga, breathing techniques, an ayurvedic approach to diet and health), Seva, or service and Satsang, or a community that is supportive in one's personal growth and in helping one with service projects. And the community is organized into volunteers, coordinators (of projects and courses) as well as teachers who go through rigorous training but are mostly volunteers. Volunteers are free to undertake whatever role (they do go through a basic course which teaches them techniques) in seva and there are opportunities to connect to knowledge series which are scriptures, interpretations of Bhagavad Gita, Ashtawakra, Bhakti Sutras, Patanjali Yoga Sutras etc.

The attempt is social service in the context of personal growth and community support. Since AOL's programs have reached 30 million people in 140 countries and there are centers all over the world, wherever one goes for a visit, to live, for a project or a course, one immediately connects with the community. We call it 'One World Family'. Quite like the Buddhist community where there is Dharma (which is one's own path in the journey of truth), Sangha (or the community) and Buddha (the Master) in a modern day world where nobody leaves home, like teachers often joke, the is the 'Art of Living' not leaving. To think it was founded by a loving, little man we call Guruji who decided to take 'knowledge' and service to the masses, one is

amazed as one sees how much goodwill AOL has generated in the world, with United Nations, with different countries through working in war zones, terrorist infested areas and responding with trauma care in different places.

In the US, AOL conducted free courses after 9/11 with highly trained teachers who worked with PTSD, depression and other issues using ancient Indian techniques of breathing and meditation. They went to help out at New Orleans, at Virginia Tech and local chapters being completely organic organize services the community needs.

This is fun! Art of Living is one of the world's largest non profits and they operate so quietly and gently that most people don't know that. They are to the non profit world what a company like say GE is to the corporate world or what a company like Unilever India is to the corporate world in India.

And to think this is all based on ancient Indian spirituality, it is a matter of great pride for Indians that we have responded to a stressful, violent world by finding an alternative. Like Sri Sri Ravi Shankar says,

"Violence Free Society
Disease Free Body
Quiver Free Breath
Confusion Free Mind
Inhibition Free Intellect
Trauma Free Memory
Sorrow Free Soul
And an Ego that Encompasses ALL
Is the Birthright of Every Citizen
On this Planet. "

So I have found yet another way of living a life in service, where I need not just write poetry about issues that overwhelm

me. I can actually 'BE THE CHANGE I WANT TO SEE IN THE WORLD.'



http://americanobserver.net/photos/20071023/20071023_artofliving1.jpg

Place for Ethics

Have we forgotten what the word 'ethics' means? Does it have its due in today's world? Dilip D'Souza wonders...



Dilip D'Souza, 76F06346

Confession: I have a minor connection to the film "Swades". Its director, Ashutosh Gowariker, got some of the ideas for the film from an article I once wrote, about two young engineers who built a dam. If you watch the film, you'll see a "Thank you Dilip D'Souza" flash across the screen at the start.

That's all I'll say here about this.

But there's a reason I mention this Swades connection. One March day a few years ago, I found myself in front of a class of eager MBA students at a management institute in Rajasthan. (Not BITS, be it noted). I spoke to them about the young engineers, and my link to "Swades". Later that evening, one of the professors introduced me to another set of students. "This is the man," he said, "who wrote the script for Swades".

I quickly corrected him -- I didn't write the script, I said, I just wrote an article that the director read and thought about.

The professor waved away my objections. "You should just say it," he told me firmly. "Just say you are the scriptwriter."

That I was stunned is an understatement. Here was a professor telling a few dozen students a complete fabrication about me, and then telling me in front of them that I should propagate it as well. A professor of business, no less. What lessons were his students taking home from this incident? What idea of ethics would they take into their careers?

Am I reading too much into this small incident? Well, then another small incident happened.

