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Business Today

March 6, 2022 ₹150

INDIA'S BEST BANKS

THE ANNUAL BT-KPMG SURVEY OF INDIA'S FINEST BANKS AND FINTECHS

(From left) Shyam Srinivasan, MD & CEO, The Federal Bank; Sanjay Agarwal, MD & CEO, AU Small Finance Bank; C.V.R. Rajendran, MD & CEO, CSB Bank; Sashidhar Jagdishan, MD & CEO, HDFC Bank; Sandeep Bakhshi, MD & CEO, ICICI Bank; and Madhav Kalyan, CEO, JPMorgan Chase Bank India

Nirmala Sitharaman
Finance Minister

THE BUDGET ROUNDTABLE

The FM decodes Budget 2022 with BT's editors

PG.26

Ashwini Vaishnaw opens up on plans for railways, telecom and privatisation

PG.32

Will Volkswagen's new India strategy work?

PG.20

RNI No. 53481/92 ■ FARIDABAD/145/2020-22 BPC Faridabad ■ Date of posting: Tue, Wed & Thursday


आज तक
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सो सॉरी
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Missed Daily Capsule?
Tap to see it again.
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जम्मू-कश्मीर
जम्मू-कश्मीर के शोपियां में बड़ा आतंकी हमला, 4 पुलिसकर्मी शहीद
पिछले कुछ दिनों में घाटी में आतंकी हमलों में तेजी आई है. एक ओर
बड़ी खबरें
लाइव टीवी

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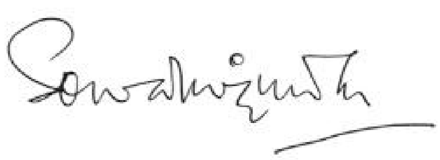
The New Banking Paradigm

As the Indian economy attempts to rise from the pandemic with renewed vigour and pursue growth, a key engine powering this ambition has to be the banking sector. With the government clearly setting its growth agenda in Budget 2022, the hope is for private investment to crowd in, following the elevated levels of public expenditure. In this scheme of things, India's banks will need to play a vital role and support the growth push. As the Reserve Bank of India has pointed out in its 'Trend and Progress of Banking in India' report, during 2020-21 banks reported a discernible improvement in their asset quality, capital buffers and profitability, notwithstanding the disruptions of the pandemic. But despite these positives, the RBI does issue a clear warning. The central bank says incipient stress remains in the form of higher restructured advances. "Banks would need to bolster their capital positions to absorb potential stress as well as to augment credit flow when policy support is phased out," it says. Banks today have to contend with an uncertain post-pandemic world, the rise of fintechs and new kinds of risks as they push their digital strategies. Those banks which are able to navigate this new world will be best positioned to support the economy as it enters what analysts are calling a multi-year up-cycle.

The *BT*-KPMG Best Banks Survey 2020-21 comes to you against this background. As *Anand Adhikari*, who helmed this project, writes in his opening essay, lenders that have been able to exploit every adversity to their advantage have emerged winners this year. As you will see in the pages which follow, despite their different sizes and footprint, all the winners have been able to identify opportunities quickly and use digital channels efficiently for customer reach and convenience. The winners of the *BT*-KPMG Best Banks Survey, now in its 26th year, are chosen after an elaborate process that includes assessing banks on quantitative and qualitative parameters. A stellar jury picked the winners under the qualitative categories, apart from selecting the Lifetime Achievement Award winners and the Bank of the Year. This year, the country's second-largest private sector bank, ICICI Bank, is the Bank of the Year for the second time in a row, with the jury agreeing that the no-noise, "quiet delivery" approach of ICICI Bank MD & CEO Sandeep Bakhshi is bringing the lender big wins. Bakhshi has created a 360-degree model where the bank is not just aiming to sell a product but creating an ecosystem of offerings to attract the customer. This apart, digital banking solutions are also powering the bank's growth.

I am also delighted to present to you the Budget Roundtable package in this issue, where the Budget makers, right from Finance Minister Nirmala Sitharaman and her top team, together with Railways, Communications and Electronics & IT Minister Ashwini Vaishnaw, talk to our editors about every aspect of Budget 2022. That's truly an unmissable set of conversations. **BT**



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Vol. 31, No. 5, for the fortnight February 21, 2022 to March 6, 2022. Released on February 21, 2022.

● Editorial Office: India Today Mediaplex, FC 8, Sector 16/A, Film City, Noida-201301; Tel: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel: 0124-4948400; Fax: 0124-4030919; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/B, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel: 0484-2377057, 0484-2377058; Fax: 0484-370962
● Subscriptions: For assistance contact Customer Care, India Today Group, C-9, Sector 10, Noida (U.P.) - 201301; Tel: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no: 1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080; E-mail: wecarebg@intoday.com
● Sales: General Manager Sales, Living Media India Ltd, C-9, Sector 10, Noida (U.P.) - 201301; Tel: 0120-4019500; Fax: 0120-4019664
● Printed & published by Manoj Sharma on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35, Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at F-26, First Floor, Connaught Place, New Delhi-110001. Editor: Sourav Majumdar

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THE ANNUAL *BT*-KPMG SURVEY OF INDIA'S FINEST BANKS AND FINTECHS

ILLUSTRATION BY **RAJ VERMA**

Cover by
ANIRBAN GHOSH

India Today Group Chairman and Editor-in-Chief Aroon Purie with Finance Minister Nirmala Sitharaman

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PHOTOGRAPHIK

Photograph by **SANJAY KANOJA / GETTY IMAGES**
Text by **RAHUL OBEROI**

Source: Election Commission of India; annual audit reports

GAME OF THRONES

NEARLY ₹5,450 CRORE HAS BEEN SPENT ON ELECTIONS BY SEVEN NATIONAL POLITICAL PARTIES IN THE PAST FIVE YEARS TILL FY20

₹3,585
CRORE
The amount of money spent by the BJP on elections

₹1,405
CRORE
The amount of money spent by the Indian National Congress

8.43
PER CENT
The percentage of the total amount which is the election outlay of the five other national parties

The Mood *of the* Millennials

33%
RESPONDENTS HAVE AVAILED BUY NOW, PAY LATER (BNPL) IN THE PAST ONE YEAR; THE REST WANT TO TRY IT SOON

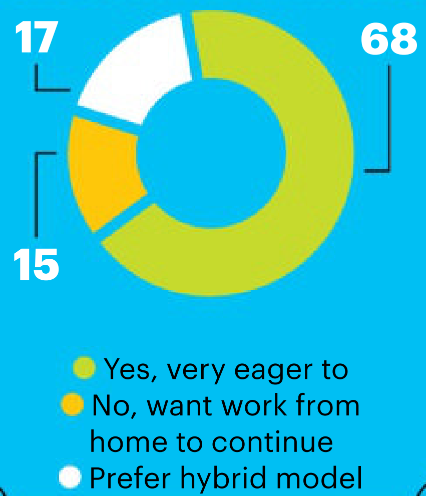
49%
INDIVIDUALS WANT TO USE BNPL FOR BUYING CONSUMER DURABLES, ETC., ON E-COMMERCE PLATFORMS WHILE 29 PER CENT PREFER TO USE IT FOR TRAVEL

Millennials have the potential to redefine India's investment and consumption story, which will play a critical role in shaping the economy in the post-pandemic era. A survey by fintech firm CASHe captures the impact of the Covid-19 pandemic and how it has altered the everyday behaviour of millennials across topics such as saving, credit appetite, health, travel and shopping, among others. Here's a sampler

By **RAHUL OBEROI**
Illustration by **NILANJAN DAS**
Graphics by **TANMOY CHAKRABORTY**

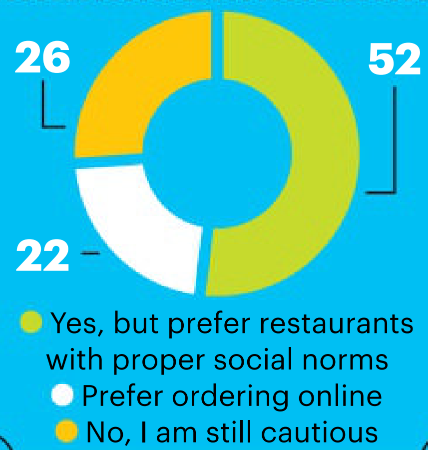
Note: The pan-India survey was conducted among more than 30,000 customers on CASHe's platform. More than 65 per cent of the responses were received from the metro markets of Mumbai, Delhi, Kolkata, Hyderabad, Bengaluru, Ahmedabad, Pune and Chennai, while the rest 35 per cent were received from other Tier II and Tier III towns. And 34 per cent of the respondents are in the age group of 20-30 years, 52 per cent are 31-40 years, and 14 per cent, 41+ years

Are you open to going back to office for work post-pandemic?

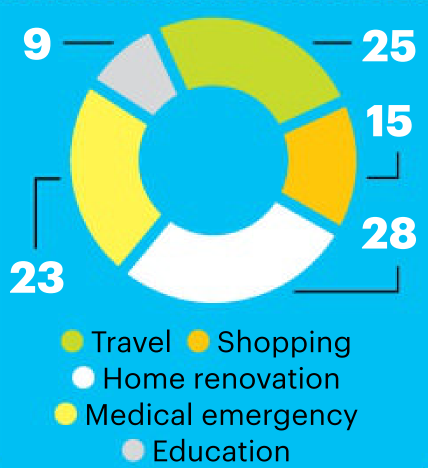


How do you prefer to shop during a pandemic?

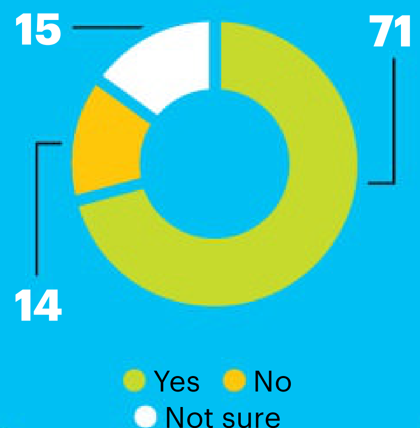
Do you now prefer to eat out at restaurants more often than before the pandemic?



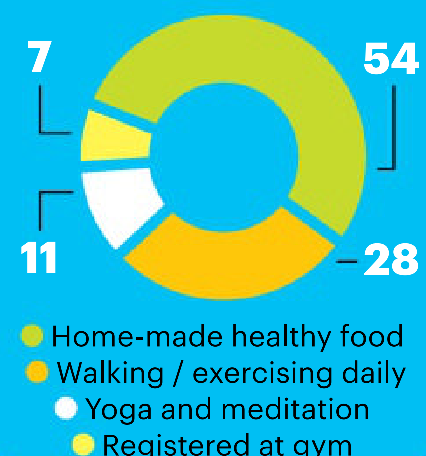
State your purpose to avail a short-term-purpose loan



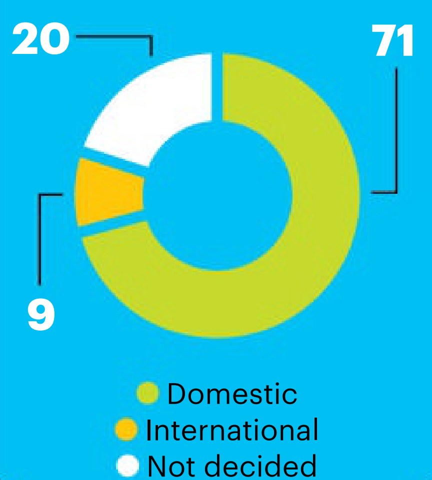
Have you grown more health conscious during the pandemic?



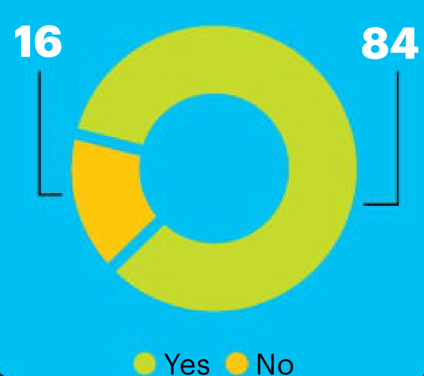
What new lifestyle changes have you adopted during the pandemic?



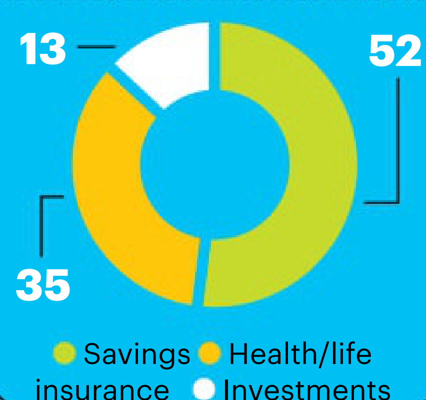
Where will you head for your vacation?



Have you stepped up your wealth management strategy to be more prepared for the future?



What have you scaled up in terms of your wealth-management strategy during the pandemic?



All figures in per cent of respondents;
Source: *Millennial Mood Index 2021 by CASHe*

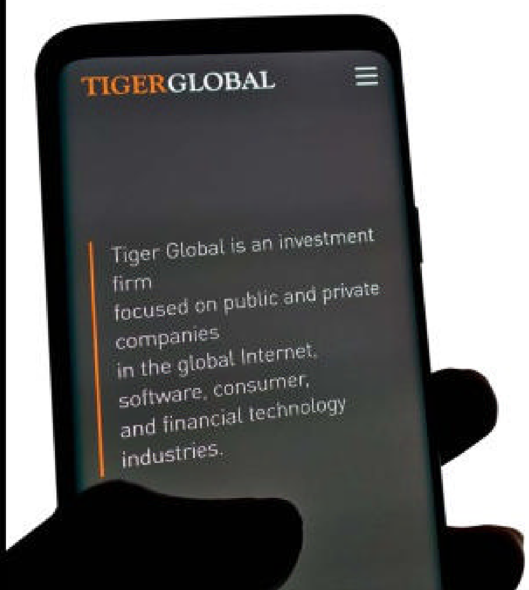
JIO'S METAVERSE

JIO PLATFORMS IS investing $15 million for a 25 per cent equity stake (on a fully diluted basis) in Pranav Mistry's Two Platforms Inc. An artificial reality firm, TWO will help Jio fast-track its adoption of tech such as AI, metaverse and mixed reality. "Going forward, this [partnership] would potentially result in new consumer as well as enterprise use contexts," says Prabhu Ram, Head – Industry Intelligence Group, at CMR.

—NIDHI SINGAL

₹33K CRORE

FPIs NET SOLD ₹33,303 CRORE WORTH OF INDIAN SHARES IN JANUARY. THIS IS THE HIGHEST SINGLE-MONTH NET SALES BY FPIs SINCE MARCH 2020, WHEN THEY SOLD SHARES WORTH ₹61,973 CRORE



YEAR OF THE TIGER

New York-based hedge fund Tiger Global is stepping on the gas. After a spectacular year (2021), when it infused nearly $2.25 billion into Indian start-ups, the company pumped more funds into four Indian start-ups—Polygon, Jar, LoadShare, and Chargebee, in early February. Meanwhile, the company has reportedly raised over $11 billion for its latest venture capital fund titled 'Private Investment Partners 15' or 'PIP 15'. Expected to close at $12 billion, PIP 15 will invest in internet technology start-ups across the US, China and India markets.

—BINU PAUL

STRUCK BY LIGHT

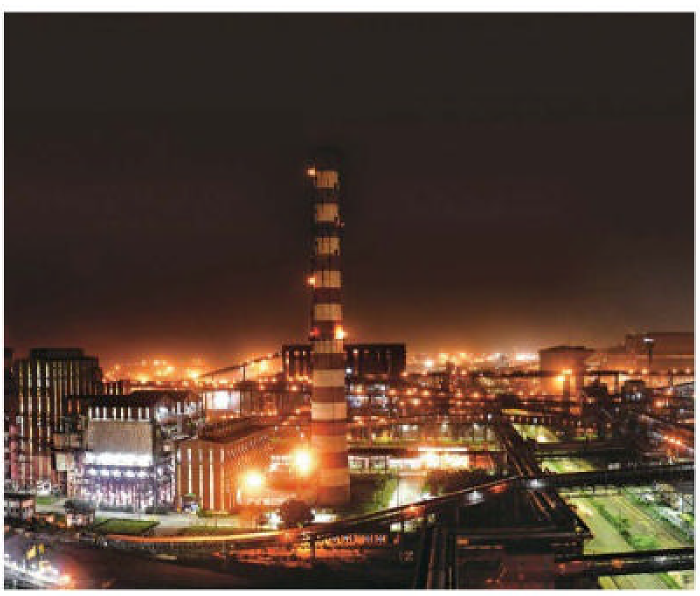
The Drugs Controller General of India (DCGI) has granted approval to the single-shot Sputnik Light vaccine for restricted use in emergency situations in India against Covid-19. With this, Sputnik Light becomes the ninth Covid-19 vaccine to be approved by the drug regulator. Dr Reddy's has the distribution rights of Russia's Sputnik Light in India.

—NEETU CHANDRA SHARMA

Cast in Steel

TATA STEEL SUBSIDIARY Tata Steel Long Products emerged as the winning bidder to acquire 93.71 per cent stake in Odisha-based Neelachal Ispat Nigam, which has an installed capacity of 1 million tonnes. A section of analysts has called the ₹12,100-crore acquisition an "expensive affair". But the steel maker believes this is a strategic acquisition given Neelachal's current capacity, 2,500 acres of land and iron ore reserves of around 100 million tonnes. Tata Steel is eyeing building a 4.5-million tonne per annum long products complex in the next few years, and expanding it further to 10 million tonne per annum by around 2030.

—ASHISH RUKHAIYAR



SEEKING SOURCE CLARITY

Crypto exchanges in India have sought clarity on the Budget's proposed 1 per cent TDS on crypto transactions. For example, what is the role of exchanges? Will they take responsibility for tracking and reporting? Another complexity is when the buyer is not based in India. Finally, short-term traders would need clarity on how much of capital can be locked, as frequent traders may fall short of capital if 1 per cent TDS is deducted for every trade.

—TEENA JAIN KAUSHAL

NO QUICK SOLUTIONS

The Union Budget shied away from offering any quick fix to the problem of low demand for consumer-facing sectors. Its focus on infra development and job creation points to an effort to generate demand in the mid-to-long term. Industry leaders like Hindustan Unilever Chairman and MD Sanjiv Mehta now believe that consumer demand may stage a comeback by the second half of the year.

—**ARNAB DUTTA**

THE GOOD CANNABIS

Dr Reddy's is looking to expand its footprint in Europe via the acquisition of Nimbus Health, a privately owned, licensed pharma wholesaler from Germany focussing on medical cannabis. The acquisition will allow Dr Reddy's to introduce medical cannabis-based medicines as a treatment option for patients. The demand for medical cannabis has increased over the years—in Germany, the market is valued at around €122 million, with a CAGR of approximately 55 per cent since 2017.

—**NEETU CHANDRA SHARMA**

Finding the Panacea

PANACEA BIOTEC, which makes the Sputnik V Covid-19 vaccine, has been struggling to repay a debt of ₹750 crore to Piramal Enterprises and India Resurgence Fund (IndiaRF). It has now sold its domestic formulations business, including formulations brands in India and Nepal, related trademarks, copyrights, etc. of its subsidiary Panacea Biotec Pharma to Mankind Pharma for ₹1,908 crore (exclusive of taxes). Meanwhile, Serum Institute of India, which owned 8.59 per cent stake in Panacea Biotec in December 2021, sold 358,000 of its equity shares on the NSE at ₹278.15 earlier in February.

—**NEETU CHANDRA SHARMA**

NEW GUARD

After leading the Kolkata-based FMCG firm Emami for nearly five decades, Founders R.S. Goenka and R.S. Agarwal are passing on the baton. Harsha V. Agarwal (*in picture*), son of the current Executive Chairman, will take over as Vice Chairman and MD, while Mohan Goenka will be appointed as the other Vice Chairman, apart from his duties as Whole-time Director. The duo have their task cut out with challenges like subdued demand and high inflation threatening margins.

—**ARNAB DUTTA**

SLIPPERY TRACKS

Apollo Tyres and Ceat will challenge the Competition Commission of India (CCI)'s ₹1,788-crore fine and cease-and-desist order on five tyre companies—Apollo, Ceat, Birla Tyres, MRF and JK Tyres—and their lobby Automotive Tyre Manufacturers Association (ATMA) over charges of cartelisation. Apollo Tyres said, "The company does not agree with the findings of the Commission and will take necessary steps under the law to appeal against the order after a more detailed examination of the full order." Ceat, too, said it will take appropriate legal course as there has been no wrongdoing on its part.

—**PRERNA LIDHOO**

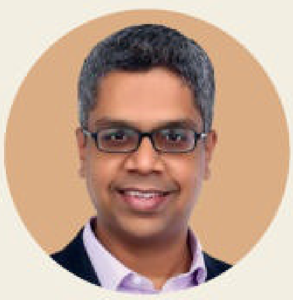
₹21,353 CRORE

INDIAN BRANDS' DIGITAL AD SPENDS IN 2021, GROWING 35 PER CENT OVER THE PREVIOUS YEAR, SAYS THE DENTSU INDIA REPORT 'DIGITAL ADVERTISING IN INDIA 2022'. WHILE TELEVISION STILL HOLDS 42 PER CENT OF THE ₹70,715-CRORE AD PIE, THE REPORT SAYS DIGITAL ADVERTISING MAY OVERTAKE TV ADVERTISING BY 2023

AN EXIT TO ENTER

DEEPINDER GOYAL, Zomato's Founder and CEO, sold all of his personal shares in Blinkit (formerly Grofers) days before his company announced it will invest up to $400 million in quick commerce over the next two years. The food aggregator is anticipated to further bulk up the $100-million investment it made into Blinkit last year. This will strengthen Zomato in its battle with arch rival Swiggy, and might even positively impact its stock price.

—BINU PAUL



Headed Southeast

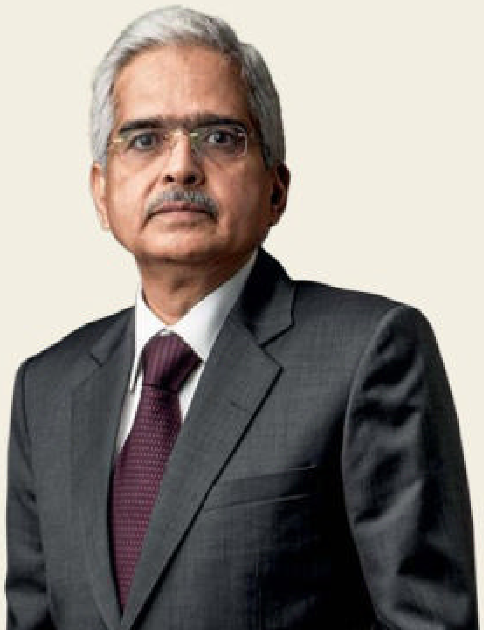
Infosys's veteran Badrinath Srinivasan has been scooped up by Wipro to head its Southeast Asia operations as MD. An engineer with an MBA, Srinivasan will focus on Wipro's business growth, revenue expansion, client and influencer relationships, talent development and brand building. He will also be responsible for strengthening the key markets of Southeast Asia.

—NIDHI SINGAL

CAPTAIN TO THE FORE

WHEN THE going gets tough, the tough come in. With Indian aviation gearing up for a dogfight, market leader IndiGo has brought in promoter **Rahul Bhatia** as MD. Freed up from his feud with fellow co-founder Rakesh Gangwal, Bhatia will have to make IndiGo "future-ready" for its battle against the new Air India, Akasa Air, and a possible return of Jet Airways. Not to forget the other airlines desperately looking for growth after the pandemic.

—MANISH PANT



Growth Warrior

RBI Governor Shaktikanta Das's confidence in India's insulation from global trends remains steadfast. In his last monetary policy review for FY21-22, Das chose to prioritise growth over inflation, belying expectations of an increase in policy rates due to high oil prices, inflation and increased government borrowings. The repo rate and reverse repo rate currently are at 4 per cent and 3.35 per cent, respectively. Bond yields are expected to remain steady as they have already jumped up on the back of increased government borrowing and expectations of rate reversal. The governor also projected real GDP growth at 7.8 per cent for FY23.

—TEENA JAIN KAUSHAL

7.8% **Reserve Bank of India Governor Shaktikanta Das, in his last monetary policy review for 2021-22, has projected real GDP growth of 7.8 per cent for FY23**

A Steady Hand

THE TATA group has voted for continuity, **N. Chandrasekaran's** steady hand, for the next five years. His reappointment as Tata Sons' Chairman for five more years is expected to hasten the process of many business forays—the super app for ecommerce, giving the group a sharper B2C focus and the much-awaited overhaul of Air India. While the foundation has been laid, his next steps will be closely watched.

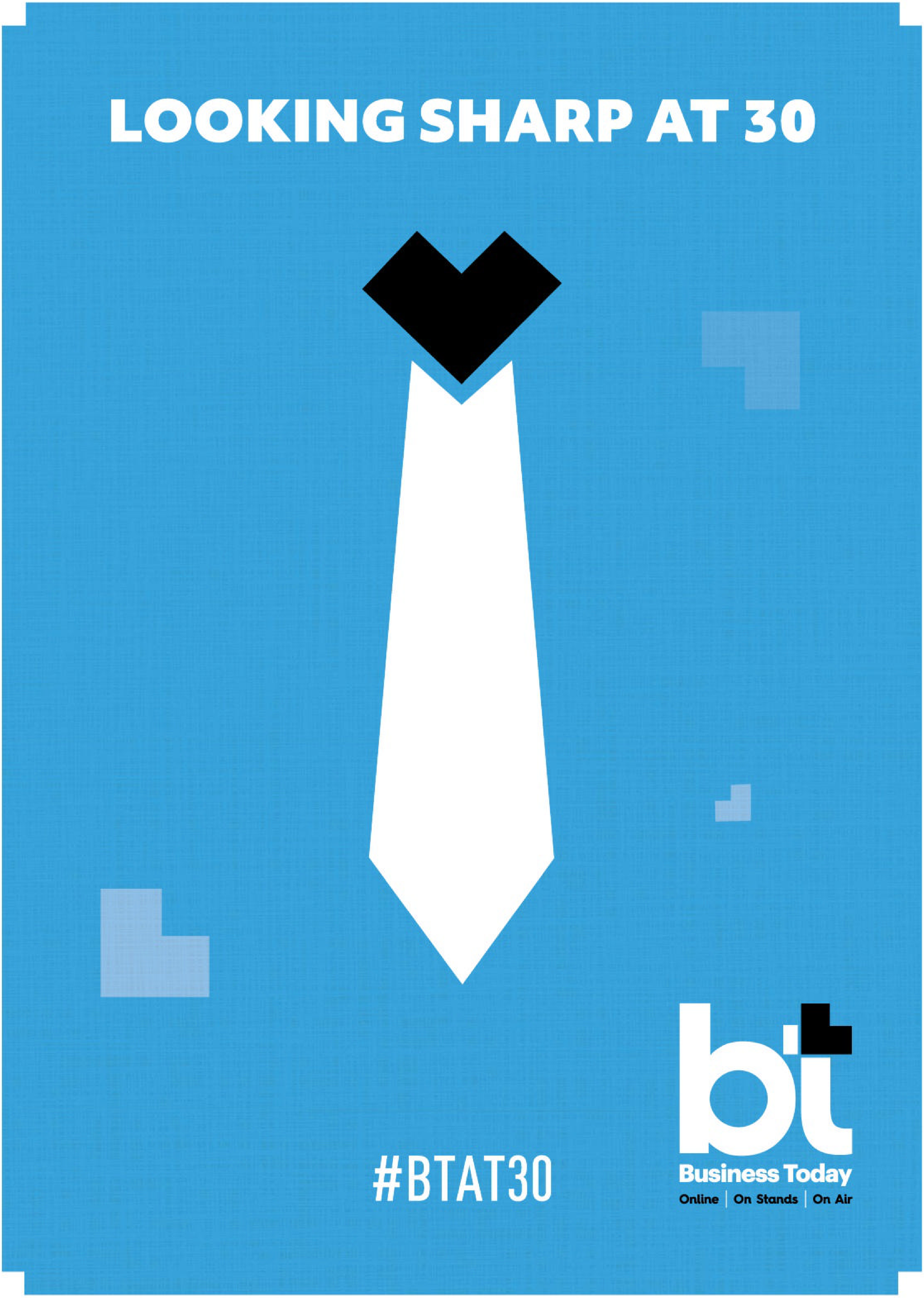
—KRISHNA GOPALAN

NEW AVATAR

A sudden exit followed by a sudden reappearance. After exiting Škoda Auto Volkswagen India in December, **Gurpratap Boparai** is back as CEO of Mahindra & Mahindra (M&M) Europe, best known for auto brand Automobili Pininfarina, which has clients like Ferrari, Rolls-Royce and Cadillac. He is also likely to manage M&M's two-wheeler maker Peugeot Motorcycles.

—PRERNA LIDHOO

RAHUL BHATIA PHOTOGRAPH BY SHEKHAR GHOSH; **SHAKTIKANTA DAS** PHOTOGRAPH BY BANDEEP SINGH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S. 'Venky' Venkatesh

The Arms race commenced in the late nineteenth century. Soon the British and the Germans, the Turks and the Greeks, France and Italy were all engaged in one to one, micro conflicts building up arms against each other right up to the First World War. Once the Second World War was over, the Cold War took the arms race to another level involving nuclear stockpiles.

While the Cold War is over, the arms race continues between multiple adversaries- Israel vs the rest of the Islamic World, India vs Pakistan, North vs South Korea, China vs US vs Russia etc. A country's strength is today evaluated primarily on the basis of military strength along with economic prowess. The latter is again measured on various factors like physical infrastructure, GDP size/growth, per capita income etc. Rightly so, India has been building up its defense capability over the years. With an extremely difficult and volatile neighborhood comprising of China and Chinese controlled Pakistan/ Sri Lanka, it would be naive and foolish not to develop deterrence against aggression by any country inimical to India's interests.