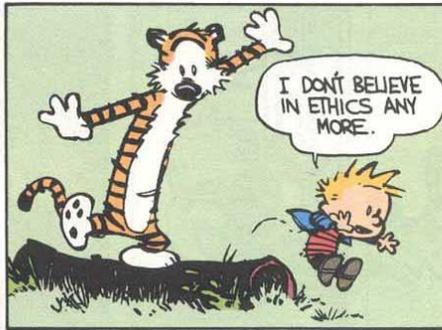
This was during an online competition I entered in not long ago. I didn't make the shortlist, so I swallowed my disappointment by following the three finalists. They were being judged by the blog posts they put up over a ten day period, the winner to walk away with a handsome sum of money. The competition between the three was intense, though genial.

One of the three was a recent graduate; I'll call him K, from one of the country's best known B-schools. Bright, keen and articulate, K wrote some vivid and easy-to-read posts, even if one of his competitors was clearly superior. Still, K was working hard, and you could tell that the contest would go down to the wire.

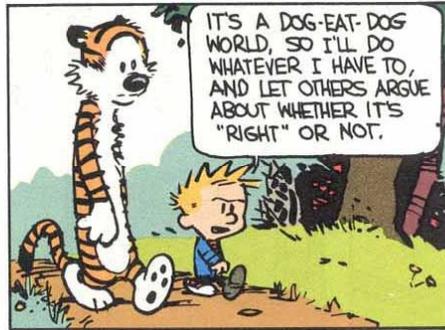
Then, one morning about halfway through the ten days, I clicked through to the site to read K's latest missive. Something seemed both odd and vaguely familiar about it, but I paid no attention then. Later in the day, it came to me. Someone had once drawn my attention to a two-year-old article in a publication I sometimes look at, and somehow, K's post reminded me of that essay. I brought it up again on my screen. To my amazement, K had lifted entire paragraphs from this article and reproduced them in his post, even retaining the few spelling and grammar errors, with no mention of the original or its author. In fact, it was the language and the errors that had

Calvin and Hobbes

BY WATTERSON



GET WHAT YOU CAN WHILE THE GETTING'S GOOD—THAT'S WHAT I SAY! MIGHT MAKES RIGHT! THE WINNERS WRITE THE HISTORY BOOKS!



[All rights for the image reserved with Bill Watterson, the creator of Calvin and Hobbes]

seemed odd to me, because they made this post so unlike K's other smoother writing.

I remember sitting there baffled. Is this what intense competition had done to K? Why would this young man risk his chance at the prize, possibly even his reputation this early in his career, by plagiarizing so blatantly? Why would he do it, in this Web era when plagiarism is so easily uncovered?

I wrestled with myself for a while, then finally sent a note to the organizers of the competition, telling them all this. They took note of it and mentioned it on the site that hosted the blogs. That drove K to add the name of the author of the article to his post, though without any acknowledgement of or apology for the plagiarism.

But several reactions to this episode, from others following the competition, baffled and bothered me even more. They were all

variations on "what's the big deal, anyway?" Here are some of these reactions, quoted verbatim:

- * "I don't find any harm in plagiarism until it's a great post." [Whatever that means; I suspect that "until" should have been "if"].
- * "Plagiarism can't be avoided nowadays in [an] era of information and technology because of shear [sic] number of articles."
- * "If it's unintentional and slightly modified, it will not cause harm."
- * "It was research, not plagiarism!"

Now none of us would react to a theft by saying "He was borrowing, not robbing!" Why do we treat plagiarism differently? Why do we take it less seriously?

Turned out there was no penalty for K. He carried on blogging, and finished the

competition as runner-up. Maybe it was indeed research, not plagiarism.

Again, am I reading too much into small incidents? I don't know, but if they do happen to reflect wider trends, these free and easy attitudes towards ethics trouble me. Does the urge to get ahead mean anything goes?

More learned folks than me have found evidence of sometimes "muddy" ethics among students in business schools. In particular, there's Don McCabe, a professor of management at Rutgers University. In a much discussed article on the Harvard B-school blog, "MBAs Cheat. But Why?" (<http://u.nu/54c23>), McCabe blames the "get-it-done, damn-the-torpedoes, succeed-at-all costs mentality" among today's business students in the USA. In other words, the intense competition also lasts through their careers. McCabe thinks this means students today are "more prone to ethical problems" than in the past, and that therefore, B-schools must teach ethics as part of their curricula.

This is not the place for an analysis of McCabe's arguments – for that, reading his original would be a far more useful exercise.

But he ends with some musing on how "business schools and their progeny ... lack a sense of disgrace." They think they can do anything in pursuit of a strong bottom-line - grades or stock prices. But can they really get away with it?

McCabe has a disturbing take on that: "As long as society accepts such behavior when it's associated with strong stock performance, I'm afraid they may."

In an India that sees itself as a country rising rapidly, management institutes are certainly proliferating rapidly. Only a few days before writing this, I counted dozens along a 10-km stretch of road on the outskirts of a large UP city I visited. Besides, we admire entrepreneurship and competition, and the rewards those bring. Rightly so! Some BITS alumni make impressive efforts to mentor current BITS students who want to go to B-schools.

Yet in all that, I hope there remains a place for ethics. I hope the two small incidents I mention are only aberrations.

I hope. But somewhere inside, I can't quite shake the same pessimism McCabe feels.



Are you aware of “Let’s Promote BITS-Pilani”

Few BITSians are creating the first-of-its-kind grassroots movement to promote the BITS Pilani brand among Class 11 and Class 12 students. Join the BITSAA International movement !!!



Deepak Malani 2003A8PS175

The lack of awareness amongst the young student community about BITS-Pilani was a growing concern & was something which had to be dealt at its earliest. It was alarming when we realized that students were unaware of all the flexibilities & features that BITS offer during the time of their admission. All these lead to the start of the initiative - Let's Promote BITS-Pilani. LPBP aims to create awareness amongst the student community about BITS-Pilani. It focuses on building the brand "BITS-Pilani" and promoting all its campuses - Pilani, Goa, Dubai & Hyderabad. The medium suggested for this brand building exercise was to conduct information sessions in schools, colleges and coaching centers wherein the speaker would enlighten the young aspirants, clear their doubts and in a way act as the Ambassador of BITS-Pilani.

The first experimental information session held at Hyderabad received a huge response with more than 200 students participating in the session.



It was after the success of this attempt that motivated the team to kick-start the work simultaneously in two campuses - Pilani & Goa. In its early phase, the initiative received a lot of appreciation & cooperation

from both students & the administration. Documents were prepared which would assist in conducting "Info Sessions". Volunteers were identified & trained for delivering these information sessions at respective campuses.

Phase I: The Journey Begins

The team members of the initiative were into action all across the country during the winter break of 2008 (15th Dec - 5th Jan'09). During this phase students from both the campuses participated actively and delivered info sessions in their schools & colleges. Due to this untiring effort, within 20 days the initiative was successful in reaching as many as 7500 students with the help of nearly 50 volunteers from Pilani & Goa campus.

Harish & Cherukuri Aditya (both from Goa Campus) conducted 3 sessions each & played a major role in this phase. "The Hindu" approached Harish and appreciated the initiative. They also showed their desire to write about this unique initiative in their daily.

Phase II: The power of BITSAA

Phase II was an entirely new chapter for LPBP because this time around, it was the seniors who conducted the info sessions. Alumni across the globe liked the idea & expressed interest to be part of this initiative. The willingness from the alumni boosted the morale of the initiative and helped it to gain more momentum.

The first session of Phase II was conducted by Sagar Dughrekar ('95). Based in London, Sagar currently works as a Business Analyst with Barclays Capital. He has been an active member of BITSAA & was instrumental in setting up the BITSAA Mumbai Chapter. It was conducted in association with Institute of Engineers in Aurangabad, Sagar's session was attended by over 450 students and parents from different schools of Aurangabad.