But modern warfare is fought across many other invisible and subterranean fronts. You don't need to always launch a missile or send a submarine to attack another nation. Many experts say that the drug menace amongst Punjab's youth is the handiwork of our enemies, intended to suck out the physical and mental prowess out of the current generation in a state reputed for its people's physical prowess, athleticism and joie de vivre. And where does a state or a country stand if its future talent base is debilitated? That's a bleak and frightening prospect indeed!

For a few years now, we keep hearing both Indian and Western pundits' predictions and affirmations for India in gargantuan terms- \$5 Trillion economy, 3rd largest GDP in terms of PPP, 3rd highest number of billionaires etc. These labels are being touted with pride, all too frequently by not only the ruling political class (which is understandable), but also by the majority of the urban middle and upper middle-class sections of the country. No doubt, optimism and hope are the foundation on which the edifice of progress is built, but such epithets are double edged swords if we do not clearly understand the underlying and core strength of any nation.

Post the Second World War and up till now, the US has achieved and maintained this pole position. The US is called the 'ideas capital' or the 'talent crucible' of the world. It was the place to which the best scientists around the world emigrated to, encouraged and delighted by the free environment in which they could conduct their research. Hollywood, which saw its golden years created in the 1950s, produces till date the most popular and arguably the most creative movies in the popular genre, whose mass appeal is unbeaten by other movie industries. India produces the maximum number of movies in a year, but very few that stand out in terms of quality and creativity. The French film industry was always well regarded, but it was way too small to be impactful beyond France. In the last few years, we are seeing a slew of popular and good movies coming out of countries like Spain and South Korea as evidenced by their popularity on the major OTT platforms.

> ***"A nation's true prowess is not due to any one leader, or a single political party or even military prowess."***

> ***"The fountainhead of true and sustainable strength lies in the quality of the people a country has."***

I am always fascinated, more so now, thanks to OTT enabled options to see the huge range of talented actors in the entertainment industry in the US. Equally an executive search for a leadership position in the US generally tends to throw up a plentiful number of candidates. The equivalent pool to fish in is very small in India, a nation of 1.3 Billion people!

But wait, something wonderful and transformative is happening in India and with Indians, including global Indians in the last few years. Look around corporate America or even corporate Europe, some of the biggest companies have Indian origin CEOs. Tech giants like Microsoft, Google, Adobe, Mastercard, IBM, Twitter all have Indian CEOs. European companies like Reckitt Benckiser, Harman, Novartis, Chanel do too. In government and public service including the UN and its affiliates, you see many Indians in key positions.

I have always wondered how these individuals have been so uber successful in a competitive arena outside their home country. On the contrary is it only because they left India that they truly discovered their full potential? Does this country offer more roadblocks than enablers? The answer to this question is a painful and revealing one. An answer we must give and face.

A set of actions for India to work upon emerges:

- **Revitalizing our village and district level schools:** The seed to a healthier and well-rounded next generation:

  We must simplify school education and ensure the curriculum and activities are geared towards an all-round development of students. Every school must build in sports and community activities into the programme. I am a big history buff myself, but I believe the school curriculum should be more forward looking and focused on building character, values and a world view in our young children. Every panchayat must first utilize its funds to build a good, clean school. District authorities up to the Commissioner must be held accountable for this. We need to pay our schoolteachers significantly, significantly more than the pittance they get today. Equally we must deal with AWOL and errant teachers strictly. And lastly a nutritious and tasty mid-day meal scheme is a vital need. Till the economic situation improves in this stratum of society, this may be the only good meal these kids will get in a day.

- **Making India the world's manufacturing and supply chain hub:** Reviving ITIs, polytechnics and technical/IT education

  A wonderful opportunity presents itself as China's stranglehold as the factory & supply chain capital of the world is causing tremendous frustration around amongst the global community. I will not go into what kind of physical infrastructure beefing up we need to do in India to take some market share from China or the other popular manufacturing destinations like Mexico or Vietnam. Instead I'll focus on the people and talent issues that we today face which need resolution before we dream big.

  We need to singularly focus on breathing new life into our ITIs, polytechnics, engineering colleges, IT Training institutes. One of the reasons Germany is a manufacturing powerhouse is because it has more than 3 million apprentices, while India has a sad 1/10th of that number! When IT companies hire fresher engineers in India, they are neither billable nor can they hit the ground running. A lot of resources and time is wasted to get them 'billable-ready'. Most importantly we need to move away from the bias of treating graduates above non graduates like diploma holders and ITIs. Corporate India only requires work and business-ready talent who can carry out simple tasks to perfection-on the shop floor, software park or in a container terminal yard. If we get this right, we will have a huge pool of manpower ready to work for industry in every village, district and state of this country.

- **Building a talent pipeline to the consumer touching businesses -** Entertainment, Retail, Hospitality, Healthcare and other services

  The service organizations of our country also need a better and sustainable talent pipeline. Today's dhabas, small restaurants are filled with mostly migrant labour from the eastern states, Bihar and Nepal who end up working in dank, dirty eating joints at low wages. Equally small retail is filled with young men and women with no product knowledge or selling skills. If the government mandated such labour to have at least one day of training in a week at its cost in a local government school or college, these young workers will be skilled up to deliver a better quality of service.

  For example, the small restaurant worker should be trained in areas like hygiene, nutrition, use of healthy ingredients etc. Needless to say, other businesses like healthcare will require a completely different set of training. This is what our Labour Inspectors should be focusing on, instead of harassing large companies for basic compliance of labour laws!

- **Liberating academia and sports from excessive government control**

  Government universities and institutes of higher learning in India, including scientific institutes and even premier B-Schools suffer from an excessive control by the powers that be in connected government departments. Much of the time of the Directors of these institutes goes in securing funding or managing their superiors in the bureaucracy. This is unlike their counterparts in the Western world where the primary focus is on the quality of research (leading to breakthroughs), teaching and industry interface. The same is true for government managed sports institutes where we have often seen individuals having a stranglehold on their running, almost as if it was their own personal fiefdom. The government should move to a 'light touch' management and also ensure these institutes of learning are ridden of vested interests whose selfish political agenda comes in the way of true excellence.

What does the future hold?

By 2030 India is estimated to have 1.5 Billion people. If we focus on our transformation agenda in the right earnest, the people of tomorrow should be engaged in the following:

Farming and agriculture: From today's 58% of population engaged in agriculture, this figure should drop to about 30%. The sector should also see exponential increases in yield due to superior seed quality, fertilizers and appropriate use of technology and mechanization. This will not be possible without an educated and aware agricultural class. We should dream of becoming the granary of the world, producing crops at scale and at reasonable cost. This will not be possible without adequate support from excellent supply chain (cold chains, warehouses etc.) which will come from the next sector described below.

Manufacturing & Supply Chain related industries: Another 30% will be employed in this sector in locations spread more equitably across the country than what it is today, where the industrial activity is limited to a few large hubs. We should aim to be the factory and supply chain capital of the world giving a tough competition to China even if we are unable to usurp the numero uno position it occupies in the next 10 years. No other country can provide this kind of scale and quality competition to China in this area.

Retail/Hospitality/Healthcare/ Hospitality/Entertainment/ Other services: About 8 % of the population would be employed in this sector. India's healthcare, hospitality and entertainment industries are already world famous. But they will need to go to the next level of quality and service offerings.

Finally, employment in government jobs which is today 1.76 crores should drop dramatically to a miniscule number, if the slogan 'less government, more governance' is to come true.

I dream of an India which is:

- **Net exporter of high-quality talent to the world** in any field-ranging from CEOs, management executives, scientists, IT professionals, designers, actors, entrepreneurs, skilled labour etc.
- **Granary and Dairy centre of the world**
- **Hospitality and Healthcare hub**
- **Factory and Supply Chain epicentre** of the Planet

all of this combined with a super strong Rupee (1 USD= INR 30?), and a passport which is counted amongst the top 5 in the world.

None of this would be possible if we don't focus on Talent as the true arsenal that we should be developing and stockpiling in all areas.

When that happens, we will be on our way to be a truly Happy Nation.

| COLUMN |

A Man Much Ahead of His Time

Rahul Bajaj proudly wore the Indian badge and his sharp business mind led him to lay the foundation of a global empire a long time ago

BY **HARSH GOENKA**, CHAIRMAN, RPG ENTERPRISES

PHOTOGRAPH BY RACHIT GOSWAMI

Rahul Bajaj led a simple life with strong value systems. With his family (*left*) and a photograph from his younger days, in his trademark safari suit and with the iconic Bajaj Chetak scooter

R

RAHUL BAJAJ and I had a rather unusual relationship. He knew my father (the industrialist R.P. Goenka) well and addressed him as *guru*. The fact that I was much younger never mattered and he always reached out to me. I called him Rahul *bhaiya* and for me, it was a combination of respect and friendship.

Our families knew each other for a few generations and to that extent, this was a long and old connection. Rahul Bajaj used to come home often and have long conversations with my father on our group's acquisitions. He was a man with a curious mind and the "why and what" always intrigued him. There are two or three incidents that come to mind immediately.

At one point, Rahul Bajaj wanted to acquire Ashok Leyland. He called on my father and I sat through the discussion. It was quite an experience just to watch the contrasting styles of the two gentlemen. On the one hand was my father whose decision-making was driven by a high proportion of gut and instinct. Then there was Rahul Bajaj whose approach was all about strategic direction and trying to understand what synergy could be possible with his existing business. Today, the latter's approach is a done thing but this was from many years ago. Of course, the deal never went through and the Hindujas bought over Ashok Leyland.

The other one relates to a time when I was fresh out of MBA school.

Inevitably, there is a sense of brashness that comes with young blood. Our group held a stake in Premier Automobiles Limited and to me, a hostile takeover of the company looked like a good idea. The discussions went through many prominent businessmen before reaching Indira Gandhi, then India's Prime Minister. We were keen and my father spoke to Rahul Bajaj for his view. His advice was simple, and that was to stay away. "You will acquire the image of a bad boy. It will make you extremely unpopular and an untouchable," was said quite clearly. In retrospect, it was very sensible counsel and we did not make the move.

Many things remain unique about Rahul Bajaj and one definitely relates to Davos. India was still not a prominent economic force but that never deterred him. He proudly wore the Indian badge and his parties remained unmissable events. It had the top global executives in full attendance and for us from India, this was incredible. Here we saw a great ambassador of the country and he held his own quite easily.

Speaking of being Indian, his safari suits were again very different. Rahul Bajaj was an early adopter of it and be it in white, cream or slightly pinkish, he wore it everywhere. In later years, he moved to traditional Indian attire and that too sat well on him.

He was a man of many interests and owned one of the largest Husain artworks. In the early 1990s, he paid a whopping ₹18 lakh for it. I remember the time he came to me for my opinion. I was stunned since the highest amount for any work then was ₹8 lakh. It found a place on the wall of his room in the Akurdi office. Today, that must be worth ₹50 crore! The interesting thing was Rahul Bajaj was not really fond of art, nor was he a big spender.

PHOTOGRAPH BY **HUSAIN FAWZAN**

HIS ABILITY TO speak his mind is known and he did have a spine. That was one part of the persona but the sharp business mind was something to watch. A lot of business groups were getting into the diversification game in a big way. When my father asked him what his plans were, it revolved around being focussed on two-wheelers. Today, focus and core competence are part of modern business but again, we are speaking of a different era.

Rahul Bajaj led a simple life and one with sound value systems. In Pune, he lived in the factory complex and his two sons went to the school that the workers' kids attended. The only luxury he afforded himself was a private jet but that again was only for business convenience and not for leisure.

A conversation with him was 90-10 and I was more than happy to listen. There was never a dull moment and it was laced with his great humour. When I look at Rajiv and Sanjiv and what they have created, there is immense pride. After all, they have the Bajaj genes. To Rahul Bajaj's cousins, what he said was the gospel truth.

Much before India spoke of going global, he invested a lot in R&D. It was with the objective of creating a global empire. Rahul Bajaj was a man much ahead of his time, apart from being loved and respected by all. BT

As told to Krishna Gopalan

NEIN VOLKS WAGEN

AFTER CLOSE TO TWO DECADES IN INDIA, VOLKSWAGEN—WHICH MEANS 'PEOPLE'S CAR' IN GERMAN—HAS BEEN UNABLE TO LIVE UP TO ITS NAME. CAN A BILLION-EURO INDIA 2.0 PROJECT CHANGE THAT?

BY **PRERNA LIDHOO**

FOR A COMPANY whose name means 'people's car' in German, it's ironic that Volkswagen (VW) has failed to capture a meaningful part of the world's fourth-largest auto market, let alone the popular imagination, in two decades.

Ranjan Rao's experience with his recently purchased Taigun encapsulates just why. Rao got the SUV (sports utility vehicle) without the accessory pack, number plates and even floor mats, and four visits to the dealership later, the problem persists. "When you're paying ₹22 lakh, you expect a better service experience. It feels like I've bought a second-hand car. If someone asks me if VW is a good option, what will I say?" he asks.

And this from someone who was an engineer at Bosch for nearly six years and has an unshakeable faith in German workmanship. "I went for it because it's a compelling product. The fit and finish, and safety of VW cars are a class apart," he reasons. "But premium-ness comes from the overall experience and not the brand itself."

Everyone from customers like Rao to dealers to industry experts concur that VW cars are well-engineered, but they also echo the same complaints about the German automaker's poor customer experience and after-sales service. That's one reason for the group's meagre market share, worth 2.2 per cent across its five brands—Škoda, Volkswagen, Audi, Porsche and Lamborghini—according to the Federation of Automobile Dealers Association (FADA).

While VW is known for its robust products, customer experience and after sales service are hardly the German automaker's strong points in India

In contrast, Kia Motors outsells them by nearly double and has a 4 per cent market share despite entering India just three years ago. Hyundai Motor, which started four years before Škoda, is India's second-biggest carmaker, with a 13.6 per cent market share.

The other misstep was an identity crisis. The VW group entered India with Škoda in 2001, positioning it as a premium brand competing with the likes of Toyota, although it was among the cheaper brands in Europe. But the brand positioning went haywire in 2007 with the entry of Volkswagen, a true-blue premium brand. Moreover, the stable's cars also cost more than a rival's options—for example, the top-selling Taigun costs between ₹10.99-17.99 lakh (ex-showroom, Delhi) while Kia's Seltos (which has more features) costs ₹9.95-18.19 lakh and Maruti's S-Cross costs ₹8.80-12.77 lakh. That's not just due to the premium placement but also because the group imports cars, which inflates both the sticker price and after-sales expenses, increasing the total cost of ownership. Perhaps that's why it never racked up the volumes to capture significant market share—it isn't even No.1 in the premium segment. Plus, its sales and service centres count is far lower than rivals.

"Some companies come to India just to be present in a big market. They don't have the right strategy. It's a clear case of expectation mismanagement from a dealers' perspective. They need to make for India and not just shift their global portfolio here," says Vinkesh Gulati, President, FADA.

And VW plans to do just that with the India 2.0 project. In late 2019, it announced a massive structural and operational overhaul worth €1 billion, one of the biggest investments in the Indian auto sector. The group merged its three units—Volkswagen India, Volkswagen Group Sales India and Škoda Auto India—into one entity called Škoda Auto Volkswagen India to streamline decision-making. In came the successful MQB platform to manufacture cars locally, reducing retail prices. In conjunction, some 200-250 engineers are in the process of getting hired. The new company—which oversees business operations of all five brands which operate as separate brands in India—will also invest in boosting the capacity at its two plants in Aurangabad and Pune, as well as its network of sales and service centres across the country.

"All the actions that we're taking on the sales front will mean that the brand will be amongst the top 10 markets for Škoda Auto and will also be in the top 10 OEMs in India, which will be a tremendous feat," says

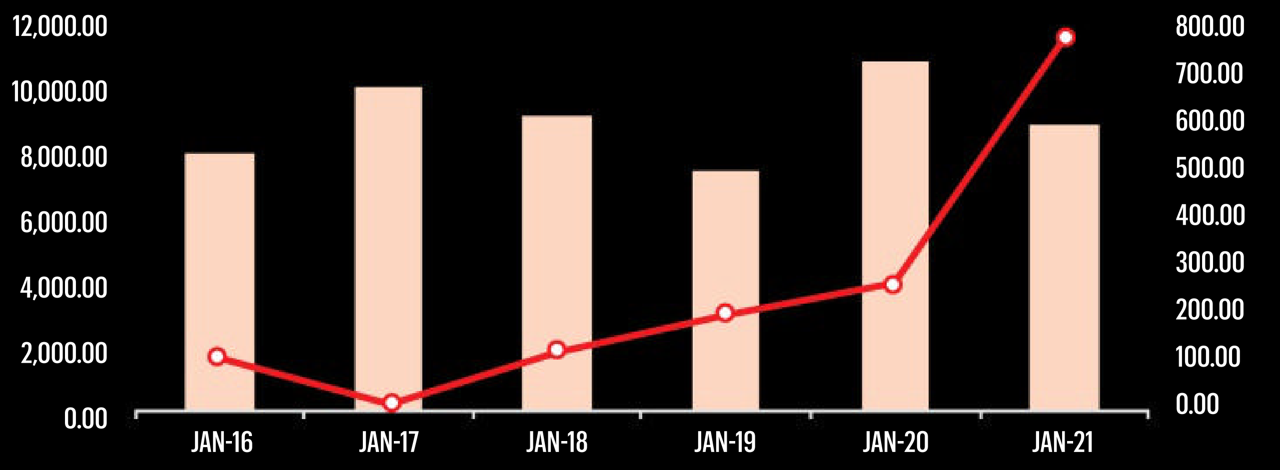
LOOKING BETTER

Revenues are wobbly, but profits are steadily rising

TOTAL INCOME
PAT

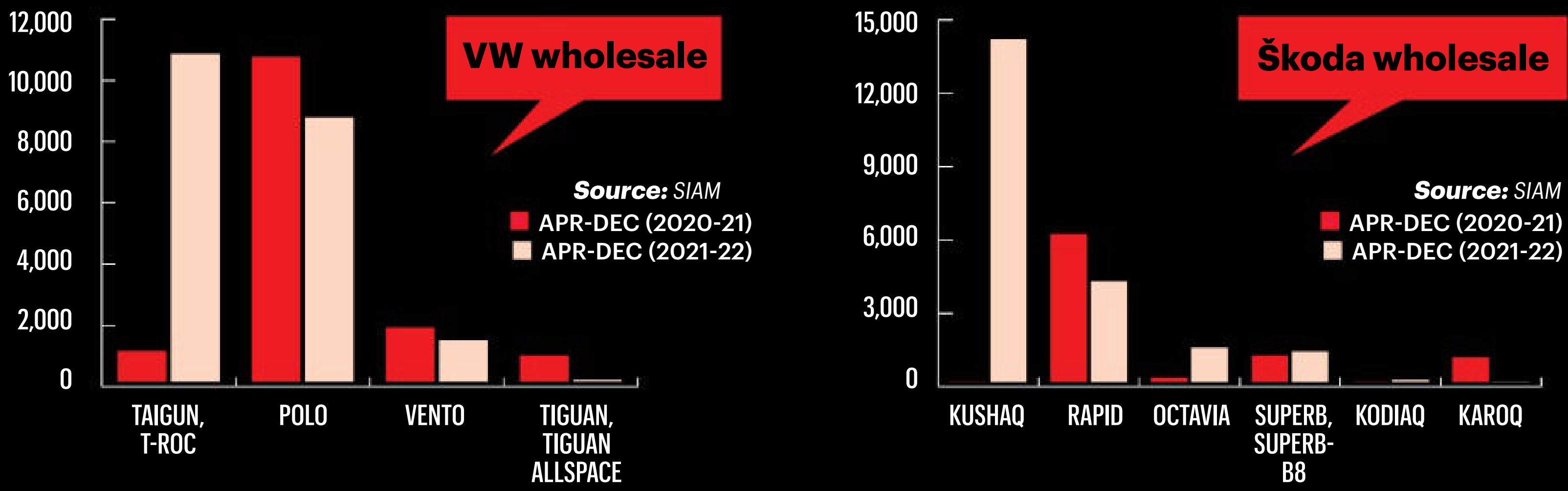
Figures are standalone numbers in ₹ crore

***Source:** ACE Equity*



MOSTLY FALLING

Barring a couple of exceptions, most cars from both VW and Škoda are seeing a fall in sales



RISING, SLOWLY

VW is growing, but remains in the lower half of the sales pecking order

Figures are car sales in units in retail outlets

***CY:** Calendar year*

***Source:** FADA*

Carmaker	CY 2020	CY 2021
Maruti Suzuki	1,105,859	1,214,177
Hyundai Motor	379,517	466,127
Tata Motors	159,707	277,228
Mahindra and Mahindra	135,364	172,008
Kia Motors	113,195	158,512
Toyota Kirloskar Motor	66,654	110,980
Renault	76,503	89,509
Honda Cars	66,455	80,744
Škoda Auto Volkswagen group	27,387	41,034
MG Motor	21,940	35,733
Nissan Motor	10,007	33,403
Ford	42,190	32,473
Fiat	5,564	9,697
Volvo	1,402	1,247

GRAPHICS BY **RAHUL SHARMA**

Zac Hollis, Brand Director, Škoda Auto India. "India is now becoming a part of Škoda's overall growth strategy. We want to become a value luxury brand."

The project got off to a strong start, with recent SUV launches helping the new company's sales surge 50 per cent year-on-year to 41,034 cars in 2021. The aim is to double sales this year, helped by more than 18 launches. The ultimate proof of success will be if the company achieves its target of a 5 per cent market share by 2025.

MISPLACED BETS

While the new Taigun and Tiguan SUVs have helped VW's sales recently, dealers say the numbers would have been better if they were 7-10 per cent cheaper. Plus the cars comfortably seat only four people, instead of five—a potential deal-breaker in the SUV-crazy Indian market.

Moreover, despite the popularity of hatchbacks and SUVs, VW continues to bet on sedans such as the Slavia, slated to be launched soon. "The sedan segment is not something which has completely gone out. Sedans still constitute 12-15 per cent of the market. It's still a body style loved by Indians and the segment itself is devoid of too many options," says Ashish Gupta, Brand Director, Volkswagen India.

He's not wrong. For example, the premium-level Škoda Superb and executive-level Škoda Octavia are both segment leaders, cornering a quarter and a third of the market, respectively. "Our product portfolio is now very fresh in the Indian market. When we bring our new sedan based on the MQB platform, it will be a segment-defining product. I'm quite confident we'll end up growing the segment," Gupta says.

Experts, however, are doubtful. "They're always late to the party. Globally, the MQB platform was launched around 2014 and it's coming to India in 2021. It's a seven-year lag, which clearly shows India wasn't a focus for the company till now," says an auto expert who spoke on the condition of anonymity. "The Indian market is tough to crack but not that tough that it takes 20 years to figure out."

In that same vein, while carmakers like Hyundai, Tata Motors and MG Motor are betting big on electric vehicles (EVs), both Škoda and VW confirmed their EV portfolio won't hit Indian shores before 2025. "The EV market, especially in passenger cars, is less than 0.5 per cent. But the good thing is that it's doubling every year. By 2025-26, the electric segment will be 5-8 per cent of the market. That is an interesting point where you can actually think of bringing in your global portfolio or an electric car customised for India," Gupta says.

Instead, the group's current EV line-up in India comprises cars from the super-luxury segment—Porsche and Audi. In fairness though, EVs have helped Audi India double its sales to 3,293 cars in 2021, their best growth since 2008. It is the only luxury brand to have five EVs on offer in India, a strong head start. But meaningful volumes come from hatchbacks and SUVs.

OF INDIA, FOR INDIA

Some of the group's most successful cars were Škoda's Octavia, Fabia and Yeti—all hatchbacks or compact SUVs. But, because they were imported, they couldn't get a foothold in a cost-competitive market. As a result, these family cars were discontinued as were VW's Beetle and Jetta.

This is an issue the company is looking to address in part with the MQB platform, which is highly localised to achieve cost competitiveness. "The group made sure the platform that we bring into India lends itself to customisation to different body styles and is suited to a higher degree of localisation," says Gupta. Indeed, Škoda has hit 95 per cent localisation with the Slavia, from around 64 per cent in 2018. That's comparable with rivals. Market leader Maruti Suzuki has more than 95 per cent localisation, while Kia and Tata Motors top 90 per cent. Volkswagen India, though, is at around 82 per cent.

Škoda Auto Volkswagen India is also focussing heavily on growing its network of dealers and service centres as well as shrinking its cost of ownership—pain points it is acutely aware of. "We've been reducing our costs and have really moved the needle in terms of customer satisfaction. Many people tell us Škoda makes great cars but they don't have a dealer or a service centre close to us, the cost of ownership is too high, etc. This is something that we've been trying to change," Hollis says.

Under the India 2.0 project, all VW and Škoda models designed and produced locally will be based on its global MQB platform helping it form better synergies and streamline decision-making at the management level

Škoda currently has 175 centres in 117 cities, 50 per cent more than a year back, and plans to take it to 225 across over 140 cities. Volkswagen India has 140 centres. Those counts, though, are less than rivals'. Kia, for example, has 339 touch points, while MG Motor India has 245. FADA's Gulati suggests clubbing the Škoda and Volkswagen showrooms to optimise sales, make it viable for dealers, and save money in the process.

Then there's the cost of ownership. "VW has one of the most robust products in the Indian market. Now they need to break the taboo to show their service and after-sales costs are affordable," says Gaurav Vangaal, an Indian auto market analyst at IHS Markit who has also worked on the production line at Škoda's Aurangabad plant.

This is where the company's "child parts" strategy is key. The idea is that rather than replacing an entire module or assembly in case of damage, one could just switch out the affected parts, which is faster and cheaper. The group also has three parts distribution centres, improving availability and speeding up delivery. It aims to reduce the cost of spare parts by 3-13 per cent, which will go a long way in reducing the total cost of ownership. It has already cut engine oil prices by 32 per cent and overall maintenance costs by 21 per cent.

In fact, the company has slashed the overall cost of

“The group made sure the platform we bring into India lends itself to customisation... and is suited to a higher degree of localisation”

ASHISH GUPTA
Brand Director, Volkswagen India

“Today, the Indian consumer is already spoilt with choices. Owning a car and running a car are two different things”

GAURAV VANGAAL
Associate Director, LVP Forecast, IHS Markit

ownership of its cars by 20-25 per cent in the last two years, claims Gupta. And that will continue.

LONG ROAD AHEAD

While the India 2.0 project is on track, Gurpratap Boparai, who used to lead it, has moved on. Boparai joined Škoda in mid-2018 and was the first MD of Škoda Auto Volkswagen India. He helmed the tripartite merger, guided the company through the Covid-19 pandemic and oversaw two successful launches—the Škoda Kushaq and VW Taigun. But Boparai quit abruptly in December 2021. Though the reason for his departure isn't clear, dealers blame “quality and compliance issues”.

This is an example of the managerial headaches the company has to overcome. “There's a huge leadership crisis in VW India,” says the industry expert quoted earlier. “They stay for a couple of years and then leave. They need to be more consistent in the Indian market. The German way won't work in India, they have to do it the Indian way.” VW recently appointed Piyush Arora as Boparai's successor. He takes charge on March 1.

As part of the change, some experts suggest the company should move its base from Pune to Delhi, to keep its ears closer to the ground and better understand market trends. After all, it cannot afford to get this reboot wrong. “We took a big bet,” says Gupta. “Despite the challenges in the last two years, we stuck to the timelines of launching our cars and bringing them at competitive price points. So far, customers have seen three products from the India 2.0 project and it's been fairly successful.”

However, experts are still wary that despite burning a billion euros on the Indian market, the German carmaker may suffer the fate of its US rivals Ford and General Motors, which have all but exited the market. “With VW, it seems like the global management has no faith in the Indian management and production system. The ‘India’ part is missing from the India 2.0 project,” says an industry veteran who spoke on condition of anonymity.

Others, though, believe the VW stable has tremendous potential and won't quit India just yet. In fact, when asked on Twitter, Hollis curtly replied, “Why would we invest ₹8,000 crore into India over the last three years if we were thinking of leaving the market? We plan a long-term future in India with more new products to come.”

That's good news for the thousands of devotees of the German brand in the country, like Rao. “I'm crazily biased towards German engineering and want to see them succeed,” he says. Until then, it's a long road before Volkswagen lives up to its name and truly becomes the ‘people's car’ in India. New MD Arora has his task cut out. **BT**

@PLidhoo

THE BUDGET ROUNDTABLE

THE PEOPLE BEHIND THE **UNION BUDGET FOR 2022-23** EXPLAIN THE RATIONALE AND THE THINKING BEHIND IT, AND THE LIKELY IMPLICATIONS

ILLUSTRATION BY **RAJ VERMA**

(*From left*) Sourav Majumdar, Editor, *Business Today*; Rahul Kanwal, Executive Director, *Business Today;* Finance Minister Nirmala Sitharaman; Siddharth Zarabi, Managing Editor, *Business Today* TV; and Aabha Bakaya, Senior Editor, *Business Today* TV

‘Public expenditure will lead to crowding in private investments’

Finance Minister Nirmala Sitharaman explains the thinking behind this year’s Union Budget, the capex path, crypto, jobs and asset monetisation

BY **TEAM *BT***

PHOTOGRAPHS BY **YASIR IQBAL**

The Union Budget for 2022-23 has been hailed for looking at long-term, sustainable growth, where the government has focussed on capex to revive the economy. Finance Minister Nirmala Sitharaman, in a freewheeling chat with *Business Today's* *Rahul Kanwal, Sourav Majumdar, Udayan Mukherjee, Siddharth Zarabi and Aabha Bakaya,* spells out why she took the capex expansion path and why the reduced disinvestment target doesn't mean the government is less enthusiastic about privatisation. Edited excerpts:

KANWAL: Some economists said the need was immediate [relief]... when you should have been pumping up your revenue expenditure to provide succour to people, you're choosing to look out into the future [by focussing on capital expenditure]. By then some of those people would have drowned economically. How do you respond to this?

A: I'm actually providing a certain continuity from last year's Budget... something I'd like to reinforce because some critical policy prescriptions were made last year. [For example], privatisation, the policy for public enterprises, the opening up of all sectors for private participation—inclusive of space and atomic energy... So, that Budget with a blueprint for the next decade or so continues. With the second wave and Omicron, that Budget which came with some prescriptions last year, we are reinforcing that formula... the formula is public investment in infrastructure building—that is capital expenditure.

It is well established and data proves that for every rupee that you spend in capital expenditure, the multiplier is about 2.9-2.95. Whereas if you go through the revenue route and give some money in people's hands, then it has a multiplier of just around 0.95. These numbers can be questioned, but they can't be very different. So, would it not be, therefore, right for me to continue with that which had started last year in investing in public infrastructure with public funds and hope to have the private investments also come in, because gradually, globally, India's exports are doing well, Indian demand is doing well. Therefore, they can expand on capacities. With this, I aim to have public expenditure commencing and leading to a virtuous cycle of crowding in private investments as well.

> **"The consultation [on crypto, etc.] is happening. We will have to hear everybody and after that we are going to see what we have to do [and] we'll do"**

India Today Group Chairman and Editor-in-Chief Aroon Purie and Finance Minister Nirmala Sitharaman unveil the 30th Anniversary edition of *Business Today*

MAJUMDAR: In the next two quarters, there is a view that pent up demand will come back. Do you anticipate that, maybe after the next two quarters are over, for private investment and your capital expenditure budget to work adequately, we have a growth trigger in case pent up demand starts receding?

A: The response to the government's PLI scheme has been absolutely tangible, which means investments are happening. Second, the corporate tax reduction which happened in October 2019, we had said that it will apply to all new manufacturing capacities that are created till March 2023. Now we can see this potential of expansion, new investments happening. So, on that strength, we have extended it... on the demand coming from industries which have actually started putting money. And they just want to be sure that they wouldn't miss that opportunity by not being able to have manufacturing commenced—which is the condition—by March 31, 2023. So, they have asked us to extend and we have extended the date.

All these indicate to me that private industry is coming in with additional investments, and also expansion and capacity. Again, for the way in which our exports have ramped up, that couldn't have happened without capacities being brought in to meet the demand coming in from expanding exports. Now, whenever you expand exports, it's also because production within the country is growing—and that means more jobs... There can be more jobs happening, I also will concede that, but jobs are happening.

MUKHERJEE: Of the ₹2 lakh crore of additional capex you've laid out in the Budget, ₹1 lakh crore is through the states. We've seen in the past that outlays on capex don't achieve the kind of project execution that you set out to do. Do you fear that because of execution issues, particularly because this time execution is also equally dependent on states, you will not end up achieving the kind of multiplier effect that you're setting out to achieve?

A: It is a reasonable doubt to have. But during the Aatmanirbhar announcements, we had first come up with this thought of giving states some money, without charging them the interest even if it was borrowed money... it was very well received and states benefitted from it. When I had a consultation with chief ministers and [state] finance ministers prior to preparing this Budget, there was very clear desire that if we [could] fund them for building their infrastructure, they would be in a position to spend. They didn't indicate any amount, but we thought we found an effective route and we wanted to share our resources with them. And that is why it is an interest free 50-year ₹1 lakh crore being given to states. And I see a great enthusiasm among states... they are already coming up with ideas... So, I'm very hopeful this will get utilised.

[Coming to] central departments, last year where we had given something like ₹5.54 lakh crore, we at the RE stage are able to say that even by March 31, we would reach ₹5.51 lakh crore... Now, that is after quite a bit of talking to the departments and asking them to meet up. I have had several reviews every quarter. The Cabinet Secretary also had reviews; once the Prime Minister also spoke in the Cabinet about it saying that's the only formula through which we can revive the economy.

[With] the second wave in April last year and now with Omicron, you are reaching that ₹5.51 lakh crore in these trying times. I am sure in the coming year, departments would be ready and they've got the formulation with which they can execute it even in difficult times. This time, I am sure to achieve that ₹6.5 lakh crore, which is going to be used by the central departments and that ₹1 lakh crore, which is going to the states. So, I quite understand your worry; I'm with you equally worried but wanting [it] to work because I can see the potential of it getting used.

ZARABI: One of the ways the government proposes to finance the future spending plan for the next year is to borrow a lot of money from the market and you yourself must have noticed and gotten this question on the bond market reaction. Would it be a fair assessment to say that perhaps you have outlined a very large borrowing target? However, with better small saving deposits, with perhaps the entire disinvestment proceeds coming in non-tax revenue in the form of dividends, you may not need to borrow as much?

A: You have fairly covered what I would have used for an answer. I think the bond market's response post the Budget was [not] because of the Budget. If I were to look at the bond market's performance, prior to the Budget they had already become a bit jittery... And I would think they are more jittery about the US Fed and the decisions of various central banks after that. It is less because of what I've said in the Budget.

KANWAL: Of all decisions you took in this Budget, the one that's generated the maximum amount of chatter is your announcement that you will be taxing crypto assets at 30 per cent. So, my questions are the following: whether the tax comes first or the law comes first, it's a chicken-and-egg? Second, how do you see this framework evolve... will we launch a digital currency this year, and if we do, what form and shape will it take?

A: No [it's not] chicken-and-egg, I will tax first. Well, that [the launch of the digital currency] will largely depend on how the Reserve Bank of India (RBI) would want to handle it. Obviously, for any announcement pertaining to aspects which are under the RBI's domain, the ministry talks with them, gets the inputs and only then comes on board. The consultation [on crypto, etc.] is happening. We will have to hear everybody and after that we are going to see how best [and] what we have to do [and] we'll do.

MUKHERJEE: You've clearly demonstrated a very strong intent towards privatisation and disinvestment in the last couple of years. But despite fairly buoyant market conditions, those targets have never been met. And this time you scaled down your target to ₹65,000 crore. Is this because of a pushback from certain segments of the economy, unions, or lack of consensus within the Cabinet or the government that you are showing less enthusiasm to the original idea of disinvestment? And why are these targets, despite favourable market conditions, never being met?

A: There is no lesser intent being shown. We've had our share of difficulties. We went through a stage where absolutely essential things were being taken up in 2020-21 and 2021-22. And even amidst all this, we've man-

ON PRIVATE SECTOR INVESTMENTS

The private sector is coming in... maybe not in the kind of scale and number you and I would want. And there's also a reset happening in the economy. There are newer sunrise sectors, which are a lot more prospective.

ON DIRECT TAXES

Drawing people out of an exemption-ridden system to a simpler one has already commenced, and eventually I'd like to have a simple and low rate of taxation, particularly for direct [taxes].

ON SCALING DOWN THE DISINVESTMENT TARGET

Your numbers have to be realistic, your assessments will have to be realistic, and your work will have to be realistic.

ON CAPEX

I am sure to achieve ₹6.5 lakh crore, which is going to be used by the central departments and that ₹1 lakh crore, which will go to the states.

aged Air India. So, we've not given up on what has been cleared by the Cabinet. [I had] broadly mentioned as a policy in the last Budget, where I listed out the names of those which have to be going out for disinvestment. We shall continue with them.

One thing which I have very clearly taken forward and insisted on is to be realistic. Your numbers have to be realistic, your assessments will have to be realistic, and your work will have to be realistic. And we had that focus through Covid-19, one output of that is the way in which revenue has been really improving and buoyant. Again, I will remind you, in 2019 one thing I've heard repeatedly from everybody was... 'tax terrorism', people are being harassed. I want to say today that because we have adopted technology and used faceless methods, we were able to plug all the loopholes and improve on revenue generation; other than the fact that it is buoyant because activity's been recovering. So, like that in disinvestment, no hesitation, no taking a step backwards.

ZARABI: In the past year or so, we have had a situation where public sector banks are in a much better place due to your initiatives; corporates are much better placed; there is so much liquidity infused by the RBI. Yet private investment is lagging and that would have led to job growth. Why is the private sector not kicking in and why it is only left to you and the government to do the heavy lifting?

A: I don't think the private sector is not coming in at all... they're coming in, maybe not in the kind of scale and number you and I would want. And there's also a reset happening in the economy. There are newer sunrise sectors, which are a lot more prospective. And therefore, I think industry is also looking at very many things. And skills are playing a very big role in the way in which manufacturing or services are going to work out. I was pleasantly surprised reading in one of the newspapers, that particularly in the services sector, the skill which people are looking for is very much available in India, and the youth that they are looking for with a certain skill set is available. So, services sector is benefiting out of it. So, such changes are happening. I'm sure the private sector is coming in. It will ramp up even more as Omicron is receding... I think things are going to change for the industry as well.

BAKAYA: The youth are only concerned about taxes. So I wanted to ask you whether in the next year or two years, you see room for some relief on direct taxes?

A: Well, I thought we already started doing that in direct taxation, not in the last Budget, but the one before [that]; we had already given a parallel track of simple

PHOTOGRAPH BY CHANDRADEEP KUMAR

"It is well established and data proves that for every rupee that you spend in capital expenditure, the multiplier is about 2.9-2.95... if you give some money in people's hands then it has a multiplier of just around 0.95"

and more attractive rates if you're able to give up on the exemptions. So, drawing people out of that exemption-ridden system to a simpler system has already commenced, and eventually I would like to have a very simple and low rate of taxation, particularly for direct [taxes], and make it more attractive for compliance.

MAJUMDAR: The Economic Survey talked about 8-8.5 per cent GDP growth for FY23, based on some assumptions. What are the key challenges in the next couple of years in sticking to this and the glide path on fiscal deficit?

A: It's not shifting the ground from where the challenges arise, but there are essentially two which are not so much within India: the global energy prices and the rising prices of metals, ferrous, non-ferrous, and also the way in which global trade is turning out to be.

India is also looking to transition from fossil fuels to renewable non-fossil fuel-based energy. Like many countries, we also thought we can have natural gas as one of the transitions. Now, even that is important for India, since not a substantial amount is available here. Now, the prices of all these, whether it is crude or natural gas, all are going up. So, that is one thing, which certainly is a challenge for me to face, to be prepared for, have a contingency.

The conduct of other central banks—measures that are being taken by the US Fed—also will be in one basket as a challenge. But I suppose the institutional memory of the finance ministry, and also the RBI, have learnt quite a lot since the last taper tantrum in 2012-13. And I'm sure we will not repeat those mistakes. Then there are challenges [due to rising] fuel and metal prices. And this is not a challenge, but us being prepared. On that we are closely watching the situation. I would think [there are] enough contingencies for meeting any situation.

KANWAL: One of your biggest challenges is creating jobs in this country. How do you address the challenge of job creation? What do you think you could do or people sitting here could do to try and expedite the creation of jobs?

A: It's a very big challenge to convey what you're doing in the government. It's not just the government which is going to be able to provide jobs. It's also recognised that we need to have skills adequately imparted to our young so that they are able to find jobs out there, or also give them enough resources without having to chip in a security so that they can employ themselves.

So that is where I think many of the Prime Minister's programmes are aiming at helping that young person to start their business by giving them credit without expecting security... where the government stands the security... and also a few interest subventions are being given. So, the spectrum of addressing job creation is across the board. The government to some extent, government-facilitated somewhat, and opportunities for self-employment, providing them connectivity to the world so they can sell their products, get them access to raw materials through transparent processes, etc. So, all this is happening. And we need to do a lot more. Item by item, this is exactly what we are taking up and doing. So that when we give PLI for instance, it's also looking at those sectors, which are going to be labour intensive.

"It's not just the government which is going to be able to provide jobs. It's also recognised that we need to have skills adequately imparted to our young so that they are able to find jobs out there, or also give them enough resources without having to chip in a security so that they can employ themselves"

MUKHERJEE: A much bigger programme [than disinvestment] and a more ambitious one in terms of numbers is the asset monetisation programme. But while it's a ₹6 lakh crore programme, we don't have a yearly target for it like disinvestment. Can you give us a sense of what you expect to achieve on the asset monetisation front in FY23—even a ballpark number? And what are the first two-three projects that you would like to take off the ground, just to kick that asset monetisation programme off?

A: See, asset monetisation is also going to come under the PM Gati Shakti framework. So wherever there are lands which can be monetised... and the difficulty in putting our number in terms of valuation is because they are spread across the country. Most of these lands which are up for monetisation are in different states, all of which may not obtain the kind of value that will immediately [be] imagined of a government piece of land. And DIPAM has to monetise something in somewhere east, somewhere west, and therefore it has its own difficulties. So a number is impractical for me to give at one go. I can give piece by piece. Some of the states have come forward saying we wouldn't mind taking it because it might help us in starting a new programme for ourselves. So, it is a very dynamic process. Engagement is happening with the states. And also, very clearly the private sector has approached saying, 'you've listed this, would you tell us if we can bid for it?' So, it's happening from both sides. So, it will take a bit of a while for me to give you some kind of a number, but the process is on. BT

'THERE IS ABSOLUTELY NO QUESTION OF RAILWAY PRIVATISATION'

Union Minister Ashwini Vaishnaw opens up about railway privatisation, telecom reforms and India's semiconductor plans, among other things

BY **TEAM *BT***

PHOTOGRAPHS BY **CHANDRADEEP KUMAR**

FUTURE READY Ashwini Vaishnaw, Union Minister for Railways, Communications and Electronics & Information Technology

HOLDING CHARGE of three major ministries that are heavily focussed towards Aatmanirbhar Bharat—Railways, Communications and Electronics & Information Technology—for the Government of India, Union Minister **Ashwini Vaishnaw**, in conversation with *Business Today's* **Siddharth Zarabi**, shares his views on privatisation in railways, the government's plans on BSNL and the PLI scheme on semiconductors, among other things. Edited excerpts:

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There has been a record allocation for the railways in this Budget. As you talk about the allocation, can you also give us some sense about the achievements on the ground?

The record Budget allocation for railways of ₹1.37 lakh crore for capital investment, is a great thing. The railways has been starved of investment for many decades. The trend started changing in 2014-16. Capital investment started increasing and capital investment in railways is so important. There is, of course, one major part which is passenger experience, because we're getting close to 8.5 billion passenger trips every year. If you have to bring down the cost of logistics for the country then the share of railways has to increase from its current 26-27 percentage points to close to 40-45 percentage points. If there is a total railway economy, let's say, then the cost of logistics will be 5-6 per cent. If there is a total road economy, then the cost of logistics will be 17-19 per cent. The cost for the country is always the weighted average. So, we are at 13-14 per cent. We are a ₹232 lakh crore GDP economy today. Even one percentage point reduction in cost of logistics means the country saves ₹2.32 lakh crore. So, that is the real reason why we need to bring down the cost of logistics in railways and we have to step up investment in Indian Railways.

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We see the continuing focus by the government's spending from the Budget, but then we also look at some of the newer steps that you yourself have been taking in the railways. However, the word that one doesn't get to hear often is private sector involvement.

Two parts to your question. First is the focus on capital investment and second is the private sector involvement in Indian Railways. Look, the railways is a very complex system. There are some countries where a railway is limited to cargo transportation like the US, Canada, parts of South America, Argentina, Brazil. These countries are very good at mineral transporation. Rest of the world, entire Europe, Southeast Asia, Japan, China, India, is basically carrying passengers as well as cargo. All these countries have the government as the key dominant player in the railways sector. I can sit with you and explain how complex it is. See, a road is basically a road but with railways there is the road, plus the track, electrification, signalling, station, plus the train which has to run on it. We cannot have one Hyundai and one Suzuki running in parallel. And nobody can just join it. It's very, very complex. That's the reason why the government has to play the dominant role and that is why there is absolutely no question of railway privatisation.

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Even if the track, the main infrastructure, were to remain with the government, what prevents trains from being run by the private sector, offering services just as they do in Europe, on the same kind of railways that the Indian Railways is modelled on? There was talk about bidding out for those, what is the current status?

Look, passenger services are practically running at 50 per cent subsidy. Who would run a business with 50 per cent subsidy? That's the experience all over the world—the experience in Europe, Japan is no different, the experience in Southeast Asia is equal, China also is following the same. Basically passenger services are almost everywhere seen as a social good. There's an element of public good in that and that's why they are subsidised by the governments all over the world.

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Nitin Gadkari keeps talking about daily targets of achievements with respect to the highway roll-out. I wonder if you can offer a comparable figure of the work that you are putting in.

I would like to put it in a slightly different way. Highways always will have this straightforward number of kilometres of roads that you build. A large part of railway investment goes into doubling the lines. A significant part of railways capital investment goes into electrification, a very large chunk goes into the equivalent of resurfacing the road, which is re-laying the tracks because tracks have a life and the entire tracks have to be replaced. So a significant part of that goes into these activities. So laying new lines, which would be comparable to a highway, would always be a wrong way to compare the two. What's important is that the entire passenger experience has to change. That's what the Prime Minister's vision for railways is. The entire passenger experience will change with three elements. First, stations. We have had very good success with Rani Kamlapati station in Bhopal and Gandhinagar station in Gandhinagar. Learning from these two redevelopment projects, because again when a train is moving at 100 kmph, the vibrations, the load which is there in all the structures, those are very complex calculations. Learning from these two experiments, now we are embarking on a large scale station redevelopment programme. Second, getting a totally new generation of trains. For years together we were running technology which was

OUR NEW GENERATION OF TRAINS ARE DESIGNED IN INDIA FOR 180 KMPH. THERE ARE ONLY EIGHT COUNTRIES IN THE WORLD WHICH CAN DESIGN THIS KIND OF A TRAIN

1950s and 1970s. In 2017, the PM decided to go for a totally new generation of trains. The trains were designed in India for 180 kmph. There are only eight countries in the world which can design this kind of a train. From 2019, those trains started running. Absolutely good performance. Now, we are scaling up and the PM has given us the target for a new generation of trains which are energy efficient. The passenger experience—in terms of noise, in terms of vibrations, climate control within the train, in terms of the ambience—entire thing has to change. The third is safety. You must have seen in the Budget announcement 2,000 km of Kavach. So, Kavach is a fabulous train protection system which increases the capacity. On the same lines you can carry 30 per cent more, while being many times safer.

This Budget has a very significant budgetary allocation for BSNL, well over ₹42,000 crore. Is this money enough to provide BSNL a fresh lease of life or are you just pumping in good money into a sector and just retaining BSNL for some '70s command economy rationale?

BSNL plays a very important strategic role in our economy. Definitely, it's not a control mindset. When you look at the strategic interests of the country, telecom is one sector in which you would always like to have the presence of the government. Second, would the private sector reach out to the people who are unconnected, people living in the far flung areas? Right from our Jana Sangh days, we have always believed in serving the poorest of the poor, the last person in this society. Would the private sector like to go there? No.

Are you therefore saying that with 25 years of private sector companies, with billions spent, the private sector is still not reaching rural India?

Absolutely. Take the North-East. Look at the border areas, areas throughout Chhattisgarh, Jharkhand, Odisha, parts of Andhra Pradesh, many of these forested areas, barely any presence of the private sector. It's only BSNL which is providing this service. BSNL was a profitable company. During the first few years of the UPA, a large amount of reserves were taken out of BSNL and utilised for some other purposes. It came into a very difficult situation. In 2019, the first set of support for BSNL was given. Today, I'm happy to share that BSNL has made operating profit after many years. Now is the time, when the company is stabilising, to take it to a new level. So definitely one public sector telecom company will stay. We will support it to the hilt.

IN THE SPIRIT OF AATMANIRBHAR BHARAT,OUR ENTIRE TECHNOLOGY STACK FOR 5G HAS TO BE DEVELOPED IN INDIA AS PER THE PM'S TARGET

Are you happy with the utilisation of the Universal Service Obligation fund?

It's still a story in progress. The infrastructure is now laid out. Close to 160,000 km of fibre has already been laid out. Our focus now is to make sure that it reaches the house. It has reached the gram panchayat, it has reached the bigger villages. Now the focus is to take it to the household. That's the next step that we are working on. Could we do it better? Yes, definitely. There is always scope for improvement. But have we achieved something which the country should be proud of? Yes, we have achieved something which the country should be proud of.

After the New Telecom Policy of 1999 and the reforms of 2003, it is your government which has actually provided a new lease of life to this sector through recent reforms. Do you think that the worst is over for India's mobile phone operators?

Absolutely, yes. The industry tells us that the worst is behind us. They are reorganising themselves into a new way of doing business. They are realigning their business plans. Some small little things, for example, the permission to set up a new tower—what used to take months, today industry participants have told me it takes a few hours, sometimes a few minutes. So that is the level of change which has happened because of the reforms. We are already

Union Minister Ashwini Vaishnaw (*right*) in conversation with Siddharth Zarabi, Managing Editor, *Business Today* TV, at the Budget Roundtable

working on the next set of reforms, where many more old regulations which have lost their relevance in today's world will also be cleaned from the slate.

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You've already spoken about the fifth generation mobile broadband spectrum auctions happening this year. The government has in the past used auctions as a revenue exercise, and spectrum by becoming very expensive ultimately gets passed on to the consumer. How will 5G be priced?

Let's take two numbers first. Globally, the average revenue per user is close to ₹2,600-2,700 in most of the other geographies. We are close to ₹300 as the average cost for the common consumer. So it's not that our prices are very high compared to global standards. For sure we are significantly lower than the global cost standards. Two, there is a realisation throughout the world that telecom today and especially spectrum as a key enabler of telecom, has an element of public good. Third, our process of discovering the price is a very transparent process. TRAI is right now going through the final leg of its consultations. It would be unfair for me to comment on the pricing, but I hope and I am confident that the industry will be prepared for the 5G roll-out. But beyond this 5G roll-out, I wanted to highlight another point. The PM gave us a target. In the spirit of Aatmanirbhar Bharat, our entire technology stack for 5G has to be developed in India. After the great success of 4G core and 4G radio network, building upon that success, 5G core, 5G radio network, 5G telecom equipment and 5G handsets, the success is phenomenal. By the end of this year, we would have the entire technology stack which we prove in the country and then take it to the world, and challenge some of the biggest technology providers in telecom.

On the semiconductor plans, is Intel coming to India?

The semiconductor policy was launched last December 15 when the Cabinet approved it. Within 15 days, we launched all the schemes and we set up the portal. January 1 onwards, we started receiving the applications. I'm very happy to share with you that the response has been phenomenal. Throughout the world, the big players in the semiconductor industry have noticed one very major thing which is different compared to the rest of the world. We have given a clear assurance and a road map for 20 years, which is very different from 'I'm willing to put in so many billions of dollars please come to my country' kind of approach. Second, we have looked at the entire picture, not just silicon fab but display fab, compound semiconductors, design ecosystem. Above all, which the entire industry is appreciating, is that we have committed to prepare 85,000 semiconductor engineers. And we have already shortlisted the institutions in which they will be trained. We are working with AICTE (All India Council for Technical Education) right now, to finalise the course curriculum. It's something which is going to last, which will strengthen our country's economy for many years.

WE HAVE COMMITTED TO PREPARE 85,000 SEMICONDUCTOR ENGINEERS AND HAVE SHORTLISTED THE INSTITUTIONS WHERE THEY WILL TRAIN

That's the vision of the PM. When he called me he said, "*Ashwini ji bees saal ka sochna hai, chaar-panch saal ke hisab se sochna hi nahi hai*" [Ashwini *ji* we have to think for 20 years, we don't have to think for four-five years]. This is an industry where if you lay the foundation today, you will start getting the results in three years, four years, five years down the line. And if the results are good, the foundation is strong, the results will continue to give us buoyancy for the next many decades. So that's the thought process. I wouldn't take the name of any company. Yes, there is keen interest from almost all the major participants.

The perception is that India is fighting with all social media companies, making life difficult for them, not letting them do business in India, perhaps in the hope of home-grown giants. Would that perception be correct at all?

I frankly don't think that perception is correct at all. I think the spirit of our government is to bring that balance between freedom of expression on the one hand, and protecting our society on the other hand. That balance has to be brought and that is what societies all over the world are discussing. End of the day, what matters is whether as a user of social media, I, my children, my family members, my society, my city, my village, my community, are they safe? Because in the yesteryears, in your magazine, *India Today*, an editor would always take out the stuff which is not good for the society, which is not publishable. In today's world, in social media, there is no such control. There is no such editor. So self regulation is the first step which is very important. The regulations of 2021 basically put the onus on the platforms—so that if somebody is trying to put something which is not good for the society, you remove it yourselves. If somebody has a complaint against you, then you create an institutional mechanism for redressing that grievance. That is in a nutshell the 2021 guidelines. We have evolved over that. Today, there is a consensus building that the accountability has to increase. Even social media platforms are saying that we definitely would like to increase our accountability because end of the day, we wouldn't like to be seen as multipliers of a problem. We would like to be seen as multipliers of ideas, as propagators of good thoughts rather than trying to increase the negative value in this society. BT

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(From *left*) Finance Secretary T.V. Somanathan, Revenue Secretary Tarun Bajaj and DIPAM Secretary Tuhin Kanta Pandey

‘WE ARE TRYING TO SPEND MONEY IN A WAY THAT IT BOOSTS EVERYBODY’S INCOME’

Finance Secretary T.V. Somanathan, Revenue Secretary Tarun Bajaj and DIPAM Secretary Tuhin Kanta Pandey discuss the details of this year’s Union Budget and their views on the economy

BY **TEAM *BT***

PHOTOGRAPH BY **CHANDRADEEP KUMAR**

THIS YEAR’S Union Budget announced many measures such as higher capital expenditure, a new cryptocurrency tax and revised disinvestment targets, among others. Some of the key officials behind the Union Budget of 2022-23—Finance Secretary **T.V. Somanathan**, Revenue Secretary **Tarun Bajaj** and DIPAM Secretary **Tuhin Kanta Pandey**—throw light on these aspects in detail and also talk about the revival in the private investment cycle, the sale of Air India to the Tata group, and Life Insurance Corporation of India’s forthcoming initial public offering (IPO) in an interaction with *Business Today*’s **Siddharth Zarabi.** Edited excerpts:

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Why are you not distributing cash at least to those who need it?

Somanathan: We are not distributing cash but we are spending a lot of cash which gets into the pockets of [the] people. We are trying to spend money in a way that it boosts everybody's income. We are zeroing in on giving a lasting increase in income and not a temporary transfer of cash.

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The government has declared a capital expenditure of ₹7.50 lakh crore. What is the philosophy behind not distributing cash?

Somanathan: Why are we pushing a big increase in capital spending instead of making larger cash transfers? Firstly, we are giving huge transfers in terms of food. We have given free food of about 25 kg to every one of the 800 million beneficiaries who are in the public distribution system. And that is targeted directly at the poor. So, that is not cash transfer; it is income transfer. It is over and above the normal public distribution system.

Why are we doing capital expenditure? Capital expenditure of ₹1 spent by the government according to econometric studies produces somewhere between ₹2-3 of GDP over 1-2 years. On the other hand, revenue expenditure like cash transfers of ₹1 produces somewhere between ₹0.90-0.99 of GDP growth. If we are looking to revive growth and help everyone in the country, including the poor or needy, it is much better to focus on the most growth inducing type of expenditure which is government infrastructure expenditure. That, we believe, will provide the best amount of cash in everyone's hands in the economy.

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Is Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the rural employment guarantee programme, not a capital expenditure in that sense? Does it not create enough assets that you have crimped spending on it next year?

Somanathan: MGNREGA does not create durable assets. It is primarily a demand-driven programme where if a group of workers demand work then one is obliged to provide them with 100 days of work. The nature of the work is secondary. This is a wage employment programme, not an asset-creating programme. We have spent ₹98,000 crore in the current year against the budget of ₹73,000 crore because the demand has been higher than normal. If the economy will do better, we expect the demand for this scheme to be lower. It is not a substitute for gainful employment. It is a relief measure. The quantum of the relief measure will depend on the stress in the economy. If stress is lower, then the requirement will be lower.

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There have been so many discussions on the 30 per cent tax on crypto assets. The crypto industry has expressed hurt that you have taken this cutting edge technology and lumped them with gamblers or horse racing. How would you respond to that?

Bajaj: My response to that is we all pay 30 per cent marginal rate of tax on our incomes. I'm sure you don't equate us with the adjective 'gamblers' which you used. The point is very simple: we don't see much economic value. If they [crypto industry] are trying to talk about the underlying technology, even the Reserve Bank of India (RBI) currency that will come out will use the same underlying technology. Our idea was to tax it at the highest marginal rate.

Somanathan: Blockchain technology

exists not only because of crypto assets. It is a separate technology. We are already using blockchain technology to identify the geographical indicator of coffee in the Coffee Board. There are other uses for blockchain [as well]. It can help you trace where your coffee came from a particular field from Karnataka and sell in London for a premium. Then you need identification. There is a pilot scheme in the Coffee Board which does that. Similarly, blockchain will be used in the digital currency that the RBI will be using. Therefore, connecting blockchain technology with crypto is not correct.

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Is it possible to put all land records on the blockchain, which can never be altered?

Somanathan: It is theoretically possible. If all the original records are correct, then the transfer of records could be put on a blockchain. But our challenge is to get original records correct. There is a specific reference to better land registration systems in this Budget including software whereby you can sit in one city and buy land in another city online and transliterate documents from one Indian language to another, because many land records are in local languages. The direction of improving land records is important. In the distant future, there could be a blockchain system for it but not in the near term.

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Why aren't you planning to sell enough next year under disinvestment?

Pandey: We have collected ₹40,000 crore as dividend. So, money is money. It comes from different directions. Second, we have been realistic about what we can do. Divestment is a two-way street. If we have to sell, then others have to offer [to buy] as well.

WE HAVE GIVEN FREE FOOD OF ABOUT 25 KG TO 800 MILLION BENEFICIARIES OF THE PUBLIC DISTRIBUTION SYSTEM... IT IS AN INCOME TRANSFER

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What was so special about the Air India deal?

Pandey: Most of the Air India debt was guaranteed by the government. It was like sovereign debt in one sense. If Air India fails to pay, then the government has to pay. It was different from other debt which is non guaranteed. We had actually come out with open bidding. Our bid parameter was, you bid for equity and debt as enterprise value put together. It was a debt that was obtained from the bid. It did not succeed the previous time because of the fixity of debt. The debt which is unsustainable has to be taken out as there are no underlying assets to it. We have saved ₹20 crore a day from the Air India deal. It is a big saving for taxpayers' money.

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Why has BPCL not been sold so far? Is it on the back-burner?

Pandey: It's been really caught up in energy transition. We had the bids but we want them to come ready for the financial bids, and we are getting a little pushback on this. We need two hands to clap for the bidding process. It is a bit of the oil sector and the coal sector and the carbon economy and so on. The ticket size is very large in this transaction. It is not on the back-burner. Our structure of the transaction is very conducive to divestment. That is how we go to the market.