Phase III witnessed an enthusiastic first year student from Hyderabad campus who conducted 10 information sessions across his city all alone!



Neil C. Jog apart from clearing the doubts of the aspirants also brought some useful feedback to the LPBP team about the misconceptions & doubts that still exist in the minds of the aspirants.

Phase III: And it goes on...

The planning of Phase III started almost parallel to Phase II's. Like Phase I, this phase will consist of students as volunteers but not only from Goa & Pilani but also from our new campus at Hyderabad! After the success of Phase I & alum's support to Phase II, Phase III required even more enthusiastic ambassadors who could play the dual role of giving out info and also guide their juniors in making correct discipline and career decisions

What next ???

- Do you feel that there is a scent of ignorance about BITS-Pilani & its unique features?
- Do you believe that you can take the role of building the brand of BITS-Pilani?

Join hands in this unique initiative !!!
If you have any queries, please write to the Let's Promote BITS-Pilani team at <mailto:lpbp-team@bitsaa.org>. You can also visit <http://www.bitsaa.org/?page=lpbp> for more details on how you can contribute.



MANTRA AWARD Winners

The recently concluded Mantra Awards brought five great BITS-Pilani Dubai and four amazing BITS-Pilani students to limelight. In true BITSIAN style, Sandpaper gives you their "Intro". Read on...



Saurabh Ladha, 2008AAPS289U
Apurva Misra, 2007A3PS217P

BITS-Pilani, DUBAI Winners

Shrey Sanger – Extraordinary Leadership Potential, Male

Shrey Sanger is a Computer Science



Graduate from BITS, Pilani - Dubai. He graduated in 2009 as the President of the Student Council at BITS, Pilani - Dubai. An excellent student, he was actively involved in all cultural activities and

was also the Senior Editor of the college newsletter "@bitsdubai". A permanent member of the college debating team, he has participated and won several inter-college public speaking competitions throughout. As an avid public speaker - he often compeered college events like Sparks, BITS Sports Festival, Annual Cultural and Sports Day. But perhaps his most memorable contribution has been as the resident Quiz Master for BITS, Pilani - Dubai - hosting all four editions of B'Quizzed (the annual quiz competition organized by BITS, Pilani - Dubai). He was also the Event Coordinator for B'Quizzed 2009 and oversaw the expansion of a previously inter-collegiate event to high school students. He is currently looking for job opportunities in

IT/Marketing/Event Management. His hobbies include Debating, Quizzing and Bathroom Singing!

Neha Nair - Extraordinary Leadership Potential – Female

Neha Nair is currently pursuing Semester VII of B.E. (Hons.) Mechanical Engineering at BITS - Pilani Dubai [BPD]. Having been an avid reader since childhood, she counts English among her favorite courses at BPD along with Management, Operations Research

and CAD. Besides being a Senior Reporter for the College newsletter, she holds the post of the General Secretary in the Student Council and is also an active member of the Cultural Committee. She has represented BPD at GETEX '09 [an educational exhibition] and even on TV [a very 'interesting' experience she says!]. A self proclaimed motor-mouth and extrovert, her interests include reading, dabbling in art & craft, debating, meeting new people and then some more reading. After her graduation, in 2010, she looks forward to pursuing further studies in Management.



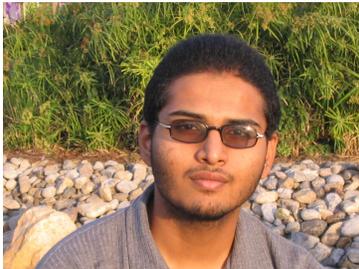
Mohamed Amar - Social Leader of the Year
Mohamed Amar was born on in late Aug, 1987 in the town of Tiruvarur, Tamil Nadu in India. He moved to UAE within 3 months of birth and has been living there ever since.