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You are giving too much to capital expenditure but if you net it off, it is neutral. People need immediate relief but you have turned off the tap on social sector spending. You are not looking at demand. You have a long-term plan called infrastructure development. Why so?

Somanathan: If you look at the Budget numbers, the aggregate spending by the government has increased substantially on capital expenditure. There are certain offsetting reductions in one area which is the National Highways Authority of India (NHAI) whose borrowing next year will be lower than the current year.

On the other hand, there is an increase in government expenditure in every other sector. It is not accurate to say that government capital expenditure increase is offset by a decrease in other sectors. I have seen some figures floating around but they are based on a misinterpretation of some of the data.

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Why is there an 18 per cent GST on health insurance when the government is encouraging it? Is there a philosophy? Or are you timing it for some future event?

Bajaj: If I understand correctly, you meant why did you not get a tax break. We have data for 2019-20. There are about 63 million people who pay taxes to the government. Out of this, 75 per cent show an income of ₹5 lakh and below. This means they are not paying taxes. That leaves about 15 million. With the kind of exemptions that we have built in our Income Tax Act, people who have ₹8-9 lakh of income and if they take benefit of exemptions, they would not pay any tax to the government. So, that would come to 88-90 per cent of people. Around 10 per cent or 6 million taxpayers—which also includes the corporate sector which pays a substantial amount of total taxes.

You have got two kinds of returns; one is with exemption and one is without exemptions. What we want to do is to wean away people from with exemptions to without exemptions. Whatever relief you give in this pandemic year your resources would suffer to that extent. Not only the benefit will go to people that it should be going, it will also go to the people who already don't need the benefit because they are not paying any taxes. That was a big dilemma we faced. What should we do? If we leave out these resources, capital expenditure will suffer.

We are at a stage in our economy where we would like our GDP to grow. The GDP figures will, if we do more of capital expenditure. The multiplier effect of capital expenditure is much more than revenue expenditure. Revenue route benefits a small number of people. Let's try to push the economy further. Once we are able to do that you will see GDP, revenue and income of the people grow. By then we will have more data and changes in taxation structure can wait for the future. There is always hope.

BLOCKCHAIN EXISTS NOT ONLY BECAUSE OF CRYPTO... WE ARE ALREADY USING BLOCKCHAIN TO IDENTIFY GEOGRAPHICAL INDICATOR OF COFFEE

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Where does the Great Indian IPO of LIC stand ?

Pandey: The public offer of Life Insurance Corporation is slated for March 2022. We are counting it for the current financial year. We have policyholders and by law, we have policyholders' reservations in the forthcoming public offer, which is a unique thing.

Policyholders have blessed this organisation for a long time. We want them to be shareholders. They will also be offered discounts. There will be a huge number of retailers. If everything goes well, it will be a big moment for the Indian stock market as a massive market capitalisation is coming to the domestic equity market.

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Will LIC be among the top three companies in terms of market cap after it is listed?

Pandey: LIC's embedded value is upwards of ₹5 lakh crore once listed. I think people can make their guesses. Once the DRHP is filed, the price will be discovered over a period [The DRHP was filed on February 13, after this interaction took place]. There is a tremendous amount of interest from the general public.

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Why is the central government doing the heavy lifting? Why is the private sector not coming forward?

Somanathan: Until we got into the pandemic, we were subject to a twin balance sheet problem. The corporate balance sheets were stressed and banks' balance sheets were also under stress. The corporates could not borrow and banks could not lend. So, that was the reason for slow private capital expenditure. One of the good things that happened in the last two years is both sets of balance sheets look considerably better, for most companies as well as banks. I think the condition is right for the revival of private capital expenditure. The time has come to embark on capital investment and hopefully that will include the hospital sector where there is ample provision of credit under the ECLGS (Emergency Credit Line Guarantee Scheme) scheme specifically for hospitals, districts and so on. We may be at the right point of time where it could pick up. BT

Agritech, the Propeller of Farm Prosperity

The Budget makes clear that the government is keen to address the structural issues in agriculture rather than hand out short-term palliatives

BY **AJAY S. SHRIRAM**, CHAIRMAN & SENIOR MANAGING DIRECTOR, DCM SHRIRAM LTD; PAST PRESIDENT, CII

ILLUSTRATION BY **RAJ VERMA**

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FOLLOWING THE impasse over the farm laws that led to their withdrawal, it was widely expected that Finance Minister Nirmala Sitharaman would make a host of new proposals in the Union Budget to win them back again. In fact, the Budget makes clear that the government is keen to address the structural issues in agriculture (which the farm laws were meant to address) rather than hand out short-term palliatives. On many counts, the Union Budget 2022 scores on several fronts, especially in the area of capital expenditure, which has been increased by 35.4 per cent. This is expected to boost investments from corporates and generate more jobs as well. There is a realisation that agritech has to be the engine that propels those structural changes, leading to farm prosperity. A road map has been put forward to increase rural infrastructure and connectivity to support farmers for quicker market access. This has a direct bearing on the farmer's price realisations, particularly for perishable items.

In the Union Budget 2022, several measures have been announced that dovetail tech into the farm sector—a much needed intervention for productivity enhancement. The finance minister's thrust on a PPP model through the involvement of new-age players should be seen in that context. Extensive use of drones is one such example. The government has maintained its commitment to the MSP regime by earmarking a whopping ₹2.37 lakh crore to procure 120.8 million metric tonnes of wheat, paddy from 16.3 million farmers through direct payment into their accounts. This is a huge step and should assuage farmers who had doubts regarding the continuity of the procurement mechanism.

In the Economic Survey tabled in Parliament last month, it was pointed out that the pandemic has had the least impact on the agricultural sector, which is expected to grow a robust 3.9 per cent in 2021-22 compared with 3.6 per cent in the previous year. The survey also focusses on the direct correlation between capital investments in agriculture and its growth rate and, hence, emphasised higher public and private investment in the sector. True to the survey's objectives, the government has decided to float a fund with blended capital, raised under the co-investment model through NABARD. This is expected to finance start-ups for agriculture. Those who will come under this ambit will be farmer-producer organisations and those who will offer machinery to farmers on a rental basis. Apart from this, linking of bank and post office accounts, monetary support to promote agro forestry, plus a ₹45,000-crore allocation for promoting scientific organic farming in North-Eastern states are welcome steps.

There are other measures from which the agriculture sector is expected to benefit, and this includes promoting the use of Kisan Drones for crop assessment, nutrient application, chemical spray, all resulting in water saving and crop protection. It has through various incentive schemes made the purchase of agricultural drones, which cost around ₹8-10 lakh, nearly free for leading agri-research and agri-training institutes. Of course, on-ground monitoring of the efficiency of such measures is essential to derive full benefit.

It is also important for the government to focus on livestock and animal husbandry, which contributes around 25 per cent to the farm GDP, mostly by small farmers. The government has done well in incentivising shrimp aquaculture through duty reduction on certain inputs to promote its exports and this will lead to more jobs. There are other progressive measures in the Budget, which need to be highlighted. In particular, measures to promote organic farming with a focus on farmers' lands in the 5-km wide corridors along the Ganga that are being initiated.

The one area of disappointment is inadequate focus and allocation to agriculture R&D. There have been no breakthroughs for many years, and unless that happens, farmers will continue to require doles

The government is finally pushing, rather fast-tracking, the Ken-Betwa river linking project with an allocation of ₹44,000 crore, which is expected to benefit 900,000 farmers. The project envisages transferring water from the Ken river to the Betwa river, both tributaries of the Yamuna. According to the Jal Shakti ministry, the project is expected to provide annual irrigation of 1.06 million hectares, supply drinking water to about 6 million people, and generate over 100 MW of hydro power and 27 MW of solar power.

The government should also be complimented for increasing the allocation for Rashtriya Krishi Vikas Yojana nearly five times to ₹10,433 crore, which will allow states to raise farm productivity. This scheme has been revived and is perhaps one of the highlights of the Union Budget. The newly-formed Ministry of Cooperation has also opened its account with the Budget allocating ₹900 crore towards digitisation of around 63,000 primary agriculture cooperative societies. It will also provide financial support and offer technology to help them become economically viable entities. There has been a 25 per cent decrease in allocation towards the Mahatma Gandhi National Rural Employment Guarantee Act to about ₹73,000 crore. It is fair to assume that resumption of normal economic activity in the country will reduce the need for labour to fall back on guarantee schemes. However, should the need arise, the government will make additional funds available for the vulnerable sections of society.

The one area of disappointment is inadequate focus and allocation to agriculture R&D. There have been no breakthroughs for many years, and unless that happens, farmers will continue to require doles. The government should partner with the private sector and support them financially for cutting-edge research, as productivity enhancement is the way forward. BT

Decoding the Changes to Direct Tax Laws

The Union Budget has proposed some amendments to the direct tax laws. While they are welcome, the government needs to iron out a few issues

BY **DINESH KANABAR**

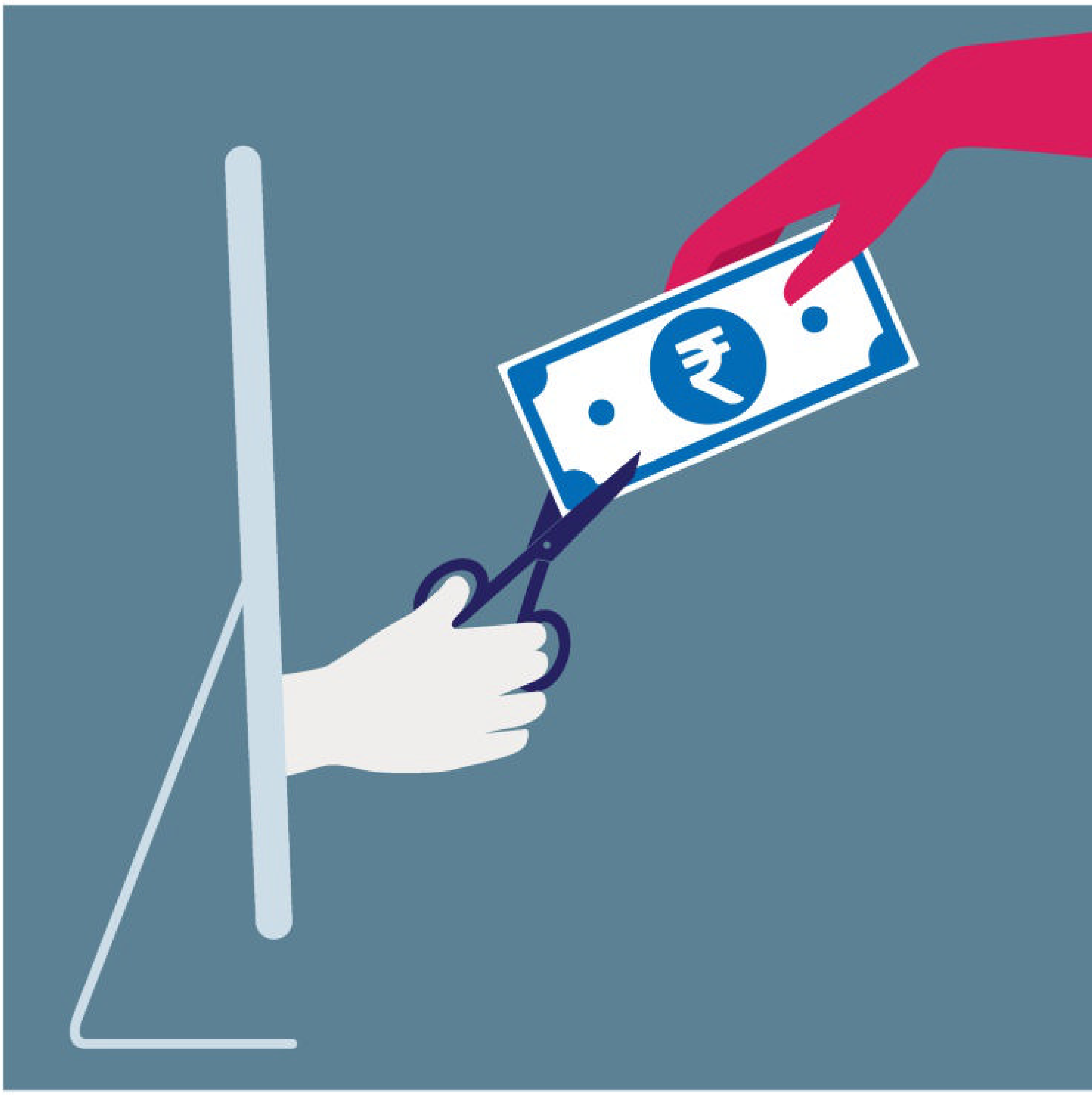

ILLUSTRATION BY **RAJ VERMA**

T**HE UNION BUDGET** is keenly watched as a statement on the health of the economy, the direction for the year ahead in terms of policy announcements and—very important—for the changes to the tax regime. Over time, the changes to indirect taxes have become less relevant as these are dealt with by the GST Council. But amendments to direct taxes become very relevant.

From the finance minister's speech, the Finance Bill, 2022, seems to be relatively benign with not too many tax proposals. But on reading the fine print, we find many changes, some of considerable significance. Before I deal with some of the key ones and what they portend for us, let me compliment the FM for the direction of the Union Budget with respect to spending on infrastructure and revival of the capital spend cycle. These are the need of the hour and if implemented as budgeted, should help spur the economy and provide an impetus to employment generation. Let me now deal with a few of the important tax proposals.

The first and the most important change is the revival of the trend of retrospective amendments, something we have been repeatedly assured this government will not resort to. There is one specific retrospective amendment (not allowing deduction of Health and Education Cess w.e.f. AY 2005-06). Leaving aside the merits of the matter (this cess is not tax; it is meant to promote education and not credited to the Consolidated Fund of India), this tendency of retrospective amendments to overturn judicial decisions is best curbed. Once it starts, we will see this as an ongoing process which will impact our credibility. Then there are two other amendments,

made with effect from Assessment Year 2022-23 (this, again, is a new trend to make amendments effective from the beginning of the year and make it retrospective by a year), but made as clarificatory amendments to provide that the law always meant what the amendment now says!
The two changes are with regard to deductibility of interest under Section 14A where there is no tax-free income and deductibility under Section 37 of payments made for violation of overseas laws, for compounding of offences, and to people who are receiving it against the law, regulations or policies applicable to them. This is expected to particularly impact payments made or expenditure incurred by pharma companies to doctors. Such payments have been held as tax deductible by several courts and now the law is proposed to "clarify" that it always meant that such payments are not tax deductible.
This back-door attempt at retrospective amendment (making it prospective but drafting it as a clarificatory amendment) may not pass the muster of courts for the past years. The government is well within its rights to provide what is tax deductible prospectively but not try to clarify a law already interpreted by the courts. On merits, the amendment to Section 37 may lead to controversies with regard to payment of Compounding Fees where no offence is admitted, deductibility of payments overseas for settlement of disputes for infringement of IP rights purely to avoid long-drawn litigation, etc.

The next change of concern is the amendment to Section 68, which deals with unexplained credits. The law, as it stands today, requires a borrower to demonstrate the genuineness and capability of the lender. The proposed amendment requires the borrower to prove to the satisfaction of the Assessing Officer the nature and the source of the funds of the lender. No exceptions are carved out. So, a bank needs to demonstrate the source of funds of the depositors, a borrower from a bank or a financial institution needs to demonstrate the source of funds from where such bank or institution got the funds, and the situation would get worse for borrowings from private sources. It is indeed unfortunate that we legislate to address some bad apples and the impact is on genuine taxpayers who will struggle with faceless assessments to prove what they cannot. Just imagine the impact of this provision considering the fact that an addition under this Section gets taxed at 60 per cent plus interest, plus penalty. There is certainly no merit to casting the burden of proving source of funds on the borrower, particularly when the tax details of the lender are filed and the tax office can reach the lender.

IT IS INDEED UNFORTUNATE THAT WE LEGISLATE TO ADDRESS SOME BAD APPLES AND THE IMPACT IS ON GENUINE TAXPAYERS WHO WILL STRUGGLE TO PROVE WHAT THEY CANNOT

THE NEXT SET of provisions relates to reopening of tax assessments under Section 148 of the Act. Until the last Budget, tax assessments could be reopened for six years unless overseas assets were involved. This was truncated to three years generally and 10 years in exceptional cases. While the reduction to three years was welcomed generally, it was feared that the exceptional 10 years will become the norm. Those fears seem to be coming true. It is now sought to be provided that tax assessments can be reopened on account of audit objections and to take into account expenditure and book entries. This will result in finality of tax assessments going away and the threat of reopening up to 10 years becoming real.

The taxation of digital assets has invoked a great deal of debate and has raised a question as to whether the taxation of these assets legitimises them. Suffice to say that it recognises them but does not legitimise them. The approach of the government is to provide for taxation of these assets as a separate block taxable on a gross basis at the rate of 30 per cent without deduction of expenses and set off or carry forward of losses. There seems to be no reason to deny expenses incurred. That apart, the way the provisions are worded, they lend themselves to an interpretation that losses from one type of digital assets cannot be set off against gains from another type. That certainly does not seem to be the intention and an appropriate drafting would help. Also, there is a need for clarity on the head of taxation under which these gains would be taxable.

To summarise, overall the Budget provisions are welcome. The government just needs to iron out a few issues, including the fear of the amendments being applied retrospectively, in order to avoid any unintended litigation and provide certainty to taxpayers, which is sought to be the hallmark of the tax reforms made over the years. **BT**

The writer is CEO of Dhruva Advisors LLP. Views are personal

THE GREAT REBOOT

AFTER BEING HIT BY A SERIES OF EVENTS, FROM A SLOWDOWN IN THE ECONOMY TO A RAGING PANDEMIC, THE BANKING INDUSTRY SEEMS TO HAVE PRESSED THE RESET BUTTON

BY **ANAND ADHIKARI**

ILLUSTRATION BY **NILANJAN DAS**

ILLUSTRATION BY **RAJ VERMA**

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MAY YOU LIVE in interesting times," goes a Chinese proverb—apparently both a curse and a blessing. It fittingly describes the state of affairs in the banking space. In the past decade, the sector has weathered several storms—a slowing economy, corporate deleveraging, non-performing assets (NPAs), digital disruption, and the Covid-19 pandemic.

In such times, lenders that have been able to exploit every adversity to their advantage have emerged as winners—as the 26th edition of the *BT*-KPMG Best Banks Survey 2020-21 finds. ICICI Bank, the country's second-largest private bank by market capitalisation, is the Bank of the Year for the second successive year. (See box *Roll of Honour*.)

The banking sector as a whole has had a better year. It posted a net profit of ₹1.21 lakh crore in FY21 against ₹10,999 crore in FY20. Return on assets (ROA) and return on equity (ROE)—two key parameters of profitability—also came out of the red over a three-year period. Among other parameters, the capital adequacy ratio—a measure of a bank's lending capacity—improved from 15.3 per cent to 16.3 per cent, while gross NPAs declined from 9.1 per cent in FY19 to 7.3 per cent in FY21. "The improved parameters partly reflect regulatory relief provided to banks during Covid-19 as well as fiscal guarantees and financial support given by the government," Reserve Bank of India (RBI) Governor Shaktikanta Das said recently. But, as Das was quick to point out, there are risks and challenges going forward that require serious introspection and action on the part of the banking system.

BUSINESS RESET

In the past few years, banks have been making conscious efforts to build a well-balanced loan book, with a tilt towards retail banking. "The change in advance mix is also led by macro conditions since corporate credit demand has been pretty weak whereas retail advances have grown in double digits in the past few years," says Jaideep Arora, CEO, Sharekhan by BNP Paribas. Bankers have also turned cautious after some debacles. The focus is on a secured retail portfolio and high investment grade corporate clients. The current low interest rate regime also has its challenges. "You now need to give retail customers a bouquet of choices that will allow them to beat inflation and save something for the future," says Madhav Kalyan, CEO, JPMorgan Chase Bank India. Banks have also realised that they need to connect with customers both digitally and through physical branches. "If you look at the numbers, credit offtake has been in retail and not so much in corporate credit," says Kalyan.

"With increase in competition and prudence, banks could see some erosion in their net interest margins as compared to historic trends. However, we believe the pressure would be more evident in the case of mid-sized or smaller banks while the large banks would... hold on to their margins due to their strong liability franchise," says Arora. In the retail space, banks are facing disruption from fintech players, which are innovating in payments and lending. Now, several banks have partnered fintechs to serve customers and attract new ones.

DIGITAL RESET

The pandemic has accelerated digital adoption and led to gains for banks. For instance, supply chains are being digitised and this offers huge potential for banking services across the network. Another gain has been employees operating from remote locations with higher productivity and efficiency. There is also much higher adoption of digital payments. "The distinction between banks is no longer who has got better digital skills, but how they personalise banking services for an individual customer," says Shyam Srinivasan, MD & CEO, The Federal Bank. But with digitisation comes the danger of cyber frauds. A study by Deloitte India has listed large-scale remote working models, increase in customers using non-branch banking channels and the limited use of forensic analytics tools to identify potential red flags as reasons for the increase in fraud incidents over the next two years.

REGULATORY RESET

Regulator RBI has also been in the thick of things. Its ban on HDFC Bank's new digital offerings was a clear message that it will not tolerate technical glitches impacting customers. In addition, the RBI is coming down heavily on banks for any compliance failure. "Post the debacle of YES Bank, the regulator is getting into business model changes wherever they are not comfortable about protecting the interests of depositors," say sources. The RBI's view is that banks are different from other entities as the objective of return maximisation for shareholders is done at the cost of small public depositors. "As repositories of public resources, banks need to design appropriate governance standards and implement internal controls to be worthy of the public trust," RBI Deputy Governor M.K. Jain said recently.

The regulator has also become stricter in extending the tenures of CEOs. Last April, it had capped the tenure of MD & CEOs of private banks to 15 years. "With such a long-stipulated tenure, linking continuity and extension to performance is a good idea and rational. Further, most banks are listed and hence logical that market factors and dynamics influence the tenure of CEOs," says Tarun Bhatia, MD and Head of South Asia in the Forensic Investigations and Intelligence practice of advisory Kroll. In fact, the CEO's extension every three years will now have to be backed by strong financial performance with no asset quality surprises. The RBI has also introduced rules that make it mandatory for banks to rotate auditors every three years with a cooling off period of six years.

While the past decade has been challenging, there are some green shoots. Now, there's a Bad Bank framework to deal with NPAs. The government has also set up NaBFID, led by veteran banker K.V. Kamath, to fund infra projects, which should reduce the burden on banks. Banks can focus on consumer banking as digitisation and formalisation of the economy is bringing under-banked and under-served customers into the banking net. "At the current stage, the Indian economy seems to be set for another multi-year economic up-cycle and banks are well positioned to support the same on the back of a marked improvement in asset quality and capitalisation of their balance sheets," says Arora of Sharekhan by BNP Paribas, while JPMorgan's Kalyan believes that "capital efficiency has now come into the banking system". Experts suggest that the distinguishing factor in the past decade has been the quality of assets. "Some banks have distanced themselves materially on the asset side and, therefore, they have benefitted disproportionately in the past decade," says The Federal Bank's Srinivasan.

Clearly, banks that will be able to write good quality loans and reset their business models according to the operating environment will survive and thrive despite challenges. BT

@anandadhikari

ROLL OF HONOUR

JURY WINNERS

- Bank of the Year: ICICI Bank
- Lifetime Achievement: Rajnish Kumar, Former Chairman, SBI; and Romesh Sobti, Former MD & CEO, IndusInd Bank
- Best in Innovation: Bank of Baroda
- Best in Fintech Initiative: Bank of Baroda
- Best in Talent & Workforce: Axis Bank
- Best in Enterprise Resilience: SBI
- Best Fintech-Value Added Services: Karza Technologies
- Best Fintech-Payments: PayU

BT-KPMG QUANTITATIVE WINNERS

- Best Large Bank: HDFC Bank
- Best Mid-Sized Bank: The Federal Bank
- Best Small Bank: CSB Bank
- Best Foreign Bank: JPMorgan
- Best Small Finance Bank: AU Small Finance Bank

BACK IN FRONT

ICICI BANK, **INDIA'S SECOND LARGEST PRIVATE SECTOR BANK,** HAS REGAINED ITS LOST GLORY AND IS RACING AHEAD TO CAPTIVATE CUSTOMERS AND REWARD SHAREHOLDERS

BY **ANAND ADHIKARI**

Q**UIETLY BUT INEXORABLY,** ICICI Bank is getting back its halo. And winning the Bank of the Year in the *BT*-KPMG Best Banks Survey 2020-21, for the second year running, simply embellishes the point. At the heart of this turnaround is the soft-spoken, no-nonsense, humble-to-a-fault, delivery-focussed Sandeep Bakhshi. In the three and a half years since Bakhshi, 61, walked into the corner room of the country's second-largest private sector bank as its MD & CEO, the bank has not only laid to rest the ghosts of a turbulent governance debacle that hurt badly, but also returned impressive numbers to show.

With a three-year extension (till October 2023) in hand, Bakhshi has relentlessly focussed on core operating profits, which have jumped 1.65 times since 2017-18 to ₹31,351 crore in FY21. Net profits for shareholders have increased by 2.4 times to ₹16,100 crore, and consolidated assets have gone from ₹11.24 lakh crore to ₹15.74 lakh crore in the same period. Net interest margins have risen from 3.5 per cent in September 2018 to 3.9 per cent in December 2021 despite tough competition, and in the same period, gross NPAs have dropped from 8.84 per cent to 4.13 per cent. Investors are noticeably enthused. The bank's stock has delivered 27 per cent returns in a year's time, outperforming the Sensex's 13 per cent, and the Bankex's 9 per cent.

And what does the man behind the performance have to say? "We are [actually] temporary trustees of this institution, and there has to be [only] one strategy, that is, the

PHOTOGRAPH BY **RACHIT GOSWAMI**

2.4

TIMES

JUMP IN ICICI BANK'S NET PROFIT FROM FY18 TO ₹16,100 CRORE IN 2020-21

27

PER CENT

THE BANK'S STOCK HAS DELIVERED 27 PER CENT RETURNS IN A YEAR'S TIME, OUTPERFORMING THE SENSEX'S 13 PER CENT

THE BIG TURNAROUND STRATEGY

- No loan growth chasing, focus on operating profit and ecosystem approach
- Using technology and innovation for seamless customer journeys
- Digital banking solutions for large corporate, suppliers and dealers and SMEs
- Partnership approach, tie-ups with Flipkart, Amazon and other players
- Targeting new-to-bank customers via digital modes

◀ **SANDEEP BAKHSHI**
MD & CEO, ICICI Bank

institution must live more than 100 years from now," says Bakhshi.

The man is humble, yes, but he's also a smart strategist. He's taking the bank through some fundamental changes in the way it approaches business. For example, unlike its earlier approach of writing a big fat cheque for a project loan and earning interest, it is now not only tapping the employee base of an enterprise but also its entire ecosystem. Hundreds of dealers and suppliers of corporate biggies such as ArcelorMittal Nippon Steel, Asian Paints, Exide, Hero Cycles, Hindustan Unilever, Voltas and dozens of others are directly commingled with ICICI Bank's digital ecosystem to avail instant and collateral-free loans. It's a win-win for everyone. The corporates are able to improve their operational efficiencies by having reduced working capital cycles, and are also helping their network companies get the best financing deals in quick time.

This new corporate initiative is already clocking average monthly transactions worth a few thousand crores of rupees. In the retail banking space, where ICICI Bank has 61 per cent of its loan book, the Mumbai-headquartered lender is tapping new-to-bank customers via its universal fintech app. There are already millions of new customers whom the bank is targeting for cross-selling retail banking products. In the fast-growing SME segment, partnering with e-commerce giants Amazon and Flipkart is providing it access to top-rated sellers.

Clearly, the 67-year-old ICICI Bank has cast its net far and wide.

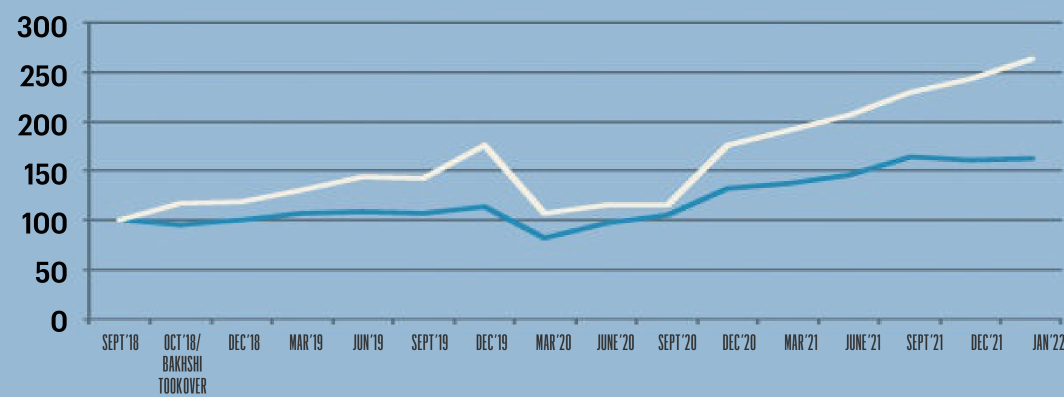
Bakhshi, who had earlier headed the group's general- and life insurance units, believes that to ensure the longevity of the institution, the key pillars are protection of capital, brand, trust and reputation. At the end of every quarter, there would be a full download to the leadership team, which is now about 600-plus.