He joined BITS Pilani, Dubai in 2005 and completed B.E (Electrical and Electronics Engineering). During college, he had the opportunity to work and help in organizing a number of



college events. Eventually during his third year he was elected as the President of the Social Awareness Club and organized events such as blood donation drives, plantation drives and visits to Special needs centers. He currently plans to work in the Technical Marketing Field. His hobbies include cooking, watching TV series and sports such as tennis and cricket.

Sivagurunathan - Entrepreneur of the Year



Sivaguru is the Co-owner of website www.milledrive.com and Mille Media Limited (Established as a Limited

Company in Hong Kong). Previously he has designed several websites and sold one of them (along with 2 more partners). Siva handles troubleshooting and handling of network configurations, utilization and monitoring of resources across data centres, security setup, kernel level optimizations, database customizations and virtualization setup to enhance server performance as a part of his job. He is also involved in carrying out all financial transactions. Siva has received certifications of CCNP, CCNA, CEH, VCP, MCITP and MCTS which has helped him in identifying similar problems affecting enterprises in case scenarios.

Arshad Ahmed - Technical Innovator of the Year

Arshad is a final year student at BITS-Pilani, Dubai. His passion is to develop innovative,

extremely affordable health care solutions for people living on very low income. His low cost ventilator won the first prize at Techfest, IIT Bombay and he was invited to present it at the World Health Care Congress. He will be doing his postgraduate



studies in the University of Manchester where he hopes to develop his ventilator further. He has participated in and won other competitions such as the BITS Pilani - Dubai Technofest and the IEEE Design challenge. His interests include trekking, exploring and diving.

BITS-Pilani Winners

Rajat Tibrewal, currently pursuing his dual degree in Msc (Hons.) Physics with BE (Hons.) Computer science at BITS Pilani, believes in affecting lives by his work. He aspires to become a specialist in Artificially Intelligent Network Systems, Human-Computer interaction and Information & Communication Technology. Backed by an excellent academic record and an exceptional

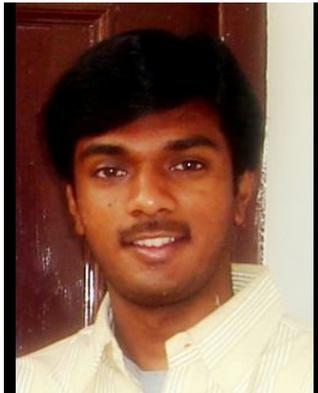
skill-set, Rajat aims to use his knowledge in designing new products or solutions that would directly address many prevalent social problems. As part of several associations and clubs at BITS Pilani, he has



displayed his passion to work, his philosophy to keep things simple and his grit to lead. He has been involved with the Robotics club where he designed friendlier user interfaces. He has spent a lot of effort in the study of Swarm intelligence, developing simulations and applying the concept to several seemingly unrelated fields, such as organizational dynamics. His Swarm intelligence projects include

Simulation of Ant Colonies and an algorithm that could be attached to cars which would suggest alternate routes to desired destinations without the use of GPS. Apart from earning the laurel of being a Goldman Sach Global Leaders Program Nominee, he also holds several posts of responsibility like the Coordinator of Computer Science Association at BITS Pilani. He has been responsible for introducing several innovative initiatives that has revolutionized the way the association works and the output it delivers.

Thouta Shailesh, pursuing his BE Hons



Electronics and Instrumentation Engineering, at BITS Pilani has a passion for social entrepreneurship. He wants to bring a change in the Indian economy by improving the Medium Scale

Entrepreneurs (MSEs) by providing training in managerial and marketing skills. He has been actively involved in organizations like NCC and NSS from an early age. His experiences as an NCC volunteer made him aware of the harsh realities of life and made him a socially responsible person. While working with NSS as a volunteer, project lead and later on as president, he got a chance to serve the community. He was instrumental in starting new projects and improving the way NSS functioned as an organization in BITS Pilani. He believes in inspiring people to bring about a change and has aptly proven his statement while working for NSS. While pursuing his interests in the social sector, he has continued his passion for electronics by being an active member of the Instrumentation Forum in BITS Pilani.