THE BANK'S JOURNEY UNDER BAKHSHI

PARAMETERS	JUL-SEPT 2018*	OCT-DEC 2021
Retail loan mix	57.30%	61.30%
Corporate loan share	25.40%	23.40%
Overseas book	12.70%	5.00%
Average CASA	47.10%	44.90%
NIM	3.50%	3.90%
Cost to income	38.80%	40.50%
Gross NPAs	8.84%	4.13%
Net NPAs	3.65%	0.85%
A- and above rated book	57%	71%

*SANDEEP BAKHSHI TOOK OVER AS THE CEO AFTER THIS QUARTER
SOURCE: ICICI REPORTS

BAKHSHI'S MAGIC WITH ICICI BANK STOCK



ICICI BANK ■ BSE SENSEX
JAN PRICES AS ON JAN 21, REST ARE FOR MONTH END
FIGURES NORMALISED TO THE BASE OF 100; **SOURCE** BSE

LISTED SUBSIDIARIES

SUBSIDIARY	MARKET CAP	REVENUE /INCOME	PROFITS
ICICI Pru Life	78,202	84,058	960
ICICI Lombard	67,249	14,003	1,473
ICICI Securities	22,569	2,586	1,067

FIGURES IN ₹ CRORE; REVENUE AND PROFIT FIGURES FOR 2020-21;
NUMBERS FOR INSURANCE BUSINESS REFLECT PREMIUM INCOME
SOURCE BSE

4.13 PER CENT

ICICI BANK'S GROSS NPAs HAVE DROPPED FROM 8.84 PER CENT IN SEPTEMBER 2018, TO 4.13 PER CENT IN DECEMBER 2021

Technology has made it possible to discuss the performance, risk frameworks, business philosophy, and new ideas with its 100,000-plus employees. Bakhshi has been making efforts to drill down core values in the minds of the bank's employees—that banking is actually an adverse ratio business; and that an institution like ICICI Bank has to have risk frameworks while lending money to corporates and retail.

That was probably the miscalculation the bank had made earlier when it came under pressure post the global financial meltdown both for its overseas exposure and domestic lending. Similarly, in the period after 2017, the bank saw its gross NPAs crossing the 8.84 per cent mark because of a slowdown in the economy. Bakhshi often reminds his team that the bank makes 3 per cent money when it does a right risk exposure in a loan, and loses 100 per cent in a bad loan deal. "The elements of brand, trust and reputation are well drilled in our minds," says an employee.

The new ICICI Bank, which Bakhshi is building, believes in simplicity in products and services—make products that you can sell to your brother, sister or a family member. That is the underlying message to employees. And that is also a big change at the developmental financial institution-turned-commercial bank that had visionary leaders such as N. Vaghul and K.V. Kamath.

BAKHSHI IS very cautious in building a corporate loan book, which has a share of 24 per cent in the loan mix. There is, however, a sharp focus on tapping opportunities in the corporate network for fee-based income as well as interest income.

The bank is offering the full array of banking services to customers, including salary accounts, payments, remittances, credit cards, forex, investments, etc. While a loan is a one-time business transaction, a customer needs other banking products throughout the year. Clearly, the bank is pivoting itself to a customer-centric organisation from a product-centric one. The bank claims to have made big strides in the high-value retail accounts of promoters, directors and employees by building relationships for salary accounts, wealth management, mortgages, etc. "ICICI made rapid strides in simplifying systems and processes, and implemented a 360-degree customer approach, a high level of digital-based solutions ecosystem, and frictionless digital lending, which improved growth and customer experience," says Amnish Aggarwal, Director-Institutional Research, Prabhudas Lilladher.

Technology has been the centrepiece of this business model. There is also an ecosystem-based approach to help the corporate in managing its business across the value chain efficiently. The bank says that the current loan mix of retail and wholesale mirrors the changes in the industry with low capacity utilisation levels, deleveraging, and pre-payments by strong corporate groups.

Bakhshi believes that to ensure the longevity of the institution, the key pillars are protection of capital, brand, trust and reputation

Looking ahead, there are new opportunities with high capital expenditure by the government, PLI schemes, and asset monetisation and privatisation initiatives. Over the past few years, the bank's share of high-rated corporates has also jumped from 51 per cent four years ago to 71 per cent today.

Meanwhile, the bank's SME and business banking is firing on all cylinders, with a loan book of ₹36,353 crore on December 31, 2021, a growth of 30 per cent year-on-year (YoY). The share of SME in the total loan book is around 4 per cent, but digitisation has now made it possible to take a larger bet in this business. In fact, the current high growth in SME and business banking, which has an equal share, is piloted by the digital platforms—InstaBIZ and Merchant Stack—that the bank has developed in the recent past. The value of financial transactions on InstaBIZ—for SMEs and the self-employed—grew by about 68 per cent YoY in Q3FY22.

Using Merchant Stack, the bank offers services to retailers, online businesses and large e-commerce firms. In the past four months, it partnered with Flipkart and Amazon to offer an instant and completely digital overdraft facility of up to ₹25 lakh to their small and medium sellers to meet their working capital requirements. Even non-bank customers are allowed to avail money instantly without any hassles of bank statement, balance sheet or income tax returns. The bank leverages credit bureau scores and retail transaction analysis to assess creditworthiness.

Retail banking is also a big focus area under Bakhshi. The bank is trying to create customer journeys through the personalised and omnichannel model. There is extensive use of in-house big data and analytics and credit bureau scores to cross-sell to existing customers. The share of retail in total advances has already gone up from 57 per cent

GRAPHICS BY RAHUL SHARMA

when Bakhshi joined, to 61 per cent. Mortgages contribute more than half the loan book within retail, whereas vehicle and rural loans have a share of 13-14 per cent each. In the past three years, the personal loans and credit cards businesses have expanded big time. Personal loans have a share of 11 per cent and credit cards contribute 4.5 per cent to the retail book. The bank is also creating new products like Buy Now, Pay Later (BNPL), which are typically smaller in ticket size but the customer has to fall within the bank's overall risk architecture.

It took another bold decision in December 2020 when it opened its mobile banking platform iMobile Pay to customers of other banks. There have been 5.3 million activations from non-ICICI Bank account holders as of end-December last year. "The bank's retail portfolio is largely secured and built on proprietary data and analytics in addition to bureau checks and is well-priced in relation to risk," says Jitendra Upadhyay, Senior Equity Research Analyst, Bonanza Portfolio. At the same time, Edelweiss Research has recently highlighted two key risks—maintaining a retail traction of aggressive growth; and deterioration of the macro environment, which could result in higher restructuring and slowdown of business growth.

"The bank's retail portfolio is largely secured and built on proprietary data and analytics in addition to bureau checks and well-priced in relation to risk"

JITENDRA UPADHYAY
SENIOR EQUITY RESEARCH ANALYST, BONANZA PORTFOLIO

"We believe maintaining one step ahead in tech applications and providing one-stop-shop financial solutions would be key to sustaining growth in an environment prone to disruption by fintech firms"

AMNISH AGGARWAL
DIRECTOR-INSTITUTIONAL RESEARCH, PRABHUDAS LILLADHER

THE BANK HAD stopped investing and started winding down its international book. It called back about $370 million of capital from both its UK and Canadian subsidiaries. Under Bakhshi, the bank—with a presence in the US, the UK, Canada, Singapore, Hong Kong, China, Dubai, etc.—has repositioned and recalibrated its books. The strategy for international business has been usually around the NRI ecosystem (deposits, remittances etc.) both for Indians going overseas and Indians trying to invest in India. There is also an MNC piece, which includes Indian firms with global operations and foreign firms investing in India.

The bank's cost-to-income is at 37.20 per cent in FY21 compared to HDFC Bank's 36.32 per cent, and upwards of 40 per cent for Axis Bank, Kotak Mahindra Bank and SBI. The cost ratio, however, has gone up slightly in 2021-22 because of significant investments in technology, branches and people. In terms of growth, the bank's commercial vehicle and equipment segment is a bit stagnant because of industry's concerns over delinquencies. "The company has sizeable exposure to SME, corporate and unsecured retail credit that might be at risk going forward due to ongoing disruption," says Upadhyay of Bonanza Portfolio.

Aggarwal of Prabhudas Lilladher says the bank has been quite resilient during the Covid-19 waves as the gains of a customer-centric approach and tech advancements of the past few years enabled minimal impact. "We believe maintaining one step ahead in tech applications and providing one-stop-shop financial solutions would be key to sustaining growth in an environment prone to disruption by fintech companies," says Aggarwal.

Evidently, all these moves point to a long-term vision for the bank. "We owe a debt of gratitude to our predecessors who have given us such a great legacy. We have to do our bit to ensure that as trustees, probably we will put one extra brick before we hand it over to our successor," says Bakhshi, who believes in playing his part sincerely in building the institution, and then bowing out. But by then, he would have etched his name deep into the annals of Indian banking history. **BT**

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THE DIGITAL EVANGELIST

Rajnish Kumar created the technological foundation for the country's largest bank

BY **RAJAT MISHRA**

SIXTY FOUR-year-old Rajnish Kumar's journey at the country's largest bank, the State Bank of India (SBI), started 42 years ago when he landed in Auraiya *tehsil* in Uttar Pradesh. He had no place to stay when he got down at the station. The son of a government employee in UP's irrigation department, Kumar decided to straightaway proceed to the bank branch where he was posted as a probationary officer. Over the years, Kumar crossed one hurdle after another to finally occupy the corner room of the ₹39 lakh crore-plus assets size banking behemoth.

The big turning point in his career came in the mid-1990s when he was posted to Toronto, Canada. "Getting overseas assignments in those days was considered very coveted," he says. In fact, he was posted abroad twice, a very rare practice. "I also got posted as retail head of UK operations."

Kumar's tenure coincided with reforms and liberalisation. Banking was opened up for the private sector where banks such as HDFC Bank, ICICI Bank and Axis Bank started spreading their wings. When he finally reached the corner office of the SBI headquarters at Mumbai's Nariman Point, the operating environment was very challenging. The bank was saddled with NPAs and its profitability was under pressure because of higher provisions. But by the time he left, the bank was in a much better position.

Under Kumar's three-year tenure, the gross NPAs came under control from 9.97 per cent to 5.44 per cent and the NPA provision coverage ratio improved from 65.1 per cent to 86.3 per cent. He also posted a historic high profit of almost ₹14,500 crore. The bank launched its super app YONO under Kumar's guidance. SBI YONO, which is SBI's integrated banking platform, had 24 million registrations as of June 2020.

Perhaps Kumar's biggest challenge, according to bankers, was to spearhead the bailout of YES Bank in 2020. "The biggest challenge was shortage of time. Another challenge was to find the huge capital of ₹25,000 crore, which was urgently needed. Bringing the organisational base [people to man it] was also a challenge," says Kumar.

Kumar, who has written a book, *The Custodian of Trust: A Banker's Memoir*, is currently a strategic group advisor in hospitality firm OYO and also sits on the boards of HSBC Asia Pacific, L&T Infotech, Hero MotoCorp and BharatPe. **BT**

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PHOTOGRAPHS BY **RACHIT GOSWAMI**

RAJNISH KUMAR, Former Chairman, State Bank of India
TENURE: October 2017-October 2020

THE RAJNISH KUMAR DIARIES

- **Rose from probationary officer to chairman of the largest PSU bank**
- **Launched super app YONO, with initial valuation of over $40 billion-plus**
- **Played a key role in the revival plan for failed YES Bank**
- **Successfully unlocked value in credit card subsidiary SBI Cards**

THE QUIET BUILDER

The unassuming Romesh Sobti built a bank with substance and reach

BY **MANISH PANT**

IN A BANKING career that has lasted more than four decades, 71-year-old Romesh Sobti has traversed the terrain of slow-moving public sector banks, the hard-nosed foreign banks, and also the street-smart private sector banks. When he hung up his boots in March 2020, he was one of the longest-standing CEOs in the country—in his 46 years as a banker he has been chief executive for nearly 24 years!

Starting his career with the country's largest lender, State Bank of India in 1973, he subsequently joined ANZ Grindlays Bank (now Standard Chartered Bank) in a senior role. He later went on to serve at ABN Amro as India head for 12 years before taking charge at IndusInd Bank as its MD & CEO.

"The basic rules of banking across sectors have remained the same," says Sobti, who is now settled in Dehradun. "The only contrast is in terms of the approach that each one of these sectors follows towards shareholders, employees, promoters or owners and customers."

Sobti made headlines when he completely turned around the sleepy IndusInd Bank. In a 12-year tenure, the bank's net profits pole-vaulted 58 times to ₹4,417 crore, deposits jumped 20 times to ₹2.02 lakh crore, loans and advances increased 16 times to ₹2.06 lakh crore, and the balance sheet widened 13 times to ₹3.07 lakh crore. The turnaround was backed by a team of foreign bankers in the senior management, a focus on innovation and digital banking and a diversified loan book with no risky bets.

However, it was not without challenges. "The bank's turnaround story is a function of the joint efforts made by a bunch of people. We focussed on its strengths such as its large network and strong enterprise-wide risk management system to introduce a big interplay in areas like distribution links, businesses, bancassurance and sale of new asset management products," says Sobti.

He feels a collective effort by legacy banking and the emerging new-age fintech companies can create a win-win situation for both. "More collaboration will create viability for the fintech players, and agility and customer focus at legacy banks."

Sobti, who is currently serving on the boards of Aditya Birla Capital, Delhivery, and Adani Green Energy, says that he hopes to contribute not just in terms of accounting practices, but also in terms of encouraging good commercial practices. **BT**

@manishpant22

ROMESH SOBTI, Former MD & CEO, IndusInd Bank
TENURE Feb 2008-March 2020

THE ROMESH SOBTI DIARIES

- **Worked in all three formats—public sector, foreign and private bank**
- **Turned around private sector IndusInd Bank's operations**
- **Set the foundation for micro loans and expansion into smaller geographies**
- **Smooth succession, groomed his successor Sumant Kathpalia for the top job**

THE DOUBLE ENGINE BANK

The bank's wholesale banking engine is firing on all cylinders when the retail growth is a bit muted in the industry

BY **ANAND ADHIKARI**

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TRY IT OUT, make a mistake, learn, and try it again! That's the new catchphrase at HDFC Bank. The person backing the initiative is 56-year-old Sashidhar Jagdishan, the MD & CEO. Today, there are fundamental and structural shifts taking place in the banking space. The Mumbai-headquartered bank has set up an 'Innovation Lab', where over the next 12 months it plans to run some 100 experiments to try out new products, new geographies and new customer segments. "The hallmark of our strategy is that it has the ability to adapt and evolve without losing the core," Jagdishan said in a recent message to shareholders.

HDFC Bank has set the agenda in the banking space over its nearly 30-year journey. For most of the past decade and a half, it has been among the top few in terms of quantitative rankings in the *BT*-KPMG Best Banks Surveys. In 2020-21, it emerges as the Best Large Bank (*see box*).

These days, it is busy implementing its future-ready strategy. HDFC Bank has created two factories—enterprise factory and digital factory—to build a new banking platform with a cloud strategy. The role of the enterprise factory is to completely reengineer the existing bank, including switching from legacy systems to creating a new IT architecture for scaleability, and connecting with fintech and tech giants. The digital factory is focussing on digitising processes, customer journeys, and launching new digital products for retail, MSMEs and large corporates. "We have to be attuned to market demands... digitise our customers' journeys quickly... [and] build systems for the long term, which are going to provide the platform for the next 20 years," says Ramesh Lakshminarayanan, Group Head-IT and the bank's CIO.

The past strategy of a balanced mix of retail and wholesale is paying rich dividends. The share of wholesale banking has gone up from 49 per cent to 53 per cent in the past two years. The wholesale segment, which includes high-rated corporates, MNCs and PSUs, saw loans rising by more than 20 per cent in FY20 and FY21.

One of the main factors driving the bank's growth in early 2021 was corporate demand for liquidity—corporate growth in the first pandemic year was primarily on account of clients building liquidity buffers. Last year, there was a reversal of the trend as firms started prepaying loans because of a buoyant stock market and easy bond and debt availability.

The prepayment cycle is over and HDFC Bank is expected to grow its corporate book sequentially. Going forward, the retail, MSME and corporate sectors are expected to grow at over 18-20 per cent per annum. The bank is also tapping into the capex cycle revival in sectors such as steel, cement, pharma, etc. There are also PLI sectors like auto, pharma, steel, etc. It is already the largest debt and loan syndicator in the infrastructure sector, which is expected to be boosted by the capex of ₹7.5 lakh crore budgeted for FY23.

Under Jagdishan, HDFC Bank

FUTURE FOCUS Sashidhar Jagdishan, MD & CEO, HDFC Bank

KEY HIGHLIGHTS

- Seamless succession without any major senior management exits
- Bank stabilising under new MD & CEO Jagdishan after a series of disruptions like technology glitches, a regulatory ban on new digital offerings, etc.
- Building a scaleable technology platform by benchmarking with Amazon and Netflix
- An ecosystem approach for under-served segments like healthcare, education, the gig economy, and start-ups
- Stock market underperformance with stock price almost stagnant in the past one year

LARGE BANKS	TOTAL ASSETS	NET NPAs	COST TO INCOME	ROCE	CAPITAL ADEQUACY
HDFC Bank	17.46	0.40%	36.32%	16.61%	18.79%
ICICI Bank	12.30	1.24%	37.20%	12.27%	19.12%
Axis Bank	9.96	1.06%	41.69%	7.06%	19.12%

All figures are for FY21; total assets in ₹ lakh crore; ***Source*** *BT-KPMG Survey*

has reorganised its business segments of commercial (MSME) and rural banking under one head. In the past two years, the corporate sector has been trying to reduce its two-month working capital cycle. As a result, a large part of the leverage is moving to MSME suppliers. With digital assessment, GST and physical presence in semi-urban and rural segments, the bank is spreading its wings in this vertical—which will drive growth over the next five years. "If we use the right credit models and analytics, and extend help to those who face temporary issues, we believe one can lend prudently and maintain good asset quality," says Rahul Shukla, Group Head-Commercial and Rural Banking.

Retail continues to be a major focus area. With digital, the bank will strengthen its position in the payments and retail assets markets. The bank is in the process of revamping its entire mobile payments platform.

The bank is also focussing on wealth management and private banking, where it has a 4 per cent market share. "Our endeavour is to win more market share from unorganised wealth managers as clients continue to prefer our phygital approach with better analytics, an open product architecture and an emphasis on managing wealth actively," says Rakesh Singh, Group Head-Investment Banking, Private Banking, Marketing and Products.

Despite encouraging performance and a future-ready model, HDFC Bank's share price has underperformed the benchmark indices. But if it is able to crack a few products, market segments or new geographies in the coming decade, investors would surely reward it. BT

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LEVERAGING FINTECH

The Federal Bank is following a 'branch light, distribution heavy' strategy to reduce costs and reach out to new millennials

BY **BINU PAUL**

DIGITAL FIRST Shyam Srinivasan, MD & CEO, The Federal Bank

SOMETIME IN 2015-16, after a relentless spree of branch launches, The Federal Bank took its feet off the pedal of aggressive physical expansion. The old private sector lender realised that banks of the future would be 'branch light and distribution heavy', and decided digital should drive distribution.

This razor-sharp focus on digital innovations and expansive fintech partnerships helps it add about 14,000-15,000 customer accounts a day, up from about 4,000-5,000 new accounts that came from its physical branches. The increased numbers are contributing to more low-cost current and savings accounts (CASA), which is critical for competing in mortgages, auto, personal loans and other loan products. And this hybrid focus is the driving force behind the 91-year-old lender being named as the Best Mid-Sized Bank in the *BT*-KPMG Best Banks Survey 2020-21. The lender takes home the award for the second year in a row.

"The future of digital is human, not the other way around. It is about more and more technology behaving like human beings. All the technology is good, but if we aren't humanising it, we are wasting our time. Therefore, our mantra is 'digital at the fore, human at the core'," Shyam Srinivasan, MD & CEO of The Federal Bank, says about the lender's philosophy on digital growth.

Srinivasan, who recently got a three-year extension from the RBI as the MD & CEO till September 2024, has stitched 50-plus partnerships with fintechs in the areas of digital lending, payments, account opening, remittance solutions, gold and MFI loans, and cross-border inward remittances, etc. The bank has 300-plus APIs available in open banking where fintechs are permitted to plug and play.

In Q3FY22, the bank's loan mix was 54 per cent retail and 46 per cent wholesale. Its net NPAs were at 1.05 per cent of its advances. However, its provision coverage ratio of 65.80 per cent needs further improvement. The return ratios are improving with the bank reporting return on assets (ROA) at 1.02 per cent and return on equity (ROE) at a healthy 11.62 per cent in Q3FY22. **BT**

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KEY HIGHLIGHTS

- Uncertainty over MD & CEO Shyam Srinivasan's tenure is over; RBI clears three-year extension
- A better retail and wholesale mix of 55:45
- 'Branch light, distribution heavy' strategy
- IFC has recently emerged as a significant shareholder in the bank with close to 5% stake
- Not much scale in the subsidiaries
- Low CASA at 35 per cent is a big challenge

BANKS	TOTAL ASSETS	NET NPAs	ROA	ROCE	CAPITAL ADEQUACY
Federal Bank	2.01	1.19%	0.83%	10.38%	14.62%
Indian Overseas Bank	2.74	3.58%	0.31%	5.02%	15.32%
Bandhan Bank	1.14	3.51%	2.13%	13.53%	23.47%

*All figures are for FY21; total assets in ₹ lakh crore; **Source** BT-KPMG Survey*

PHOTOGRAPH BY **ASHISH VINECENT**

SMALL IS BEAUTIFUL C.V.R. Rajendran, MD & CEO, CSB Bank

NEW TURNAROUND STORY

This over-100-year-old private sector bank is scripting a growth story under new promoter, Canadian billionaire Prem Watsa

BY **RAHUL OBEROI**

FOUR YEARS AGO, when Canadian investor Prem Watsa acquired the 100-year-plus private sector CSB Bank (erstwhile Catholic Syrian Bank), the lender was making losses and had assets of ₹15,800 crore, and a loan book of ₹9,300 crore-plus. But the new management under Watsa's Fairfax Group turned it around. CSB posted a 180 per cent year-on-year growth in net profit at ₹148.25 crore for the quarter ended December 31, 2021. Earlier, it had reported an all-time high bottom line figure of ₹218.40 crore for FY21 against ₹12.72 crore in FY20. Its total assets have risen to over ₹23,300 crore, while its loan book has jumped to ₹14,438 crore in FY21.

The fast turnaround is reflected in the *BT*-KPMG Best Banks Survey 2020-21 where it has emerged as the Best Small Bank. The Thrissur-headquartered bank, with a major presence in Kerala, Tamil Nadu, Karnataka and Maharashtra, is building a well-diversified business model around retail, SME and wholesale banking. MD & CEO C.V.R. Rajendran says the presence of Fairfax benefits CSB immensely. The bank had been perennially starved of capital, and so funds from Fairfax have proved to be the elixir. The latest figures show that CSB's asset quality has improved significantly from the preceding quarter, with gross non-performing assets as a percentage of gross advances reported at 2.62 per cent for Q3FY22 against 4.11 per cent in Q2FY22 and 1.77 per cent in Q3FY21. "Earlier, asset quality concerns were mainly in gold loans, due to the reversal of high LTV (loan-to-value) regime that was enabled by the regulator... Overall, a combination of preventive, proactive and supporting strategy has given us the desired results," says Rajendran, who has decided to take early retirement on health grounds and will leave the bank by March-end.

CSB has opened over 150 branches in the past 12-18 months. Going ahead, the bank plans to open new branches in geographies where it can establish itself quickly and deliver. The bank has also got talent from public, private and foreign banks.

FIH Mauritius Investments, a subsidiary of Fairfax, had infused fresh equity of ₹721 crore in 2018-19 and ₹487 crore in July 2019, taking its stake to 51 per cent. "We are well capitalised and liquid. Going forward, growth will be our driving and deciding factor. Gold loans will continue to be the main focus area. We have plans to build a healthy retail portfolio. We want to embrace digital banking to improve our competitiveness," says Rajendran, adding that CSB would like to position itself as a bank for SMEs.

The bank, whose IPO was oversubscribed 87 times, had a price-to-book value of 1.85 times (as of February 10), which is higher than many mid-sized banks such as IndusInd, RBL and YES Bank. **BT**

@iamrahuloberoi

BANKS	TOTAL ASSETS	NET NPAs	COST TO INCOME	ROCE	CAPITAL ADEQUACY
CSB Bank	23,337	1.17%	54.31%	10.55%	21.37%
City Union Bank	53,312	2.97%	41.45%	10.64%	19.52%
Karnataka Bank	85,581	3.18%	45.65%	7.65%	14.85%
Karur Vysya Bank	74,623	3.41%	58.16%	5.30%	18.98%
DCB Bank	39,602	2.29%	48.51%	9.35%	19.67%

All figures are for FY21; total assets in ₹ crore; ***Source*** *BT-KPMG Survey*

CONSOLIDATING GAINS

The bank is reaping the benefits of surplus liquidity, a buoyant stock market, and consolidation in the industry

BY **ASHISH RUKHAIYAR**

JAMIE DIMON, CEO of JPMorgan Chase, the largest bank in the US, is often spotted in India. While the India operations may not be big, Dimon strongly believes in the long-term India story.

A year and a half ago, the global major even started focussing on emerging mid-sized corporates in the country. "Mid will be fairly large entities in the Indian context," says Madhav Kalyan who has been at the helm of the Indian arm for more than a decade. "It is not SMEs or MSMEs. It would be big corporates and emerging local stars. That segment has started taking off well for us."

JPMorgan is largely a wholesale bank, with four sets of customers in India—foreign portfolio investors, multinationals, Indian corporates and financial institutions. The bank is reaping the benefits of surplus liquidity both in the domestic and global markets, a buoyant stock market with huge interest from foreign investors, and consolidation in the industry where big corporates are strengthening their positions by mergers and acquisitions. In the *BT*-KPMG Best Banks Survey 2020-21, JPMorgan has emerged as the topmost foreign bank.

BANKS	TOTAL ASSETS	COST TO INCOME	ROCE	NIM	CAPITAL ADEQUACY
JPMorgan*	77,151	14.42%	13.13%	4.30%	23.95%
Sumitomo Mitsui	26,581	23.30%	3.89%	2.83%	32.44%
Bank of Tokyo	32,922	32.34%	7.53%	2.43%	22.39%
Bank of America	63,372	26.76%	9.55%	3.42%	20..05%
HSBC India	2,29,946	37.23%	13.13%	4.40%	17.07%

**JPMorgan's bank branch entity in India; all figures are for FY21; total assets in ₹ crore;*
***Source** BT-KPMG Survey*

The bank has gained big time in growth parameters especially fee income and operating profit. The cost to income is also the lowest at 14.42 per cent. The bank is also rated high on return parameters like return on assets and return on capital employed. The capital adequacy ratio at 23.95 per cent is also at a very comfortable level to expand the loan book in the near future.

"We have always been a banker's bank," says Kalyan. Focussing on a wholesale business model has helped the bank achieve better efficiencies and cost to income ratio, says Kalyan. It recently got in-principle approval to open a branch in GIFT City and is eyeing launching its services from the international finance centre in the first half of the calendar year, subject to approvals.

But there are challenges, especially from the large private banks in the country that are not only technology savvy, but also ready with a product suite for large as well as MNC clients in India.

JPMorgan is also betting big on blockchain and cryptos, and has launched its own digital currency—JPM Coin. "We believe there is a lot of benefit in the underlying technology for removing friction in cross-border payments and making cross-border trades digital, which is something banks have been dealing with as an issue for many years," says Kalyan. "Getting all intermediaries onto a blockchain to track and trace, find solutions, can only make the payment systems much more efficient. So, we believe that there's a lot to go that can be built on this underlying technology, and we continue to invest as a firm in all these platforms," he adds. **BT**

@ashishrukhaiyar

BIG PLANS Madhav Kalyan, CEO, JPMorgan Chase Bank India, and Senior Country Officer, JPMorgan India

PHOTOGRAPH BY **MILIND SHELTE**

SMALL DIGITAL BANK

This NBFC-turned-small finance bank has weathered the Covid-19 storm much better than other banks in the same category

BY **VIDYA S.**

"IF ALL BANKS are cricket players, AU Small Finance Bank is the M.S. Dhoni among them—dependable, understanding, accountable and honest," says MD & CEO Sanjay Agarwal of his banking venture, which caters to small borrowers in under-banked and underserved geographies. "When I finished CA in 1995, job opportunities in and around Jaipur were not that high... I started this company for my own livelihood." Twenty-six years on, it is one of the few small banks to have weathered the pandemic well: At ₹51,591 crore, its assets are almost twice as much as its nearest competitor and its ROCE is the highest among its peers at nearly 22 per cent—making it the Best Small Finance Bank in the *BT*-KPMG Best Banks Survey 2020-21.

But AU did not start out as a bank. It began its journey in 1996 from Jaipur as an NBFC. It was a partnership with HDFC Bank in 2003, where the private lender picked up AU as its channel partner for Rajasthan, that became a turning point. "I owe this bank to the HDFC Bank partnership," says Agarwal. The five-year association ushered in money, patience, a corporate way of thinking, and the belief that they could build big, too, he says. "We copy HDFC Bank, to be very honest."

PHOTOGRAPH BY **PURUSHOTTAM DIWAKAR**

THINK BIG Sanjay Agarwal, MD & CEO, AU Small Finance Bank

BANKS	TOTAL ASSETS	NET NPAs	COST TO INCOME	ROCE	CAPITAL ADEQUACY
AU Small Finance Bank	51,591	2.18%	43.45%	21.98%	23.37%
Equitas Small Finance Bank	24,715	1.58%	59.99%	12.51%	24.18%
Utkarsh Small Finance Bank	12,138	1.32%	55.43%	9.37%	21.88%
Fincare Small Finance Bank	7,966	2.80%	55.93%	11.78%	29.56%
EASF Small Finance Bank	12,339	3.88%	60.31%	8.65%	24.23%

All figures are for FY21; total assets in ₹ crore; ***Source*** *BT-KPMG Survey*

AU offers vehicle loans and secured business loans (SBLs), which account for three-fourths of its ₹42,000-crore loan base. Home loans form a part of the remaining quarter of the asset base along with commercial banking, a small part of gold loans and a very small part of unsecured loans. In the next five years, he sees home loans occupying 20 per cent and the vehicle-SBL mix going down to 55-60 per cent.

Unlike microfinance institutions, many of which had to fold up their businesses during the pandemic, the global health crisis's impact on AU has been limited, Agarwal says. But once things normalised, loan repayment started, he adds. "Our gross NPA was at a peak of 4.3 per cent, which has come down to 2.6 per cent in two quarters. This is a very strong recovery."

AU is also fast embracing the future. A super app, 'AU 0101', video banking, credit cards and a UPI-based QR code are among its latest digital initiatives. In Q3FY22, a third of its savings accounts were opened digitally through the app and video banking. "You cannot live only in a physical world," says Agarwal, who now has his sights set on making AU a pan-India bank in 15 years. BT

@SaysVidya

LOOKING BEYOND BINARIES

Axis Bank's charter for LGBTQIA+ and its women-friendly policies make it stand out

BY **VIDYA S.**

BINARIES ARE restricted to the lines of code powering Axis Bank's systems, no longer finding a place in its gender lens. The private lender, with a workforce comprising more than 78,000 people, hit upon the idea of a 'ComeAsYouAre' charter for LGBTQIA+ people among its customers and employees when a regional business head pointed out the opportunity in banking services for transgender people, who have historically been left out of the financial system.

From having a trans-person heading their D&I initiatives, to hiring people of non-binary genders, them across roles, including customer-facing ones, says Rajkamal Vempati, President and HR Head.

On a more day-to-day basis, the bank doesn't classify attire as men's or women's, so employees can choose to dress as they wish as long as it is work appropriate. The larger offices have gender-neutral washrooms. However, Vempati admits that the mindset change hasn't reached every part of the bank's workforce, despite sensitisation programmes.

Axis has also rolled out policies recognising the new ways of working post the pandemic with its GIG-

Best Bank-Talent & Workforce

Winner: Axis Bank

to a mediclaim and leave policy for gender affirmation surgery and permitting same-sex joint accounts, Axis Bank stands out from its peers in the talent and workforce management category of the *BT*-KPMG Best Banks Survey 2020-21.

Since the charter was rolled out in September 2021, the bank has had 1,000-plus résumés from various genders and has hired 600 of

A Freelancer and GIG-A Anywhere models. Women filled 40 per cent of these roles in 2020-21 and 44 per cent were filled by talent from non-metros. This along with its 'Mind the Gap' programme where it hires women who have had gaps in their résumés, are ways in which the bank is endearing itself to women employees. **BT**

@SaysVidya

ON THE DIGITAL BAND-WAGON

Bank of Baroda has set big targets for mobile banking by the end of FY23

BY **ANAND ADHIKARI**

BANK OF BARODA'S new mobile app allows customers to get the best deal from dozens of e-commerce sites including Amazon and Flipkart. In addition, the customer also gets attractive rewards and cashbacks. If you are a new bank customer, the app provides you with an instant digital account

WELL TESTED MODEL

SBI has identified the three pillars of technology, resilience and people for its next phase of growth

BY **ANAND ADHIKARI**

WITH A LEGACY spanning over two centuries, the State Bank of India (SBI) has not only maintained its leadership in deposits as well as advances, but also shown the way to the banking industry. The Mumbai-headquartered bank has now identiopening via remote video KYC. "We are making every transaction rewarding for customers," says Akhil Handa, Chief Digital Officer, Bank of Baroda (BoB). The digital transformation has led the jury of the *BT*-KPMG Best Banks Survey 2020-21 to confer on it the two most coveted awards—Best in Innovation and Best in Fintech Initiative.

Its mobile banking application named 'BoB World' offers 227-plus retail banking services, from shopping to loans to investments, and has attracted 33.6 million-plus registrations since its launch in September 2021. The app has a daily transaction volume of 6 million, with an average transaction value of ₹1.5 lakh crore. The bank has set big targets by the end of FY23—from having 25 per cent new retail customers for mobile banking to a ₹5,000-crore increase in savings account balances. It also expects a ₹10,000-crore increase in loan balances and a 25 per cent increase in retail deposit bookings through mobile banking.

BoB has tied up with nearly two dozen fintech players with 100-plus integrations for developing credit models based on sales and revenues, cash flow and alternate market data as compared to the earlier practice of only balance sheet-based lending. "We are onboarding even more partners in areas like data and analytics and underwriting," reveals Handa. It has sanctioned loans worth ₹8,000 crore through its digital lending platform during the first half of the current financial year. **BT**

@anandadhikari

Best Bank-Innovation and Fintech Initiative

Winner: Bank of Baroda

Best Bank-Enterprise Resilience

Winner: SBI

ILLUSTRATIONS BY **RAJ VERMA**

fied technology, resilience and people as the three pillars for its next phase of growth.

In the *BT*-KPMG Best Banks Survey 2020-21, SBI was the unanimous choice of the jury for Enterprise Resilience. In a post-pandemic world, SBI, with a domestic loan book of over ₹23 lakh crore is rock steady. The bank's super app YONO (You Only Need One) is handing out digital loans, offering investment products, etc. Swaminathan Janakiraman, MD (Risk, Compliance & Stressed Assets Resolution Group) said recently that the changing regulatory landscape has made it essential for businesses to ensure that their governance practices are dynamic and robust. "Regular risk assessment, monitoring and management have helped the bank retain its leadership position despite current and past crises," Janakiraman said.

The bank is already investing in emerging sectors such as renewable energy and clean mobility. Its liquidity coverage ratio of close to 160 per cent as against the regulatory minimum of 100 per cent shows that the bank has enough liquidity to meet any sudden fund outflow requirements. SBI's capital adequacy ratio is also comfortable at 13.2 per cent. **BT**

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FRAUD BUSTERS

This young fintech start-up is playing a big role in risk management for the financial services industry

BY **TEENA JAIN KAUSHAL**

MUMBAI-BASED Karza Technologies, a financial technology company offering value-added services (VAS) to banks, NBFCs and the corporate sector, cracked the code early on when the financial world was still warming up to the idea of big data, artificial intelligence and machine learning. Set up in 2015, Karza Technologies is the largest data analytics, automation and decision solution provider to financial institutions, catering to the entire lending lifecycle from onboarding to diligence and monitoring to collections. Their client list includes the who's who of the banking world from ICICI Bank to HDFC Bank. In the *BT*-KPMG Best Banks Survey 2020-21, Karza has emerged as the Best Fintech in the Value Added Services category.

For years, the financial services industry has been under threat from issues such as asset appropriation, identity theft, money laundering, and accounting fraud. Post the arrival of financial technology companies or big tech, the financial services industry has started the digital transformation journey to reduce costs, streamline business processes and improve customer experience. That's where the need for big data analytics arises, to keep a check on frauds and money laundering.

Omkar Shirhatti, Gaurav Samdaria and Alok Kumar established Karza Technologies to eliminate these pre-existing issues in financial institutions with their tech-enabled intelligence products. By leveraging big data and artificial intelligence, their solutions efficiently deal with automating processes like pre-profiling, onboarding, underwriting, due diligence, fraud and risk management, disbursement, and data collection.

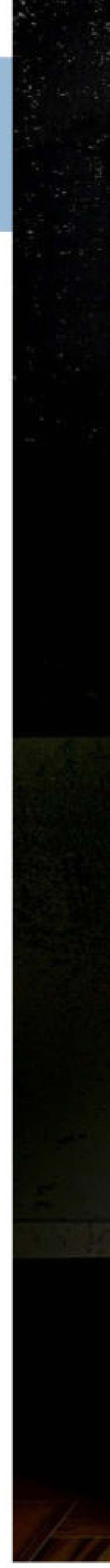
FOUNDING STONE

The two founders—Omkar Shirhatti, Chief Executive Officer, and Gaurav Samdaria, Chief Business Officer—are college friends. As chartered accountants, they worked on investigations, frauds, business valuations, etc. "I came across the idea of peer-to-peer lending in 2014. However, we realised that this was not a scaleable business. We figured out how to digitally onboard, verify, assess risk and fraud for customers. That's when we shifted from P2P to providing these services to the banking industry. I connected with Omkar and we decided to do it together," says Samdaria.

The next challenge for them was to find someone who could create the most comprehensive digital diligence platform. "Meeting Alok was a hurray moment for us," says Shirhatti. Alok Kumar, an engineer from IIT Kharagpur, joined the company in January 2017 as the third Co-founder and Chief Technology Officer.

SUITE OF PRODUCTS

Karza Technologies unifies human and artificial intelligence to automate onboarding and diligence through technology and data-driven solutions. As part of its onboarding suite, it offers Aadhaar-based OKYC, Digital KYC, Video KYC, KYC OCR, Face Match, and other cognitive services. Their flagship due diligence platform, KScan, leverages ML technology to stitch



PHOTOGRAPH BY MILIND SHELTE

KEY HIGHLIGHTS

- Has prevented $325 million in bank frauds
- 2,000-plus data sources to analyse customer data
- Key clients include HDFC Bank, ICICI Bank, and Axis Bank, among others
- Processed 600 million transactions in 2020-21
- Building revenues on a low capital base. Revenues of ₹33.34 crore in 2020-21
- Unlike other fintechs, it is profitable and cash positive

THREE MUSKETEERS
(*From left*) Gaurav Samdaria, Omkar Shirhatti and Alok Kumar

together profiles of businesses from multiple reliable sources, makes it available on a single platform, and delivers search results in a few milliseconds. What makes Karza Technologies unique is that they solve India-specific challenges like lower resolution, Indian faces, worn-out documents, blurred images, etc. to match or even surpass human cognitive skills. Karza Technologies has so far been able to offer solutions at a scale and variety suited to the Indian population.

GROWING BUSINESS

In the past five years, Karza Technologies' client base has already reached 370+ active clients. In fact, when the entire business ecosystem was struggling to maintain its profitability due to the pandemic-induced economic slowdown, Karza Technologies experienced a 200 per cent revenue jump along with a 5x growth in the client base. Their standout business positioning of lean management and minimal capital has allowed them to achieve equivalent or higher growth compared to their peers with one-fourth of the capital invested.

"We are highly profitable. This year we will be posting about one and a half or two times profit as compared to the entire fundraise we would have done. About 92-93 per cent of our entire operation is funded by client revenues. It is a self-sustaining business," says Shirhatti.

Samdaria adds: "We are very proud that even compared to other businesses that raised funds over $10 million for instance, we are 3x of their revenues. Even though our lifetime raise is close to $1.1 million. We don't like spinning stories, we genuinely deliver results."

Clearly, digital transformation is the future of the BFSI sector. And Karza Technologies is playing its role in making the sector secure. BT

@teena_kaushal

SOLUTIONS PROVIDER Anirban Mukherjee, CEO, PayU India

EMPOWERING MERCHANTS

THE COMPANY IS PARTNERING THE MERCHANT COMMUNITY IN THEIR DIGITISATION DRIVE

BY **TEENA JAIN KAUSHAL**

IN A LITTLE over a decade, PayU, has become one of the most trusted online payments solution providers in India. It has significantly improved the ease of doing business for e-commerce merchants providing greater convenience to consumers, especially during the pandemic. The company also empowers small and medium businesses (SMBs), allowing them to accept online payments and support their digitisation journey.

It is the payments and fintech business of Prosus, a global consumer internet group and one of the largest technology investors globally. PayU serves more than 400,000 merchants and is a payments partner for e-commerce businesses. In the *BT*-KPMG Best Banks Survey 2020-21, PayU has emerged as the Best Fintech in the Payments category.

In one of the largest acquisitions in India's digital payments space, PayU has proposed an acquisition of BillDesk in an all-cash transaction of $4.7 billion in September 2021. The deal is currently awaiting regulatory approvals.

PayU also received the RBI's approval to operate as an NBFC (PayU Finance) in 2018. In 2020, PayU India acquired PaySense at a valuation of $185 million and merged it with LazyPay to build a full-stack digital lending platform in India. PayU Finance is set on a path to evolve into a fully functional consumer business by expanding its product line to offer a wide range of financial services, in addition to credit, for consumers.

During the previous festive season, PayU recorded more than 7 million transactions in a day. It is associated with close to 100-plus NBFCs (such as LIC and Cred) and 70-plus banks, including ICICI Bank, HDFC Bank and Axis Bank.

KEY HIGHLIGHTS

- Serves more than 400,000 merchants
- Payments partner for top 100 e-commerce merchants in India
- Revenue of more than ₹1,400 crore in 2020-21
- Associated with close to 100-plus NBFCs and 70-plus banks
- Raised more than ₹2,000 crore equity

GROWTH DRIVERS

PayU's vision is to increase the digital financial inclusion of end consumers and businesses. "We passionately believe in the Digital India Mission. PayU has faith in the India growth story and sees great potential for digital financial services," says Anirban Mukherjee, CEO, PayU India.

PayU is currently experimenting with the merchant lending opportunity. The aim is to build a diversified platform with a wide range of services in response to the current needs of the merchant. "Our ambition is to create a full-stack digital financial services platform to serve all financial needs of both merchants and customers with data science and technology innovations at the forefront," says Mukherjee. BT

@teena_kaushal

Managing the Risks of Digital Lending

As more and more fintech players enter the space, prioritising risk and compliance will be the important aspects

BY **SANJAY DOSHI**, PARTNER & NATIONAL HEAD, FINANCIAL SERVICES ADVISORY, KPMG IN INDIA

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TECHNOLOGY HAS BEEN the crux of the Indian banking system and the advent of Covid-19 has fuelled the shift of business models from 'physical' to 'digital'. The journey of innovation, which started with internet banking and digital means of payments, graduated to account opening, digital lending, wealth-tech and invest-tech solutions, and now has moved close to digital banks with the advent of neo-banking models/'banking-as-a-service' platform providers. With rising customer demand for virtual banking, increasing significance of superior customer experience, growth of the e-commerce market, and the rise of the fintechs, digital has almost become synonymous with banking in current times. It has also made banking accessible to the non-banked/under-banked.

The lending business has also been influenced by digitisation. A riveting evolution of digitisation across the lending landscape in India over the past few years can be attributed to increasing internet penetration, amplified smartphone usage, emergence of advanced technologies, a favourable regulatory environment, and rising customer expectations, especially after the onset of the pandemic.

With the advent of diversified fintech players and digital lending models, the number of loans disbursed via digital went up by nearly 12 times by the end of 2020. Private banks and NBFCs play a major role in the new lending ecosystem and accounted for 55 per cent and 30 per cent of loans disbursed through digital channels, respectively, in 2020. Though private banks have a major share in digital lending, NBFCs have a higher proportion of lending via digital mode (>10 per cent) as compared to banks (~0.2-0.3 per cent), according to the Reserve Bank of India's (RBI) Report of the Working Group on digital lending, including lending through online platforms and mobile apps.

Public sector banks have also gathered significant momentum towards digital lending through digital transformation of their business model, setting up digital lending business units, and increased investment in technology to improve customer experience and enable personalised products and services.

Key innovations

India's lending landscape has seen an array of innovations in recent times that have been incremental in the rapid digitisation of the sector. Led by fintech NBFCs, technology providers and marketplace aggregators, digital lending has products ranging from unsecured loans to secured loans, personal loans to business loans to vehicle loans, loans to individuals and MSMEs, from salaried class to young generation, etc.

While banks have been increasingly adopting innovative approaches in digital processes, fintech NBFCs have been at the forefront of innovation in digital lending. With the growth of e-commerce, marketplace lending as a financing model has taken prominence. Banks and NBFCs have tied up with e-commerce firms to not only finance the buyers of products in the marketplace but also the suppliers and businesses listed therein. To cater to digital sourcing models, financial institutions are entering into partnerships with marketplaces, aggregators, wallet companies and payment facilitators, etc.

In addition to fintech NBFCs, technology service providers and marketplace aggregators are following the model of platform lending or 'loan service providers' (LSP) with banks and NBFCs at the backend as manufacturers where the loan is booked. However, this 'rent-an-NBFC' model wherein the LSP provides certain credit enhancement features such as first loss guarantee up to a pre-decided percentage of loans generated by it, has higher potential of risk build-up as these entities are not under the RBI's regulatory purview.

Leveraging advanced technology

to harbour innovations has led to the creation of newer products, differentiated by terms of loans, tenure of loans, characteristics of payment, ease of accessibility and much more. One of the products currently gaining traction is Buy Now, Pay Later (BNPL), a point-of-sale credit product. Financial institutions are partnering with various fintechs; however, many non-regulated marketplace players and fintech entities are assuming direct balance sheet exposures.

With increasing speculation around crypto-related regulations, crypto lending products can be seen picking up gradual pace. Low interest rates, no credit checks and faster loan funding are attracting the lenders towards the space. Decentralised finance ('DeFi') lending platforms—which enable lending and borrowing using crypto assets—can pose serious issues in the absence of any regulatory framework.

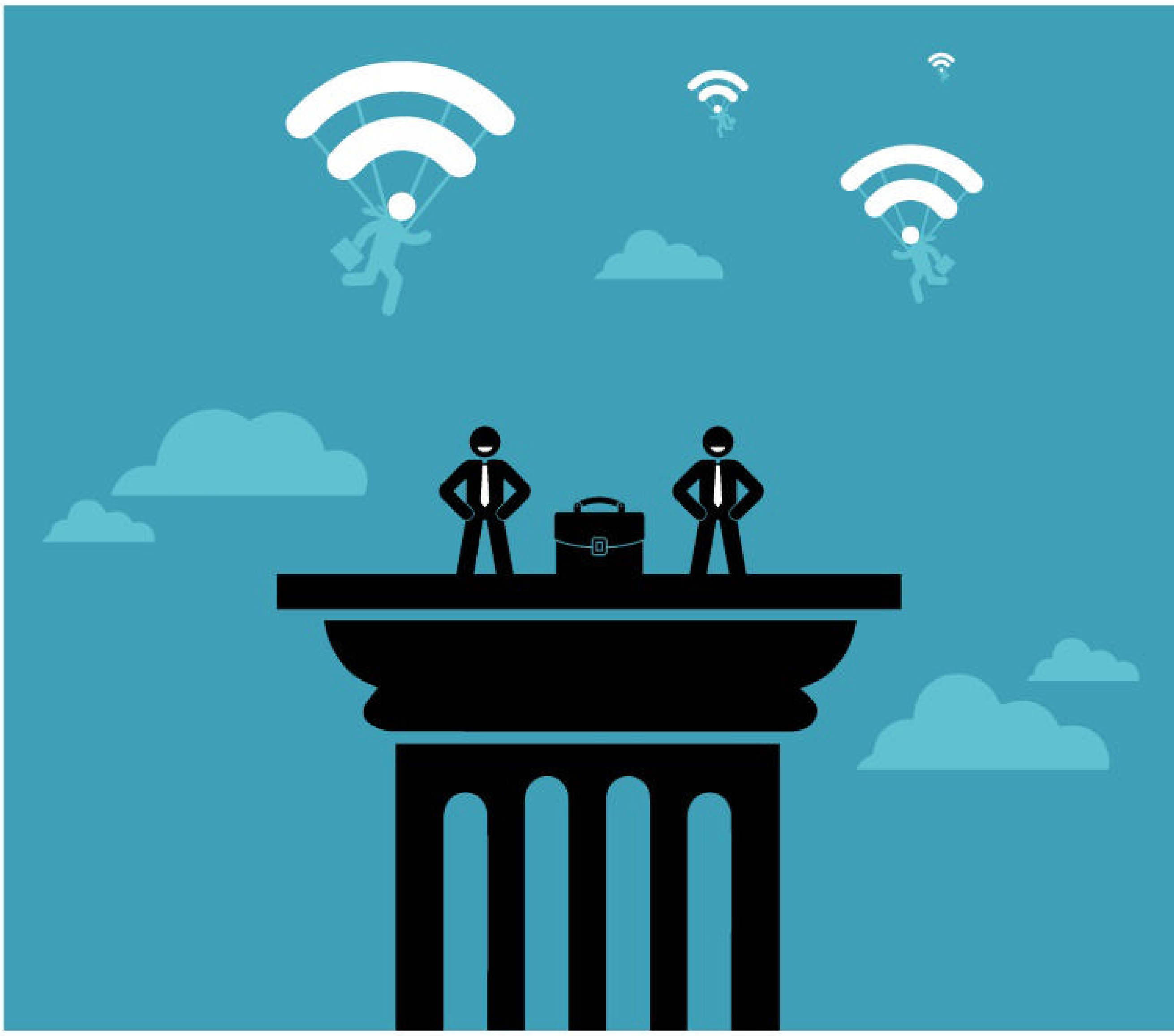


ILLUSTRATION BY **RAJ VERMA**

Emerging tech deployments

Financial institutions are using emerging technologies like data analytics to create digitalised databases, alternate data models, and data-based underwriting models to reduce turnaround time and operational costs. They are partnering with account aggregators to make informed credit decisions by leveraging data from other financial sources, to undertake income assessment, loan monitoring, KYC data assessment, and create a single view of the customer across their liabilities and assets. The introduction of account aggregators will result in significant ease of on-boarding new customers for banks.

Data aggregators are also supporting the financial institutions to help assess the customer's risk profile while loan reimbursement, for a seamless and frictionless digital experience to customers.

There is also advanced use of emerging technologies like open banking wherein financial institutions are integrating with fintechs for a bouquet of financial services like lead acquisition, KYC verification, income verification, e-signing and e-stamping, processing fee payments and collections.

Risks and challenges

The onset of digitisation and transformation in lending has also led to a spurt in digital lending applications sponsored by non-financial services entities or non-regulated entities resulting in unethical business practices, mis-selling, cybersecurity and data privacy concerns. Some of the key challenges of the current digital lending landscape include:

- Absence of regulatory framework for digital loans such as consumer loans, instant loans, etc.
- Absence of pre-emptive safeguarding mechanisms against fraudulent lending platforms
- Lack of monitoring mechanisms for LSPs and digital lending apps

The digital lending loan lifecycle, from origination to collections, typically involves interplay amongst a number of third parties like fintech, distributors, SaaS providers, thus exposing borrowers and institutions to new and heightened levels of risk.

The innovative operating models and structures that evolved around digital lending necessitate the need for in-depth evaluation of risks to protect the borrowers, including data, and safeguard the institutions. Traditional ways of risk management will need to be transformed to more proactive risk management systems with necessary system controls/limits and early warning signals.

Current financial crime risk management frameworks of banks and NBFCs have started harnessing digital touch points for a proactive risk assessment of clients. However, the existing frameworks operate in silos, resulting in inadequate utilisation of intel generated across various surveillance platforms. Connecting the digital touch points across various risk types may provide an insightful and holistic risk score (one-view risk profile) for clients, thus empowering informed and insightful decision-making across the entire loan lifecycle. Further, rule engines and real-time behaviour identification capabilities may need to be tweaked to identify potential anomalous transactions.

In addition, it is extremely important to regulate and formulate better standards for cybersecurity, privacy, customer servicing, dispute management, system availability and performance, and fraud. Lenders should set up robust risk control self-assessment programmes. The existing RBI guidelines should be leveraged for assessing the cyber and system worthiness of these apps. Customer education around downloading of compliant apps, responsibly managing app permissions and access, careful reading of contractual terms and conditions, customer rights and awareness, dispute resolution, fraud management, etc., is another area which becomes extremely important.

Evolving regulations

The RBI has constituted a Working Group on digital lending and it has given its recommendations aimed at providing a balance between measures addressing concerns posed by digital evolution in financial services while ensuring the sector is able to reap benefits of digital innovation. Key recommendations of the Working Group were based on three guiding principles, viz: technology neutrality, principle-backed regulation and addressing regulatory arbitrage across the three pillars of legal and regulatory, technology and data security and consumer protection.

The group has provided recommendations around setting up a self-regulatory body to supervise digital lending applications, restricting balance sheet lending to regulated entities including BNPL being considered as lending, state level coordination committees to cover issues in the digital financing space, inducting TRAI as its member, development and compliance around baseline technology standards and data storage, transparency and audit trail in algorithm features used in digital lending, measures around consumer protection, disclosures, tracking defaulting lenders and LSPs, etc.

Further recommendations are around reporting, payments and settlement systems, storage of biometric data, simplification of digital products, governance, etc., to ensure that financial stability, market integrity and consumer protection take precedence in the objectives of financial regulation in comparison to creating a level playing field.

The suggestions have also provided a time-based approach with measures to be implemented in the short- to medium-term and long-term measures around covering formulation of regulations for 'digital banks'/ 'neo banks', encouraging 'digital-only' NBFCs and providing groundwork for opening digital-only banks.

The measures may impact in the short-term the growth of digital lending, especially in the small- to medium ticket size segment. It will also have an impact on set up, technology, compliance, and operational costs for digital lending players.

Laws around data privacy and protection, clarity on outsourcing guidelines, transparency in product design and ability to conduct audit-trails on AI/ML-based underwriting algorithms, will bring in the much-required monitoring and governance in the segment especially for existing non-regulated players.

The above recommendations will certainly bring in required regulatory oversight, help build trust in digital lending for customers and provide more transparency, thereby providing a comprehensive framework and progressive regulatory environment for the fast-growing digital lending segment in the medium- to long run.

As banks and NBFCs offer robust and seamless digital lending infra to borrowers, they also need to effectively address and mitigate issues pertaining to cybersecurity, data privacy, operational risk, third-party risk and fraud risk

As banks and NBFCs offer robust and seamless digital lending infrastructure to existing and potential borrowers, they also need to effectively address and mitigate issues pertaining to cybersecurity, data privacy, operational risk, third-party risk and fraud risk. The RBI's balanced approach will create safe, efficient, and delightful customer experience, resulting in higher brand equity and higher market share. The recommendations and suggestions made by the RBI's Working Group will help financial institutions and their partners reap the benefits of ensuing digital innovation while mitigating potential risks. BT

KPMG Partners Vinay Narkar, Kunal Pande, Suveer Khanna, Somdeb Sengupta and Chartered Accountant Minaar Malse contributed to this article

GROUP-I **LARGE INDIAN BANKS**

With balance sheet size of more than or equal to ₹3 lakh crore

			GROWTH (%)										SIZE (₹ CRORE)						
RANK FY21	RANK FY20	Bank	Growth in total deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Total NPA growth ratio (%)	NPA coverage (%)	Net NPA/ Net advances (%)	Divergence in gross NPAs (%)
1	1	**HDFC Bank**	16.34% **3**	14.00% **1**	-1.89% **2**	17.67% **3**	0.25% **2**	0.83% **1**	19.17% **1**	19.83% **1**	13.60% **1**	20.70% **2**	13,35,060 **2**	57,362 **2**	17,46,871 **2**	1.51% **2**	69.81% **6**	0.40% **1**	0.00% **1**
2	2	**ICICI Bank**	20.95% **2**	13.71% **2**	-9.23% **5**	29.52% **1**	0.49% **1**	0.38% **2**	18.46% **3**	12.71% **3**	6.28% **4**	13.73% **7**	9,32,522 **3**	36,397 **3**	12,30,433 **3**	2.33% **4**	77.68% **1**	1.24% **5**	0.00% **1**
3	3	**Axis Bank**	10.50% **6**	9.15% **3**	-5.61% **3**	9.66% **4**	-0.21% **7**	0.09% **4**	15.96% **4**	12.36% **4**	11.00% **2**	18.12% **5**	7,07,306 **4**	25,702 **4**	9,96,118 **4**	2.70% **6**	70.73% **5**	1.06% **3**	0.00% **1**
4	4	**Kotak Mahindra Bank**	6.57% **7**	1.79% **7**	-6.14% **4**	21.89% **2**	-0.18% **6**	-0.13% **5**	13.29% **5**	9.64% **5**	6.98% **3**	19.50% **3**	2,80,100 **7**	12,215 **5**	3,83,489 **6**	2.48% **5**	63.57% **8**	1.21% **4**	0.00% **1**
5	5	**State Bank of India**	13.56% **4**	5.34% **4**	1.46% **1**	5.02% **7**	-0.14% **5**	-0.69% **8**	10.80% **6**	8.18% **6**	5.42% **5**	6.34% **8**	36,81,277 **1**	71,554 **1**	45,34,430 **1**	1.20% **1**	70.88% **4**	1.50% **6**	0.00% **1**
6	6	**IndusInd Bank**	26.81% **1**	2.81% **6**	-23.26% **7**	8.86% **5**	0.24% **3**	0.21% **3**	19.10% **2**	13.62% **2**	2.20% **6**	20.78% **1**	2,56,205 **8**	11,727 **6**	3,62,973 **8**	3.65% **7**	74.52% **2**	0.69% **2**	0.00% **1**
7	8	**Bank of India**	12.89% **5**	-0.87% **8**	-35.84% **8**	-5.61% **8**	-0.06% **4**	-0.23% **7**	6.38% **7**	2.32% **7**	1.08% **7**	15.05% **6**	6,27,114 **5**	10,872 **7**	7,25,856 **5**	2.33% **3**	74.42% **3**	3.35% **7**	0.39% **7**
8	12	**Central Bank of India**	5.17% **8**	3.63% **5**	-21.94% **6**	6.58% **6**	-0.26% **8**	-0.22% **6**	3.82% **8**	0.01% **8**	-3.35% **8**	19.21% **4**	3,29,973 **6**	4,630 **8**	3,69,215 **7**	4.19% **8**	65.41% **7**	5.77% **8**	1.09% **8**

₹17.46

LAKH CRORE

The size of HDFC Bank's balance sheet, which is equal to the total of the balance sheets of Axis Bank, Kotak Mahindra Bank and IndusInd Bank