Mayank Mathur, pursuing his BE Hons Electronics & Instrumentation, believes in leading from the front. He has been an active contributing member of Instrumentation Forum as well as BITS Pilani. Propelled by a passion for electronics, he has introduced the concept of workshops by industry professionals to help students learn from their first hand experience. He

was actively involved in setting up PSoC lab in BITS Pilani. As a Coordinator of Instrumentation Forum he coordinated many events during his tenure. He always encouraged his colleagues to pursue activities in the Forum with utmost dedication, constantly being a supportive, guiding light even after the completion of his stint as the Coordinator.



M Santosh Laxman, currently pursuing B.E. Hons Electrical and Electronics Engineering --- has a keen interest in entrepreneurship and web 2.0 technologies. He has developed and managed many websites over the past two years. He is also the founder of a personalized merchandise company "Colon K" and "BITSexam", a website catering to the needs of aspiring BITSians. He is also a reporter for YourStory.in, an online media platform for entrepreneurs. With his keen observational and analytical abilities, he wants to achieve his dream of being a serial entrepreneur in life.



THE SECOND GLOBAL BITSAA 30 UNDER 30 AWARDS (2009)

These awards are the highest recognition by the BITS Pilani community to thirty students or alums for their extraordinary achievements before the age of 30. Here is the list for this year's winners.



Ashwin Gowda, 2002A6A1756

The Global 30 under 30 Awards are presented once every three years. These awards are the highest recognition by the BITS Pilani community to thirty students or alums for their extraordinary achievements before the age of 30. All students from Dubai, Goa, Pilani and Distance Learning Programs are eligible to participate. Winners are nominated by anyone within the BITS community including students, alumni and faculty. 2009 is the 2nd time that the awards are being presented.

BITSAA received over 100 applications this year across the campuses. The applications were then evaluated by an elite panel of six highly accomplished members of the BITSAA

community.

The award is dedicated to all those young BITSians who thought and acted differently, who challenged the status quo, rewrote the rules, and created their own paths. To the leaders, innovators, researchers, academics, students, entertainers, winners, engineers, scientists and concerned Samaritans who studied within the BITS academic environment around the world. These are the people who set the best examples of what it means to be a BITSian!

Below are the candidates who made it to the highest level. For more information on the winners visit www.bitsaa.org.



HOW DO WE BENEFIT FROM THE STOCK MARKET?

The current financial crisis has impacted all parts of the world and left the investors worried about the future of the global economy. The question that a commoner is asking is whether such a crisis will occur again and what can be done to prevent it. But the author opines that such crisis is quite inevitable, but there are ways to keep one's head above the water. He provides three key tips that investors should keep in mind.



VP Rajesh, 87A3PS107

The turbulence in the financial markets has impacted all of our lives either directly or indirectly. People planning their retirement had to reassess their plans for the golden years and folks in their golden years could only think of hoarding more gold. Anyone who has dared to open his or her broker's monthly financial statements has only seen red for the last several quarters. Stories abound from the latest graduating class that saw their offers being rescinded or delayed for a variety of purported reasons, that is, if they were lucky to land with their dream job in the first place. BITSians aspiring for higher education have faced financial aid cuts due to drop in the universities' endowment funds. The picture has been gloomy, to say the least, for the last several months.

I will not dwell on the cause(s) that led the world to the precipice of financial disaster in this cycle as it has been covered eloquently in several publications. Suffice to say that the history is replete with similar kind of manias from 1937 Dutch tulip bubble to 1930 depression in the US, 1998 Asian crisis and 2000 Internet bubble. Each time the reason, context and geography is different but the result is the same – fatal blow to the investors. The clear take-away is that such financial tragedies are going to be part and parcel of life and unfortunately each generation will either experience it

first-hand or, if lucky, will only hear about it from the preceding generations. What's not so clear is whether one can anticipate such disasters and avoid them to the extent that it does not lead to a complete ruin. However, there are some timeless principles that can help an investor benefit from such situations and take advantage of the opportunities created. In my opinion there are three such principles – (1) invest when psychologically it is hard, (2) invest at the low valuation entry points, and (3) smart money is buying (or selling). Let me elaborate on each point.

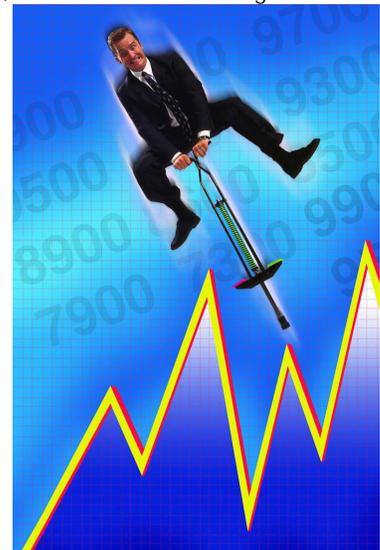
Research has proven that most people feel disproportionately worse about a financial loss (by a factor of 2 to 3 times) in comparison to a thrill of a gain. The asymmetry strongly suggests, as an investor, to think counter intuitively about the financial markets. When everyone is feeling happy (or giddy) and stock market analysts/managers are toast of the cocktail parties, it is time to pull-back. On the flip-side, when every time you pick up a newspaper/magazine, it is full of gloom-and-doom stories; it is time to add to your exposure to the stock market. Warren Buffett has eloquently put it: "buy when everyone else is selling and sell when everyone else is buying." It is hard to exercise self-control but the financial gains or benefits of preservation of capital are quite enormous.

On a quantitative basis, focus on what you are paying for the stocks. Although intrinsic value is the best measure of a business, price to earnings (P/E) ratio are readily available to assess the overall attractiveness of the stocks. Today, S&P 500 is at the same level that it first achieved back in early 1998. Aside from the paltry dividends, there is nothing to show for the last 11 years. And yet the earnings, the primary determinant of market's valuation, have increased substantially over the same period. Back then, investors were in a good mood and were willing to assign high P/E ratio to the stocks. Today, people are extrapolating the current situation into the future and heavily discounting the potential earnings. Looking at 10-year trailing P/E multiple, it has come down significantly from a high of over 45x P/E multiple back in 2000 to approximately 20x at current S&P 500 level, much closer to the long-term average of the US stock market. At the bottom of 1982 and 1931 valuation cycles the same ratio was 12x and 7x, respectively.

Smart investors have proven themselves over a long period of time with careful analysis and intuitive feel of the market sentiment. Warren Buffett is one such legendary investor of our times. As much as he dislikes making stock market predictions, Buffett has been uncannily correct in calling the major peaks and troughs in valuation cycles over the last 50 years. In his famous New York Times op-ed piece in October 2008, he noted: "Equities will almost certainly outperform cash over the next decade, probably by a substantial degree." Another lesser-known name is Jeremy

Grantham at GMO in Boston. He has been commenting on the stock market for several decades now and has a strong track record of analyzing the valuation cycles. He is one of the few commentators who had called for a decade of subpar stock market return back in 2000. His missives are eagerly awaited and read broadly by fund managers and investors in general. Earlier this year, he wrote: "Plan A: you must force yourself to invest in a cheap market even when you are terrified by rapidly falling prices, as I admit I was to some extent. I also suggested Plan B: if you missed the earlier lows, you must grit your teeth and phase slowly into a cheap market. You can't gamble that it will oblige you by another low, and historical analogies with earlier, much lower market lows are fraught with genuine differences."

There are no guarantees in financial markets but if an investor follows these three principles religiously, he or she will improve their chances of significantly outperforming the stock market over a long-term.



<http://kenoath.files.wordpress.com/2009/02/stock-market-chart.jpg>