ILLUSTRATIONS BY **RAJ VERMA**

QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY				QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE			
Divergence in provision for NPAs (%)	RA/ Average loans and advances^ (%)	ORA/Outstanding loans and advances (%)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/ average asset ratio (%)	Absolute increase in return on assets	Increase in operating profit/ Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)	TOTAL SCORE
0.00% **1**	0.01% **2**	0.02% **1**	4.10% **3**	12.90% **6**	13.70% **7**	36.32% **1**	2.00% **6**	0.07% **7**	11.23% **4**	1.90% **1**	12.58% **2**	16.61% **1**	4.12% **3**	10.10 **8**	18.79% **4**	17.56% **3**	137.24% **7**	**622.87**
0.00% **1**	0.61% **5**	1.61% **5**	5.38% **4**	13.77% **7**	14.47% **8**	37.20% **2**	1.85% **2**	0.59% **2**	20.49% **2**	1.39% **3**	10.85% **5**	12.27% **3**	3.64% **4**	1.10 **4**	19.12% **2**	18.06% **2**	138.13% **6**	**592.00**
0.00% **1**	0.00% **1**	0.18% **2**	7.86% **6**	10.05% **2**	11.69% **5**	41.69% **5**	1.92% **4**	0.48% **3**	9.22% **6**	0.69% **5**	13.90% **1**	7.06% **6**	3.41% **5**	0.05 **2**	19.12% **2**	16.47% **5**	115.14% **8**	**506.88**
0.00% **1**	0.38% **4**	0.50% **4**	9.84% **7**	8.31% **1**	9.36% **1**	41.27% **3**	2.31% **7**	0.17% **4**	21.90% **1**	1.87% **2**	11.75% **3**	12.35% **2**	4.30% **2**	- **1**	22.26% **1**	21.38% **1**	173.31% **3**	**499.25**
0.00% **1**	0.04% **3**	0.25% **3**	3.71% **2**	12.43% **5**	10.63% **3**	53.60% **7**	1.95% **5**	0.08% **5**	2.95% **7**	0.48% **6**	11.16% **4**	8.40% **4**	2.87% **6**	2.00 **5**	13.82% **8**	11.19% **8**	158.60% **4**	**488.50**
0.00% **1**	1.98% **8**	1.98% **6**	21.73% **8**	10.54% **3**	10.62% **2**	41.62% **4**	2.50% **8**	-0.66% **8**	9.39% **5**	0.85% **4**	10.38% **6**	7.27% **5**	4.37% **1**	4.50 **6**	17.38% **5**	16.83% **4**	145.11% **5**	**424.99**
3.42% **7**	1.39% **7**	5.71% **7**	7.05% **5**	15.84% **8**	12.22% **6**	49.92% **6**	1.57% **1**	0.75% **1**	-3.60% **8**	0.31% **7**	6.08% **8**	4.67% **7**	2.22% **8**	5.13 **7**	14.93% **6**	11.96% **7**	229.78% **2**	**320.75**
11.95% **8**	1.13% **6**	7.12% **8**	2.92% **1**	11.19% **4**	11.24% **4**	59.43% **8**	1.87% **3**	0.07% **6**	11.94% **3**	-0.24% **8**	6.62% **7**	-3.70% **8**	2.46% **7**	0.83 **3**	14.81% **7**	12.82% **6**	417.10% **1**	**260.26**

EXIT FROM CATEGORY
- **Union Bank of India** Merger with Andhra Bank and Corporation Bank
- **Indian Bank** Merger with Allahabad Bank
- **Canara Bank** Merger with Syndicate Bank
- **Punjab National Bank** Merger with Oriental Bank of Commerce and United Bank of India

Three-year growth is compounded annual growth rate (CAGR); Values in each parameter are rounded off up to two decimals; NPA: Non-performing assets; CASA: Current account savings account; CAR: Capital adequacy ratio; ROCE: Return on capital employed; NIM: Net interest margin; ^RA: Restructured assets/Total average loans and advances; ORA: Outstanding restructured assets; LCR: Liquidity coverage ratio; For explanation of parameters and how total score was arrived at, see Picking the Winners, page 82

GROUP-II **MID-SIZED INDIAN BANKS**

With balance sheet size of more than ₹1 lakh crore and less than ₹3 lakh crore

			GROWTH (%)										**SIZE (₹ CRORE)**						
RANK FY21	RANK FY20	Bank	Growth in total deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Total NPA growth ratio (%)	NPA coverage (%)	Net NPA/ Net advances (%)	Divergence in gross NPAs (%)
1	1	**The Federal Bank Ltd**	13.37% **5**	7.86% **4**	6.64% **5**	18.17% **5**	-0.01% **5**	0.07% **4**	15.52% **3**	12.77% **3**	14.93% **6**	18.24% **5**	1,72,644 **5**	3,787 **7**	2,01,367 **5**	1.51% **1**	65.14% **7**	1.19% **1**	0.00% **1**
2	6	**Indian Overseas Bank**	7.78% **7**	5.26% **5**	34.54% **2**	66.85% **1**	-0.13% **8**	-0.09% **8**	3.48% **7**	-1.21% **7**	5.10% **7**	17.56% **6**	2,40,288 **1**	5,896 **3**	2,74,010 **2**	2.55% **5**	70.02% **3**	3.58% **7**	0.00% **1**
3	NA	**Bandhan Bank***	36.60% **2**	22.49% **1**	25.38% **3**	25.86% **4**	0.12% **2**	0.18% **2**	32.04% **1**	40.05% **1**	32.46% **2**	35.25% **2**	77,972 **9**	6,855 **2**	1,14,993 **8**	9.29% **9**	50.31% **10**	3.51% **6**	0.00% **1**
4	3	**Bank of Maharashtra**	15.95% **4**	17.88% **2**	67.21% **1**	39.01% **2**	0.03% **4**	0.09% **3**	7.78% **5**	6.08% **4**	24.69% **4**	21.78% **4**	1,74,006 **4**	3,958 **6**	1,96,665 **6**	2.33% **4**	66.91% **5**	2.48% **4**	0.00% **1**
5	2	**IDBI Bank Limited**	3.81% **10**	-1.30% **9**	-15.29% **9**	38.71% **3**	-0.21% **10**	-0.20% **9**	-2.34% **9**	-9.30% **10**	1.91% **8**	-3.58% **8**	2,30,898 **2**	7,091 **1**	2,97,764 **1**	2.04% **3**	93.04% **1**	1.97% **2**	0.00% **1**
6	NA	**RBL Bank***	26.48% **3**	1.04% **8**	1.29% **6**	13.87% **6**	0.07% **3**	0.06% **5**	18.54% **2**	13.34% **2**	28.97% **3**	32.42% **3**	73,121 **10**	3,091 **8**	1,00,651 **10**	5.40% **8**	52.28% **9**	2.12% **3**	0.00% **1**
7	7	**Jammu & Kashmir Bank**	10.51% **6**	3.79% **7**	-6.09% **8**	5.65% **8**	-0.03% **6**	-0.02% **7**	10.54% **4**	5.51% **5**	0.74% **9**	5.25% **7**	1,08,061 **7**	1,611 **9**	1,20,292 **7**	1.69% **2**	69.67% **4**	2.95% **5**	0.00% **1**
8	4	**UCO Bank**	6.58% **9**	10.06% **3**	8.57% **4**	12.10% **7**	-0.13% **9**	-0.21% **10**	4.23% **6**	1.19% **6**	34.66% **1**	59.57% **1**	2,05,919 **3**	5,421 **4**	2,53,336 **4**	2.92% **7**	53.29% **8**	3.94% **8**	0.40% **10**
9	5	**YES Bank**	54.65% **1**	-2.65% **10**	-83.58% **10**	-58.29% **10**	0.40% **1**	0.19% **1**	-6.72% **10**	-6.40% **9**	-27.56% **10**	-13.72% **10**	1,62,947 **6**	4,977 **5**	2,73,543 **3**	71.14% **10**	65.70% **6**	58.80% **10**	0.00% **1**
10	8	**Punjab & Sind Bank**	7.18% **8**	4.33% **6**	-1.77% **7**	-29.69% **9**	-0.06% **7**	0.00% **6**	-1.88% **8**	-2.90% **8**	15.86% **5**	-12.33% **9**	96,108 **8**	771 **10**	1,10,482 **9**	2.61% **6**	73.03% **2**	4.04% **9**	0.00% **1**

54.65

PER CENT

The growth in the total deposits of YES Bank in 2020-21 over the previous financial year

QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY				QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE			
Divergence in provision for NPAs (%)	RA/ Average loans and advances^ (%)	ORA/Outstanding loans and advances (%)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/ Average asset ratio (%)	Absolute increase in return on assets	Increase in operating profit/ Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)	TOTAL SCORE
0.00% 1	1.09% 4	1.28% 3	4.82% 2	10.22% 2	10.41% 3	49.36% 7	1.93% 2	-0.06% 8	13.95% 5	0.83% 2	7.26% 8	10.38% 2	3.11% 6	0.02 5	14.62% 7	13.85% 4	241.64% 3	673.87
0.00% 1	2.21% 8	11.49% 10	4.52% 1	11.13% 4	9.32% 2	48.54% 6	2.08% 5	3.57% 3	53.82% 1	0.31% 6	13.92% 2	5.02% 4	2.48% 9	0.00 1	15.32% 6	12.91% 6	168.91% 6	671.01
0.00% 1	0.83% 3	0.76% 2	18.79% 10	2.49% 1	2.57% 1	29.13% 1	2.73% 9	-1.38% 9	6.95% 8	2.13% 1	12.29% 4	13.53% 1	7.49% 1	0.00 1	23.47% 1	22.48% 1	120.33% 9	668.37
0.00% 1	1.94% 7	3.55% 8	7.05% 3	20.08% 9	16.71% 8	47.39% 5	1.95% 3	0.05% 6	26.07% 3	0.30% 7	13.14% 3	4.81% 5	2.91% 7	2.02 9	14.49% 8	10.98% 9	306.25% 2	652.38
0.00% 1	1.27% 5	6.79% 9	8.37% 5	19.91% 8	17.16% 9	46.05% 3	2.03% 4	4.75% 2	42.88% 2	0.45% 4	10.26% 5	3.84% 7	3.54% 4	0.31 8	15.59% 5	13.06% 5	155.59% 7	645.27
0.00% 1	1.33% 6	1.33% 4	15.33% 7	11.12% 3	11.31% 4	47.12% 4	2.91% 10	-0.06% 7	15.56% 4	0.54% 3	15.67% 1	4.37% 6	4.21% 2	0.00 1	17.50% 2	16.64% 2	153.58% 8	569.74
0.00% 1	0.39% 2	3.33% 7	8.17% 4	12.65% 6	11.47% 5	64.11% 9	2.51% 8	1.41% 4	7.59% 7	0.38% 5	5.17% 10	6.54% 3	3.71% 3	0.03 6	12.20% 10	10.28% 10	337.09% 1	515.65
0.31% 9	8.14% 10	1.43% 5	9.85% 6	17.00% 7	13.53% 7	41.08% 2	1.54% 1	1.10% 5	11.11% 6	0.07% 8	9.49% 6	0.80% 8	2.51% 8	0.05 7	13.74% 9	11.14% 8	229.90% 4	515.10
0.00% 1	0.00% 1	0.02% 1	18.28% 9	11.77% 5	12.27% 6	53.78% 8	2.18% 6	5.10% 1	-32.35% 10	-1.30% 9	7.28% 7	-12.61% 9	3.22% 5	25.00 10	17.50% 2	11.30% 7	113.90% 10	463.50
8.11% 10	2.27% 9	3.02% 6	15.44% 8	22.68% 10	27.35% 10	75.63% 10	2.27% 7	-1.49% 10	-21.21% 9	-2.59% 10	5.84% 9	-39.15% 10	2.34% 10	0.00 1	17.06% 4	13.98% 3	217.85% 5	380.11

*New entrants from small banks to mid-sized banks; Three-year growth is compounded annual growth rate (CAGR); Values in each parameter are rounded off up to two decimals; NPA: Non-performing assets; CASA: Current account savings account; CAR: Capital adequacy ratio; ROCE: Return on capital employed; NIM: Net interest margin; ^RA: Restructured assets/Total average loans and advances; ORA: Outstanding restructured assets; LCR: Liquidity coverage ratio; For explanation of parameters and how total score was arrived at, see Picking the Winners, page 82

GROUP-III **SMALL INDIAN BANKS**

With balance sheet size of less than or equal to ₹1 lakh crore

			GROWTH (%)										SIZE (₹ CRORE)						
RANK FY21	RANK FY20	Bank	Growth in total deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Total NPA growth ratio (%)	NPA coverage (%)	Net NPA/ Net advances (%)	Divergence in gross NPAs (%)
1	2	**CSB Bank**	21.21% **1**	27.03% **1**	45.88% **1**	118.55% **1**	0.01% **1**	0.01% **2**	9.22% **2**	15.64% **1**	34.00% **1**	102.06% **1**	19,140 **6**	613 **6**	23,337 **6**	1.49% **1**	56.04% **2**	1.17% **1**	0.00% **1**
2	6	**City Union Bank**	9.07% **2**	6.57% **3**	-12.94% **6**	10.62% **4**	-0.02% **4**	0.02% **1**	10.68% **1**	9.09% **2**	1.38% **6**	7.10% **4**	44,537 **4**	1,484 **3**	53,312 **4**	3.18% **5**	43.21% **6**	2.97% **3**	0.00% **1**
3	5	**Karnataka Bank**	5.39% **5**	-9.25% **7**	1.36% **4**	20.67% **2**	-0.06% **7**	-0.02% **7**	6.36% **4**	3.04% **6**	5.49% **3**	10.71% **3**	75,655 **2**	1,999 **1**	85,581 **2**	2.48% **3**	34.85% **7**	3.18% **4**	0.00% **1**
4	8	**Karur Vysya Bank**	7.12% **4**	9.25% **2**	-15.17% **7**	-18.83% **7**	-0.04% **5**	-0.01% **6**	3.61% **6**	3.98% **4**	-3.90% **7**	-7.01% **7**	63,278 **3**	1,429 **4**	74,623 **3**	1.99% **2**	57.10% **1**	3.41% **5**	0.00% **1**
5	4	**DCB Bank**	-2.19% **7**	2.42% **5**	-4.60% **5**	19.31% **3**	-0.05% **6**	-0.02% **8**	7.36% **3**	8.48% **3**	5.26% **4**	19.62% **2**	29,704 **5**	898 **5**	39,602 **5**	2.67% **4**	44.41% **5**	2.29% **2**	0.00% **1**
6	7	**South Indian Bank**	-0.39% **6**	-9.91% **8**	17.55% **3**	-1.68% **6**	-0.11% **8**	0.00% **4**	4.72% **5**	2.09% **8**	4.86% **5**	3.00% **6**	82,711 **1**	1,618 **2**	94,149 **1**	3.82% **6**	32.86% **8**	4.71% **6**	0.00% **1**
7	10	**Nainital Bank**	-3.47% **8**	-4.73% **6**	23.93% **2**	5.36% **5**	-0.01% **3**	0.00% **5**	0.37% **8**	2.74% **7**	11.78% **2**	6.58% **5**	7,413 **8**	118 **7**	8,182 **8**	4.73% **7**	55.11% **3**	5.67% **8**	0.00% **1**
8	**9**	**Dhanlaxmi Bank**	7.41% **3**	4.48% **4**	-24.21% **8**	-35.12% **8**	-0.01% **2**	0.00% **3**	2.36% **7**	3.56% **5**	-8.97% **8**	-10.42% **8**	11,712 **7**	105 **8**	13,097 **7**	5.89% **8**	50.64% **4**	4.76% **7**	0.00% **1**

10.64

PER CENT

The return on capital employed (ROCE) for City Union Bank, which is the highest among all small-sized Indian banks

QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY				QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE			
Divergence in provision for NPAs (%)	RA/ Average loans and advances^ (%)	ORA/Outstanding loans and advances (%)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/ Average asset ratio (%)	Absolute increase in return on assets	Increase in operating profit/ Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)	TOTAL SCORE
0.00 **1**	0.03% **2**	0.14% **2**	10.62% **5**	10.51% **6**	12.10% **6**	54.31% **4**	3.45% **8**	0.87% **1**	66.48% **1**	1.04% **2**	11.89% **1**	10.55% **2**	4.74% **1**	0.00 **3**	21.37% **1**	19.96% **1**	170.61% **7**	**635.75**
0.00 **1**	2.96% **7**	3.83% **7**	10.62% **5**	4.60% **2**	5.04% **2**	41.45% **1**	2.04% **3**	0.15% **3**	10.83% **5**	1.15% **1**	7.84% **5**	10.64% **1**	3.75% **2**	1.00 **7**	19.52% **3**	18.45% **2**	271.03% **5**	**546.00**
0.00 **1**	2.42% **6**	3.36% **6**	3.06% **1**	8.54% **5**	9.17% **5**	45.65% **2**	1.99% **2**	0.05% **5**	20.80% **2**	0.57% **4**	11.07% **2**	7.65% **4**	2.82% **7**	0.00 **1**	14.85% **6**	12.34% **7**	308.39% **3**	**534.75**
0.00 **1**	1.72% **5**	2.68% **4**	6.15% **3**	5.92% **4**	5.93% **4**	58.16% **7**	2.78% **6**	0.14% **4**	-11.15% **7**	0.50% **5**	10.26% **3**	5.30% **5**	3.44% **4**	0.00 **5**	18.98% **4**	16.95% **3**	310.40% **2**	**493.12**
0.00 **1**	3.90% **8**	3.85% **8**	6.98% **4**	5.04% **3**	5.62% **3**	48.51% **3**	2.17% **5**	-0.03% **6**	19.65% **3**	0.86% **3**	7.49% **6**	9.35% **3**	3.50% **3**	0.22 **6**	19.67% **2**	15.49% **4**	138.26% **8**	**477.00**
0.00 **1**	1.39% **4**	3.15% **5**	4.93% **2**	4.21% **1**	4.05% **1**	54.96% **5**	2.07% **4**	-0.04% **7**	2.00% **6**	0.06% **7**	8.45% **4**	1.10% **7**	2.74% **8**	1.00 **8**	15.42% **5**	12.79% **6**	302.34% **4**	**427.88**
0.00 **1**	0.00% **1**	0.00% **1**	12.37% **7**	14.63% **7**	15.64% **7**	57.78% **6**	1.95% **1**	0.82% **2**	19.39% **4**	0.02% **8**	5.10% **8**	0.22% **8**	2.89% **5**	0.00 **1**	13.67% **8**	12.88% **5**	194.78% **6**	**392.75**
0.00 **1**	0.72% **3**	1.32% **3**	21.48% **8**	16.60% **8**	16.99% **8**	77.69% **8**	2.89% **7**	-0.25% **8**	-33.41% **8**	0.29% **6**	6.09% **7**	4.40% **6**	2.83% **6**	0.00 **4**	14.47% **7**	11.31% **8**	806.63% **1**	**305.75**

Three-year growth is compounded annual growth rate (CAGR); Values in each parameter are rounded off up to two decimals; NPA: Non-performing assets; CASA: Current account savings account; CAR: Capital adequacy ratio; ROCE: Return on capital employed; NIM: Net interest margin; ^RA: Restructured assets/Total average loans and advances; ORA: Outstanding restructured assets; LCR: Liquidity coverage ratio; For explanation of parameters and how total score was arrived at, see Picking the Winners, page 82

GROUP-IV **LARGE FOREIGN BANKS**

With balance sheet size of more than or equal to ₹25,000 crore

			GROWTH (%)										**SIZE (₹ CRORE)**						
RANK FY21	RANK FY20	Bank	Growth in total deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Total NPA growth ratio (%)	NPA coverage (%)	Net NPA/ Net advances (%)	Divergence in gross NPAs (%)
1	3	**JPMorgan Chase Bank N.A.**	23.61% **3**	-9.70% **7**	10.61% **5**	51.84% **2**	0.03% **3**	-0.05% **6**	31% **2**	1.95% **8**	17.43% **3**	26.36% **2**	35,090 **6**	3664.06 **4**	77,151 **5**	0.00% **1**	0.00% **7**	0.00% **1**	0.00% **1**
2	NA	**Sumitomo Mitsui Banking Corporation (SMBC)***	8.10% **6**	-1.44% **4**	13.34% **3**	49.49% **3**	-0.01% **4**	-0.01% **3**	25% **3**	20.63% **1**	80.07% **1**	41.09% **1**	15,652 **10**	676.52 **10**	26,581 **10**	0.00% **1**	0.00% **7**	0.00% **1**	0.00% **1**
3	6	**The Bank of Tokyo-Mitsubishi UFJ, Ltd (MUFG)**	-2.53% **8**	1.30% **3**	42.52% **1**	6.75% **7**	-0.03% **6**	0.00% **2**	21% **6**	15.28% **2**	25.91% **2**	10.55% **8**	19,089 **8**	793.40 **9**	32,922 **9**	0.00% **1**	0.00% **7**	0.00% **1**	0.00% **1**
4	1	**Bank of America**	-8.42% **9**	-22.91% **10**	34.56% **2**	1.82% **8**	-0.08% **8**	0.42% **1**	24% **4**	5.82% **6**	16.08% **4**	24.11% **3**	36,301 **5**	2306.46 **6**	63,372 **6**	0.00% **5**	0.00% **7**	0.00% **1**	0.00% **1**
5	2	**HSBC India**	32.37% **2**	-6.41% **6**	-12.65% **7**	17.55% **6**	0.21% **1**	-0.11% **9**	21% **5**	11.68% **3**	0.91% **7**	15.94% **6**	1,65,271 **2**	6662.22 **2**	2,29,946 **1**	0.80% **7**	68.20% **5**	0.40% **7**	0.00% **1**
6	9	**BNP Paribas**	-15.31% **10**	-11.55% **8**	11.06% **4**	205.66% **1**	-0.06% **7**	-0.02% **5**	-10% **10**	-11.80% **10**	12.65% **5**	18.98% **4**	18,001 **9**	1238.90 **7**	44,598 **7**	0.00% **1**	100% **1**	0.00% **1**	0.00% **1**
7	7	**Barclays Bank Plc.**	65.20% **1**	-21.74% **9**	0.99% **6**	26.70% **5**	0.07% **2**	-0.01% **4**	42% **1**	-11.49% **9**	12.30% **6**	10.31% **9**	23,854 **7**	930.65 **8**	43,872 **8**	0.55% **6**	88.69% **2**	0.38% **6**	0.00% **1**
8	8	**Deutsche Bank**	10.54% **5**	2.68% **2**	-24.81% **8**	28.51% **4**	-0.49% **10**	-0.10% **8**	12% **8**	10.14% **4**	-3.32% **8**	18.08% **5**	66,224 **4**	3230.69 **5**	1,29,430 **4**	1.37% **9**	68.87% **4**	0.86% **10**	0.00% **1**
9	4	**Citibank N.A.**	5.42% **7**	3.37% **1**	-31.05% **9**	-5.72% **10**	-0.13% **9**	-0.12% **10**	14% **7**	7.26% **5**	-6.34% **9**	7.88% **10**	1,66,431 **1**	8578.16 **1**	2,16,890 **2**	1.26% **8**	54.90% **6**	0.65% **8**	0.00% **1**
10	5	**Standard Chartered Bank**	11.92% **4**	-5.76% **5**	-32.86% **10**	-3.57% **9**	-0.02% **5**	-0.08% **7**	10% **9**	3.83% **7**	-8.54% **10**	11.48% **7**	1,12,365 **3**	5706.05 **3**	1,75,360 **3**	6.32% **10**	88.62% **3**	0.74% **9**	0.00% **1**

22.91

PER CENT

The fall in loans and advances reported by Bank of America in 2020-21 over the previous year

QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY				QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE			
Divergence in provision for NPAs (%)	RA/ Average loans and advances^ (%)	ORA/Outstanding loans and advances (%)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/ Average asset ratio (%)	Absolute increase in return on assets	Increase in operating profit/ Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)	TOTAL SCORE
0.00% 1	0.00% 1	0.00% 1	60.00% 7	53.00% 10	53.00% 10	14.42% 1	0.73% 1	1.26% 1	11.75% 8	2.41% 1	6.23% 6	13.13% 2	4.30% 4	0.00 1	23.95% 2	22.27% 2	292.00% 3	754.50
0.00% 1	0.00% 1	0.00% 1	60.60% 9	38.21% 7	38.21% 7	23.30% 2	0.80% 2	0.36% 3	39.82% 3	1.37% 6	5.87% 8	3.89% 9	2.83% 9	0.00 1	32.44% 1	31.72% 1	518.11% 2	695.00
0.00% 1	0.00% 1	0.00% 1	61.21% 10	35.20% 5	35.18% 5	32.34% 4	1.08% 3	0.15% 8	23.45% 4	1.26% 7	7.91% 4	7.53% 7	2.43% 10	0.00 1	22.39% 3	21.14% 3	161.11% 8	627.50
0.00% 1	0.00% 1	0.00% 1	49.55% 5	45.04% 9	46.43% 9	26.76% 3	1.24% 4	0.28% 5	20.08% 6	1.80% 3	7.10% 5	9.55% 5	3.42% 7	0.25 8	20.05% 4	18.96% 4	227.16% 5	626.50
0.00% 1	0.10% 7	0.12% 7	26.33% 3	15.42% 2	15.57% 2	37.23% 8	1.79% 7	0.26% 6	12.36% 7	1.65% 5	4.70% 10	13.13% 3	4.40% 3	0.00 1	17.07% 5	15.14% 6	141.30% 9	618.25
0.00% 1	0.00% 1	0.08% 6	49.91% 6	37.04% 6	36.36% 6	33.82% 6	1.36% 6	0.87% 2	192.85% 1	1.20% 9	4.77% 9	6.90% 8	3.77% 6	0.05 7	16.76% 7	14.10% 10	221.67% 6	582.65
0.00% 1	0.00% 1	0.00% 1	60.00% 7	41.00% 8	40.00% 8	36.19% 7	1.26% 5	-0.11% 9	40.16% 2	0.61% 10	17.94% 1	3.81% 10	3.14% 8	0.00 1	15.44% 10	14.23% 9	682.99% 1	548.25
0.00% 1	0.31% 10	0.34% 9	27.46% 4	29.09% 4	30.33% 4	41.65% 10	1.84% 8	0.33% 4	22.46% 5	1.22% 8	6.08% 7	8.40% 6	4.00% 5	0.00 6	17.00% 6	15.81% 5	248.17% 4	532.12
0.00% 1	0.27% 9	0.20% 8	16.43% 2	17.48% 3	16.87% 3	33.19% 5	1.96% 10	-0.36% 10	3.34% 10	1.88% 2	8.19% 3	14.94% 1	4.48% 2	4.00 10	16.22% 8	14.45% 8	168.56% 7	522.87
0.00% 1	0.23% 8	0.41% 10	16.37% 1	13.38% 1	13.92% 1	37.93% 9	1.94% 9	0.21% 7	4.63% 9	1.70% 4	9.65% 2	10.36% 4	4.61% 1	2.00 9	15.70% 9	14.53% 7	120.00% 10	495.26

*New entrants from Group Small Foreign Banks to Group IV due to asset size increase; Three-year growth is compounded annual growth rate (CAGR); Values in each parameter are rounded off up to two decimals; NPA: Non-performing assets; CASA: Current account savings account; CAR: Capital adequacy ratio; ROCE: Return on capital employed; NIM: Net interest margin; RA: Restructured assets/ Total average loans and advances; ORA: Outstanding restructured assets; LCR: Liquidity coverage ratio; For explanation of parameters and how total score was arrived at, see Picking the Winners, page 82

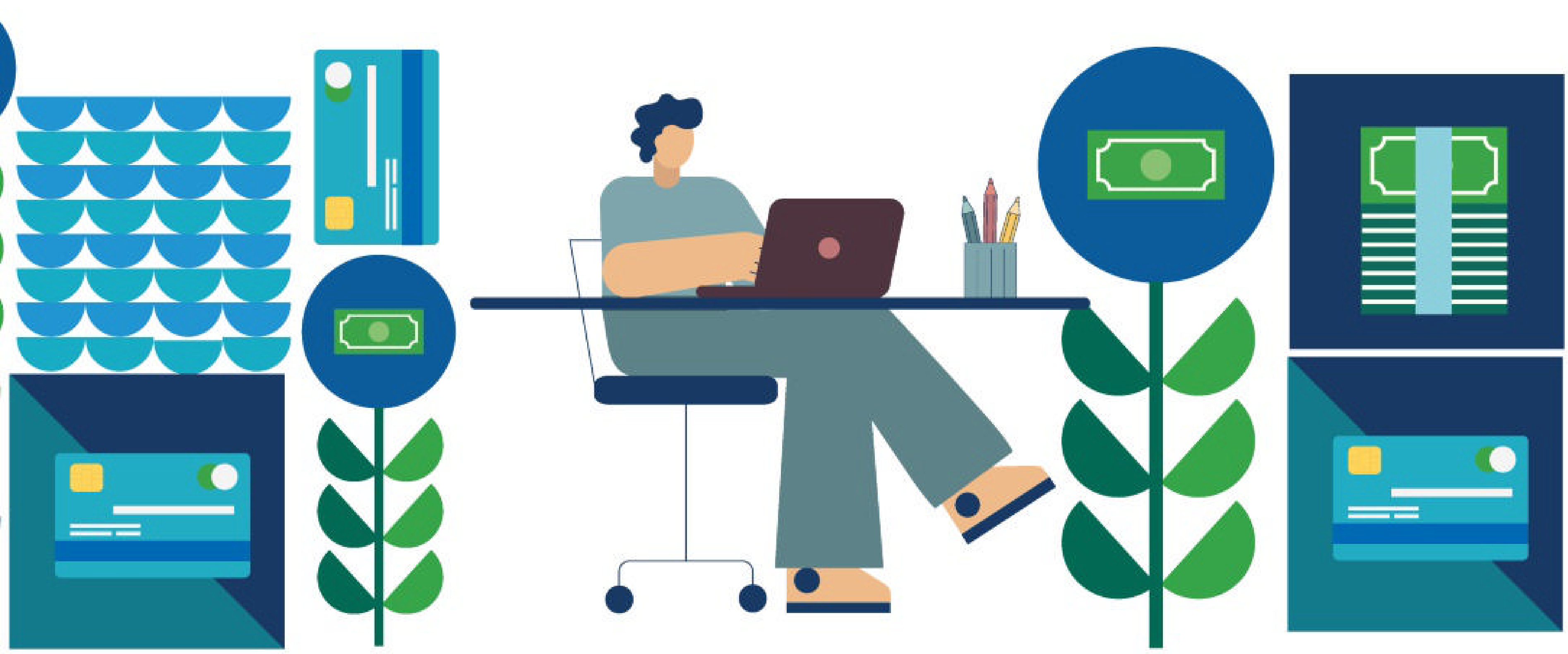
GROUP-V **SMALL FINANCE BANKS**

			GROWTH (%)										SIZE (₹ CRORE)						
RANK FY21	RANK FY20	Bank	Growth in total deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	2-year CAGR of total deposits	2-year CAGR of loans and advances	2-year CAGR of fee income	2-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Total NPA growth ratio	NPA coverage (%)	Net NPA/ Net advances (%)	Divergence in gross NPAs (%)
1	5	**AU Small Finance Bank**	37.51% **4**	28.22% **2**	6.18% **4**	80.30% **1**	0.06% **1**	0.08% **1**	36.11% **7**	23.15% **5**	13.42% **8**	72.92% **1**	35,979 **1**	2158.6 **1**	51,591 **1**	4.17% **3**	49.73% **6**	2.18% **4**	0.00% **1**
2	8	**Equitas Small Finance Bank**	51.94% **1**	22.72% **4**	33.69% **1**	48.36% **3**	0.04% **2**	0.06% **2**	34.91% **8**	20.54% **7**	15.52% **6**	44.24% **6**	16,392 **2**	886.6 **2**	24,715 **2**	3.86% **2**	55.63% **4**	1.58% **3**	0.00% **1**
3	1	**Utkarsh Small Finance Bank**	43.41% **3**	30.81% **1**	31.88% **2**	25.13% **7**	0.01% **3**	0.01% **7**	40.72% **6**	32.67% **4**	46.99% **1**	37.89% **7**	7,508 **6**	438.3 **5**	12,138 **6**	4.27% **4**	65.49% **1**	1.32% **2**	0.00% **1**
4	4	**Fincare Small Finance Bank**	14.28% **10**	10.08% **9**	-12.17% **7**	7.98% **8**	0.00% **9**	0.01% **6**	61.34% **3**	38.47% **1**	36.15% **3**	56.01% **4**	5,319 **7**	365.1 **7**	7,966 **7**	7.06% **6**	58.03% **3**	2.80% **5**	0.00% **1**
5	3	**ESAF Small Finance Bank**	28.04% **6**	24.74% **3**	-17.21% **8**	28.07% **5**	0.01% **5**	0.01% **5**	44.38% **4**	34.01% **3**	-1.57% **10**	34.72% **8**	8,999 **5**	415.8 **6**	12,339 **5**	6.43% **5**	43.87% **8**	3.88% **7**	0.00% **1**
6	6	**Jana Small Finance Bank**	28.33% **5**	16.63% **6**	-46.25% **10**	60.73% **2**	0.01% **4**	0.03% **3**	71.75% **2**	36.67% **2**	38.96% **2**	60.13% **3**	12,386 **4**	450.9 **4**	19,081 **4**	7.68% **8**	27.89% **10**	5.33% **9**	0.00% **1**
7	9	**Capital Small Finance Bank**	17.42% **8**	12.65% **8**	5.05% **5**	36.87% **4**	0.00% **8**	0.00% **8**	19.32% **10**	19.75% **8**	17.80% **5**	44.44% **5**	5,221 **8**	71.5 **9**	6,371 **9**	0.71% **1**	46.14% **7**	1.13% **1**	0.00% **1**
8	2	**Ujjivan Small Finance Bank**	21.85% **7**	3.21% **10**	-19.32% **9**	27.00% **6**	0.01% **6**	0.02% **4**	33.42% **9**	17.20% **9**	13.80% **7**	61.83% **2**	13,136 **3**	809.3 **3**	20,380 **3**	7.24% **7**	60.34% **2**	2.93% **6**	0.00% **1**
9	7	**Suryoday Small Finance Bank**	14.29% **9**	12.76% **7**	-7.89% **6**	-40.71% **10**	0.00% **10**	0.00% **10**	42.94% **5**	21.92% **6**	8.43% **9**	-7.56% **9**	3,256 **9**	181.3 **8**	6,712 **8**	10.62% **9**	52.21% **5**	4.72% **8**	0.00% **1**
10	10	**North East Small Finance Bank**	43.49% **2**	22.72% **5**	23.62% **3**	-8.05% **9**	0.00% **7**	0.00% **9**	118.56% **1**	9.34% **10**	23.24% **4**	-10.45% **10**	1,277 **10**	51.3 **10**	2,258 **10**	11.33% **10**	41.33% **9**	6.80% **10**	0.00% **1**

65.49

PER CENT

The NPA coverage ratio reported by Utkarsh Small Finance Bank, which is the highest among its peers



QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY				QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE			
Divergence in provision for NPA	RA/ total average loans & advances^	ORA/outstanding loans and advances	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/ Average asset ratio (%)	Absolute increase in return on assets	Increase in operating profit/ Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)	TOTAL SCORE
0.00%	0.00%	0.35%	16.36%	3.35%	7.12%	43.45%	3.54%	0.67%	40.60%	2.50%	8.87%	21.98%	5.23%	0.00	23.37%	21.53%	116.00%	781.88
1	4	5	5	3	9	1	2	1	2	1	3	1	9	1	6	6	10	
0.00%	2.97%	2.71%	21.89%	4.99%	5.17%	59.99%	6.04%	0.29%	20.24%	1.75%	10.33%	12.51%	8.50%	0.00	24.18%	23.23%	162.75%	740.50
1	8	8	6	6	5	4	6	2	5	2	1	2	5	1	5	4	8	
0.00%	0.00%	0.00%	26.99%	5.07%	6.15%	55.43%	5.06%	-1.06%	2.00%	1.04%	7.48%	9.37%	8.11%	0.00	21.88%	19.98%	168.56%	678.00
1	1	1	8	7	7	2	3	7	7	4	7	5	6	1	7	8	7	
0.00%	1.10%	1.05%	16.20%	1.48%	1.48%	55.93%	6.14%	-0.60%	-4.76%	1.50%	9.20%	11.78%	9.60%	0.00	29.56%	24.91%	241.36%	621.50
1	7	7	4	2	2	3	7	6	8	3	2	3	1	1	2	3	3	
0.00%	0.26%	0.24%	9.11%	3.58%	3.58%	60.31%	5.79%	-1.16%	12.06%	0.97%	5.93%	8.65%	8.81%	0.00	24.23%	21.54%	170.78%	579.37
1	5	4	2	4	3	5	5	8	6	5	9	6	3	1	4	5	6	
0.00%	11.91%	10.04%	12.57%	5.11%	5.11%	69.90%	6.30%	0.23%	42.62%	0.51%	8.12%	7.77%	7.90%	0.00	15.51%	11.75%	1199.67%	569.75
1	10	10	3	8	4	8	8	3	1	7	6	7	7	1	10	10	1	
0.00%	0.00%	0.00%	3.70%	5.70%	5.70%	70.75%	2.96%	0.16%	23.07%	0.70%	6.35%	9.51%	3.52%	0.00	19.80%	14.27%	441.49%	561.50
1	1	1	1	9	6	9	1	4	4	6	8	4	10	1	9	9	2	
0.00%	7.09%	5.81%	29.29%	3.88%	8.70%	60.32%	6.34%	-1.86%	23.29%	0.04%	8.20%	0.26%	9.35%	0.00	26.44%	25.06%	116.13%	559.75
1	9	9	9	5	10	6	9	9	3	10	5	10	2	1	3	2	9	
0.00%	0.56%	0.53%	24.66%	6.34%	6.30%	64.44%	5.44%	-1.89%	-42.16%	0.20%	8.45%	0.89%	7.07%	0.03	51.47%	47.23%	220.19%	424.50
1	6	6	7	10	8	7	4	10	10	9	4	9	8	10	1	1	4	
0.00%	0.00%	0.00%	36.00%	0.73%	0.52%	73.47%	6.57%	-0.29%	-10.06%	0.33%	5.77%	1.95%	8.52%	0.00	21.22%	20.18%	204.00%	404.00
1	1	1	10	1	1	10	10	5	9	8	10	8	4	1	8	7	5	

Two-year growth is compounded annual growth rate (CAGR); Values in each parameter are rounded off up to two decimals; NPA: Non-performing assets; CASA: Current account savings account; CAR: Capital adequacy ratio; ROCE:Return on capital employed; NIM: Net interest margin; ^RA: Restructured assets/Total average loans and advances; ORA: Outstanding restructured assets; LCR: Liquidity coverage ratio; For explanation of parameters and how total score was arrived at, see Picking the Winners, page 82

PICKING THE WINNERS

THE METHODOLOGY BEHIND THE *BT*-KPMG BEST BANKS SURVEY 2020-21

BY TEAM *BT* AND KPMG

1 **ANAND SINHA,** Former Deputy Governor, Reserve Bank of India

2 **RASHESH SHAH,** Chairman, Edelweiss Financial Services

3 **ROMESH SOBTI,** Former MD & CEO, IndusInd Bank

4 **SANJAY JALONA,** CEO and Managing Director, Larsen & Toubro Infotech

5 **AMIT HARLALKA,** Deputy CFO, ArcelorMittal Nippon Steel India Limited

ANAND SINHA & **ROMESH SOBTI** PHOTOGRAPHS BY **RACHIT GOSWAMI; RASHESH SHAH** PHOTOGRAPH BY **VIVAN MEHRA**

A

AFTER ALMOST two years of the Covid-19 pandemic and lockdowns, the banking industry is finally showing some resilience. Most banks are well-stocked with capital and liquidity, and profitability and asset quality numbers are improving. The big challenge is credit growth. In addition, the real picture of non-performing assets (NPAs) will come out only after the end of several regulatory forbearances. This was the backdrop against which *Business Today* and KPMG commenced its annual exercise. The task was to analyse banks' balance sheets and reach out to them for their initiatives on innovation, fintech engagement, talent and workforce management and enterprise resilience.

The innovation category received 80-plus nominations. Under talent and workforce, banks responded to the future of workplace parameters with innovative practices like work from home, hot seat concept, gig, and contract manpower. Post-Covid-19, enterprise resilience, especially technology and risk resilience, has taken centre stage, and the banks responded with such initiatives.

The next step was to engage with a jury that comprised Anand Sinha, former Deputy Governor, Reserve Bank of India; Romesh Sobti, former MD & CEO, IndusInd Bank; Rashesh Shah, Chairman, Edelweiss Financial Services; Sanjay Jalona, CEO & MD, Larsen & Toubro Infotech; and Amit Harlalka, Deputy CFO, ArcelorMittal Nippon Steel India.

The jury debated issues such as the impact and effectiveness of digital initiatives, risk management, portfolio quality, and deliberated the banks' claims. Governance issues, leadership stability, and quality of loan growth were also looked at while deciding the Bank of the Year. The jury decided to award the Lifetime Achievement Award jointly to Rajnish Kumar, former Chairman, State Bank of India, and Sobti of IndusInd bank. As Sobti was part of the jury, he did not participate in the deliberations to decide this particular award. Here is the detailed methodology for the *BT*-KPMG Best Banks Survey 2020-21.

QUANTITATIVE AWARDS

For rankings based on financial performance, data was taken from banks' published annual reports from FY18 to FY21. For the current year, Indian small finance banks or SFBs were included in the survey and the data was taken from their published annual reports for FY19 to FY21. The survey covered 46 scheduled commercial banks that had published annual reports in the public domain or had provided their annual reports at the time of conducting the survey prior to December 31, 2021. Indian banks (except SFBs) with a balance sheet size of less than ₹5,000 crore and foreign banks with a balance sheet size of less than ₹25,000 crore as on March 31, 2021, were not considered. Also not covered were scheduled commercial banks whose financial statements were not available with us or which had not completed four years in India as on March 31, 2021 (other than SFBs) or were involved in mergers in the past four years or were under liquidation. The survey also did not include small foreign banks with a balance sheet size of ₹5,000-25,000 crore.

The ranking process

Banks were classified as 'Indian banks' (both public and private), 'foreign banks' (branches of foreign banks operating in India) and Indian small finance banks. Indian banks were further classified based on balance sheet size as on March 31, 2021:

Group I: Banks with a balance sheet of more than or equal to ₹3 lakh crore
Group II: Banks with a balance sheet of more than ₹1 lakh crore but less than ₹3 lakh crore
Group III: Banks with a balance sheet of less than or equal to ₹1 lakh crore

Besides these there were two other categories:
Group IV: Foreign banks with a balance sheet size of more than or equal to ₹25,000 crore
Group V: Indian small finance banks

Ranking parameters

Banks were judged on three parameters—growth, size and strength—divided into 35 sub-parameters:
Growth: This had 10 sub-parameters: growth over FY20 in total deposits and three-year compounded annual growth rate (CAGR) of total deposits (two-year for SFBs); growth over FY20 in loans and advances, with three-year CAGR in loans and advances (two-year for SFBs); growth

over FY20 in fee income (commission, exchange and brokerage income plus miscellaneous income), and three-year CAGR in fee income (two-year for SFBs); growth over FY20 in operating profit, alongside three-year CAGR in operating profit (two-year for SFBs); and absolute increase in market share of deposits and of current account savings account balances.

Size: This had three sub-parameters: size of total deposits, size of operating profits and size of balance sheet as of March 31, 2021.

Strength: This had four overarching sub-parameters, each with further sub-divisions:

▶ *Quality of assets:* Total NPA growth ratio: additions to NPAs during the year as percentage of average net loans and advances (i.e. average of closing balance of FY20 and FY21); NPA coverage: provisioning as of March 31, 2021 for NPAs as percentage of gross NPA closing balance; net NPAs as ratio of net advances: gross NPAs' closing balance net of provisioning as of March 31, 2021 expressed as percentage of net advances; divergence in gross NPAs: difference between gross NPAs as per RBI rules and reported by the bank as a percentage of addition to NPAs; divergence in provisioning for NPAs: difference in provision for NPAs as per RBI rules and reported by the bank as a percentage of reported profit before provisions and contingencies; restructured assets as a ratio of total average loans and advances (i.e. average of closing balance of FY20 and FY21); outstanding restructured assets as percentage of outstanding loans and advances; deposits of 20 largest depositors as a percentage of total deposits; advances to 20 largest borrowers as a percentage of total advances; exposure to 20 largest borrowers/customers as a percentage of total exposure.

For rankings based on divergence in gross NPAs and divergence in provisioning for NPAs, banks with divergence of less than 15 per cent and 10 per cent, respectively, were assigned the highest rank. Further, for determining rankings based on provision coverage ratio, banks with zero NPAs and banks with a provision coverage ratio of 100 per cent were assigned the highest rank.

▶ *Productivity and efficiency:* Cost to income ratio: operating expenditure as percentage of operating income; cost to average asset ratio: operating expenditure as a percentage of average total assets (i.e. average of closing balance of FY20 and FY21); absolute increase in return on assets: basis points increase in return on assets (net profit over total assets) from FY20 to FY21; percentage increase in ratio of operating profit to total income from FY20 to FY21.

▶ *Quality of earnings:* Return on assets: ratio of net profit to average total assets (i.e. average of closing balance of FY20 and FY21); fee income as percentage of total income; return on capital employed: reported net profit divided by average net worth (i.e. average of closing balance of FY20 and FY21); net interest margin: total interest income minus total interest expenses as percentage of average interest earning assets; penalties imposed during the year.

▶ *Capital adequacy and liquidity coverage:* Capital adequacy ratio: capital-to-risk weighted assets ratio for FY21; Tier-I capital: total of equity capital and disclosed reserves; liquidity coverage ratio (LCR): ratio of high-quality liquid assets to total net cash outflows over the following 30 calendar days. (For Karnataka Bank, in the absence of annual LCR, LCR for the quarter ended March 31, 2021, was considered).

In all, 45 banks were not considered for the survey due to mergers, amalgamations, liquidation, non-availability of annual reports/complete annual reports in the public domain for FY21, etc.

Final scoring and rating

Each bank was assigned a score for each of the 35 sub-parameters, based on its rank on those parameters. The score under each parameter was then multiplied by the parameter's weight to arrive at the final score. The results were aggregated to arrive at the final rankings based on the total score. In all, 45 banks were not considered for the survey due to mergers, amalgamations, liquidation, non-availability of annual reports/complete annual reports in the public domain for FY21 and balance sheet size of less than ₹5,000 crore.

QUALITATIVE AWARDS

Four 'qualitative awards' recognised the initiatives and strategies undertaken by banks in the areas of innovation, talent and workforce, enterprise resilience and fintech.

Best Bank - Innovation award: Banks had to describe their initiatives across the four focus areas of customer experience, business model, service delivery and digital adoption. Every initiative was evaluated and ranked based on four key parameters, viz. area of impact, adoption level by the bank, impact created by the initiative and uniqueness of the solution.

Best Bank - Talent & Workforce award: Participating banks were evaluated on interventions across four focus areas under talent and workforce

THE KPMG IN INDIA TEAM (*from left*) **Vishalli Dongrie,** Partner; **Rohan Padhi,** ED; **Amit Wagh,** Partner; **Minaar Malse,** CA; **Sanjay Doshi,** Partner & Head, Financial Services Advisory; **Manoj Kumar Vijai,** CA; **Kunal Pande**, Partner; **Samrat Jha,** Partner; and **Sameer Mota,** CA

management, initiative taken in development of women leadership and diversity, employee experience and well-being and innovative practices in the area of the future of the workforce. These focus areas were each further evaluated on uniqueness of idea, breadth of initiative, implementation evidence and impact achieved. The overall scores and responses were presented to the jury, who picked a winner.

Best Bank - Enterprise Resilience award: This broadly focussed on technology resilience and financial resilience. Banks were scored across each of these parameters basis their response to arrive at a cumulative weighted average score.

As part of technology resilience, banks were evaluated around the areas of IT strategy, usage of technology for risk management & compliance and strength of third-party risk management programme. Responses were evaluated on the basis of degree of adoption of emerging technologies, strong governance and risk management capabilities, ability to leverage global solutions, partnerships with fintech firms, data governance aspects and IT skills deployed. Banks providing specific and detailed use cases and examples scored higher.

As part of financial resilience, banks were evaluated in terms of measures taken on the following parameters:

▶ *Liquidity or asset-liability management*: Preparedness on inflow, outflow and investment during Covid-19; plan to deal with increased market volatility and other macroeconomic scenarios like challenge in NAV calculation during Covid-19 and market stress; stress testing and scenario analyses on liquidity.

▶ *Addressing enhanced credit default risk*: Preparation for integrating crisis impact into existing stress testing framework and processes; incorporation of current crisis and associated economic repercussions into the capital planning and forecasts; preparation for a significant enhancement and realignment of capital approaches and stress-testing infrastructure.

▶ *ESG and sustainability*: Embedding ESG and sustainability issues into risk management frameworks, in particular stress testing.

▶ *Serving lower segments of society*: Addressing supply side issues and impact of lending and banking offerings and policies, particularly considering the impact of Covid-19 on lower-income and underserved segments of society at large through loans to SMEs, online platforms, launching green products, etc.

Award for Best Fintech Initiative by banks: Banks were asked to describe their fintech initiatives which were evaluated and ranked based on four key parameters, viz. area of impact, adoption level by the bank, impact created by the initiative and the uniqueness of the solution.

QUALITATIVE AWARDS (value-added services, payments)

There were two categories: value-added services and payments. The key parameters considered to evaluate fintech players were company health (e.g. years of operation, revenue per employee), funding maturity, business volumes of the company, differentiation (basis business models, product features, IP and tech, key focus and solutions) and adoption levels across different customer segments and geographies; along with current industrial partnerships. BT

PHOTOGRAPH BY **MILIND SHELTE**

THE GOOD LIFE

TRENDS | TECH TONIC | DOWNTIME

POP GOES THE CAN

Not just beer, you can now sip wines, cocktails and hard seltzers from cans

BY **SMITA TRIPATHI**

Cans of hard seltzer from Wild Drum

QUICK, WHAT comes to mind the minute you hear alcohol in a can? Beer, right? You can almost smell it as you hear the signature hiss as the tab breaks through the can lid. That's not surprising, considering for the longest time beer has been the only canned alcohol option. But that's changing. Today you can have wine in a can, pre-mixed cocktails and that new alcohol category—hard seltzers—which has taken the US by storm.

"It's the simple ease of canned alcohol that makes it attractive," says Delhi-based beverage industry consultant Magandeep Singh. After all, what can be simpler than popping a can open and sipping the alcohol. Little wonder, the ready-to-drink alcoholic market in India is expected to grow significantly. As per a report by Triton Market Research, the market for alcoholic ready-to-drinks (RTD) in India is anticipated to surge at a CAGR of 10.29 per cent in revenue over 2021-2026. Additionally, in terms of volume, it is expected to grow at a CAGR of 12.15 per cent during the period.

The market is being fuelled by younger customers. "The drinking age is officially coming down... Now with canned cocktails and hard seltzers there are more options for younger consumers who are just getting initiated," says chef and entrepreneur Tarun Sibal, who runs the culinary bar Titlie in Goa.

Canned Cocktails

Do you enjoy drinking a gin and tonic? You can of course, pour yourself some gin, top it up with tonic and may be a slice of lemon—or you can pop open a can of Bombay Sapphire's G&T and pour it in a glass over ice or have it chilled straight from the can. Bombay Sapphire recently launched its RTD G&T in a can in Goa. The cans will soon be available in Maharashtra and later in other parts of India. Priced at ₹180 for a can in Goa and ₹300 in Maharashtra, it's way cheaper than ordering a G&T at any bar in Goa.

Pune-based RM Beverages, founded by Viraj Sawant and Sameer Mirajkar, were the first to launch canned cocktails last June. Called 'In A Can' they have five flavours. The Vodka Mule is Chief Mixologist Varun Sudhakar's take on the classic Moscow Mule and is vodka mixed with ginger and lime. Rum Latte has hazelnut and vanilla while Whiskey Collins is a take on the traditional cocktail, mixed with apple and cinnamon. The G&T is a classic combination elevated with the flavour of rosemary. The cocktails are low on calories and have no preservatives. RM Beverages recently received ₹1 crore for a 10 per cent stake at *Shark Tank India*.

"We wanted to offer consumers a hassle-free

1. Bombay Sapphire's canned gin and tonic

2. A can of Tilt wine from Fratelli Wines

3. Cans of Dia wine sparklers from Sula Wines

drinking experience with great variety," says Sawant.

RTD cocktails is a growing category. The charm of being able to enjoy a multi-step cocktail at a moment's notice was especially advantageous during the pandemic. "A lot of the products that have been launched in the last couple of years are targeting the consumer directly. Home consumption of alcohol has gone up," says Singh. Some brands have launched RTD cocktails in bottles. BEAT cocktails by Alcopop Spirits recently launched three gin-based cocktails in bottles in Delhi. Another player is Bengaluru-based Salud, which offers six gin-based cocktails.

Sip Wine

There is a lot of etiquette attached to drinking wine. From the right glass to the way it is swirled, sniffed and finally sipped, wine lends itself to drama. However, wine manufacturers believe that one can do away with all that and just sip the wine. Wine in a can is for those who would like to sip wine anywhere anytime. "It is extremely convenient, perfect to 'grab and go'. The perfect solution when I cannot have a bottle and a glass with me; why should I drink a beer when I have a super cool, vibrant, and bubbly wine that I can carry anywhere?" says Grégoire Verdin, Global Brand Ambassador/AVP-Tastings and Marketing for Sula Wines that launched the Dia wine sparkler in January 2020. The canned wine is available in Goa, Daman and Maharashtra and is priced at ₹180 for 330 ml. Sula has sold 25,000 cases in the past two years and is extremely bullish on the segment. "We believe that the wine-in-can category will form a significant part of the overall wine category in India, similar to what is being observed in more mature wine markets such as the US," says Verdin. The canned wine category has registered astounding growth in the US—up 69 per cent in June 2019 over 2018, in retail, and totalling $79.3 million in sales, according to a Nielsen report.

Fratelli Wines launched red, white, bubbly and rose sparkling cans under the Tilt brand in October 2020, which are available in 16 states across India. They also have a spritzer under the Noi label. All cans are priced at ₹160-200 for 250 ml. "Tilt is popular with both young and old alike. If you don't want to open a full bottle you just have a can," says Gaurav Sekhri, Director, Fratelli Wines. "Canned wines are not for purists," says Sibal, adding that he uses a bubbly rose as a mixer in one of his cocktails at Titlie and "it works beautifully".

Hard Seltzers

Hard seltzers are the newest kids on the block. After having made waves in the US, the category has come to India luring Gen Z with a drink that is different, no-frills, low in sugar and most importantly low in calories. "We don't hear of a gin belly or a vodka belly; it is only a beer belly and that is because of the gluten. Instead of 220 calories in a pint of beer, there are less than 100 calories in a pint of hard seltzer," says Manan Tripathi, Founder of Wild Drum that has launched hard seltzers in pure, mango and lemon-mint flavours and which are available in Maharashtra, Goa and Madhya Pradesh. They are available in two differing strengths of ABV (alcohol by volume)—4.75 per cent and 8 per cent. A hard seltzer is 92 per cent water which keeps you hydrated and the buzz is clean with less chances of a hangover.

While most hard seltzers are in cans, Goa-based Pursue has launched four variants—mosambi and mint, strawberry and rose, peach and white tea and mango and chilli—in bottles. Founder and CEO Anish Reddy says they may later launch them in cans. Currently available in Goa and Puducherry, Pursue will be available in Maharashtra, Karnataka and Delhi in a couple of months. BT

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Business Today

An IMPACT Presentation

DYNAMIC BUSINESS LEADERS

CHANDNI KAPADIA

ARPIT GUPTA

HARSH PATEL

SARDAR TARANJIT SINGH

GAURAV ARORA

JAYANSHU CHATURVEDI

ANIL BHASKARAN

JASPAL SINGH

DR. ANEEL K MURARKA

VIVEK SAXENA

VIKAS GARG

CHANDNI KAPADIA: SHINING LIKE A BEACON IN THE DARKNESS

An overarching belief in yourself, the vision and the doggedness to pursue your goal persistently, always leads to success. Chandni stands as a very good example.

It is very easy to call Chandni a Destiny's Child. But it is she who has shaped her destiny. How else can you define her successful transformation from a Luxury brand consultant to the Head a leading University?

At a young age, she travelled to foreign lands in her quest to meet and work for Mr. Calvin Klein. Recalling her initial days, she says "As a young girl I may have been naïve, but one thing I was determined of - Manifestation of my dreams into reality and for that I was ready to challenge anything that came my way".

Chandni pursued Fashion Merchandising from FIT and later did an MBA from London School of Economics. She credits her parents support and her strong will for succeeding in it, when studying abroad was rare. Ignoring pessimists is something that she's learnt since then.

Her strong passion and singular focus on goals helped her become Country Head, Business Head, and Asia Pacific Head of many luxury brands. Success for her is continuously growing to become better version of oneself each day. She says "You are your biggest competitor and to sustain yourself in this changing world you should love what you do. I may have made few mistakes along the way but never have regretted my path which I have chosen for myself. I believe that it is indeed success when you have satisfaction of how far you've risen in something you've always loved."

She has always adapted to the circumstances yet stayed true to herself as "In the end what makes or breaks you is your inner self" she says.

Chandni has always loved having her hands full. Whether it is freelancing as a consultant or her role as Director in GLS University or even learning something new. From being a fashion consultant to getting a law degree with 11 gold medals, she has excelled in all.

Her foray in the field of education has been almost a decade old. Today GLS University has collaborated with Ivy League universities like Harvard, Luiss Business School, CBU, New Castle and the list goes on. She says, "It is a big high when you play a huge role in making dreams come true". She feels blessed to have Shri Sudhir Nanavati as her mentor and to be a part of this huge institution that is family to her.

Chandni has always been an advocate of supporting women's voices. As a National Council President of WICCI & Director of Rotary Club of Visionaries of Mumbai, she has reached out to women across the world and supporting their causes and businesses – a dream that she always had to give back to the society.

Relaxation for Chandni is travelling and playing with her baby pet, Zoey, who is the center of her world. She says "Having Zoey has made me more compassionate, understanding and fun loving. She certainly keeps me grounded and calm". Chandni has been a strong advocate of prevention of cruelty against street dogs and works with various NGOs for it.

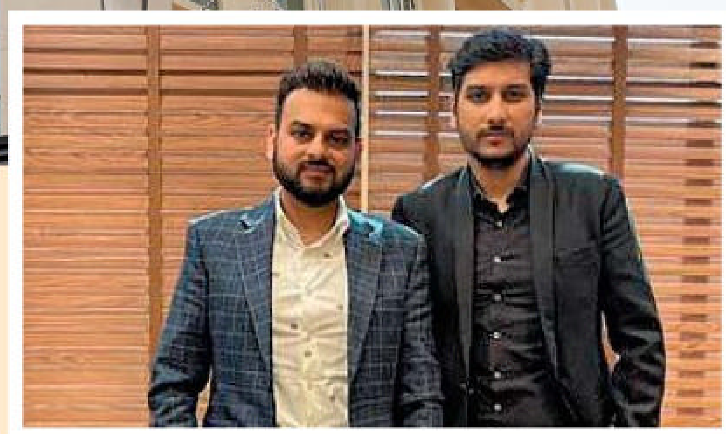
Chandni says that it is very easy for youth of today to lose focus in this highly networked world. It is important that they channelize their energy and time towards fruitful actions. She signs off with a message for them, "Dreams won't ever work for you unless you do. So, channelize your mind and energy on the things that matter. Seeing that satisfied happy smile on your face at the end of having a fruitful day is always unmatched!!"

Chandni's Achievements and Recognitions:

1. World Women Leadership Congress Award for her immense contribution to fashion industry and also for Mumbai's Woman Leaders.
2. Women Entrepreneur Award and Rastriya Samman Puraskaar by National Achievers' Recognition Forum.
3. Black Swan Award for Women Empowerment by AsiaOne in support of UN Global Compact Network & Government of India.
4. Self-Made Woman Award by Digilive, Asiaone.
5. Iconic Women Creating a Better World for All by Women Economic Forum, All Ladies League.
6. High Flyers' Appreciation Award 2021 in appreciation of Entrepreneurship
7. CEO of the Year Award by Indian Achievers' Forum in 2020
8. Awarded "Leaders of Change 2021" by Economic Times
9. Ms. Kapadia has also featured in Forbes List of Top 10 Women Entrepreneurs of India and in magazines like Fortune India, India Today and Outlook.
10. She has featured in Forbes India Women Power Issue and Business Today.

A.G.
INDUSTRIES

A.G. INDUSTRIES



As leading manufacturers and B2B supplier of therapeutic-grade 100% organic essential oils, carrier oils, and organic cosmetics products to some of the leading brands like mamaearth, Ustra, Emami, Cadila, Myntra, and Flipkart around the globe.

A.G. Industries began as a tiny mint product maker and has now grown to become a major player. Mr. Anil Gupta, the company's creator, and a financial prodigy was the driving force behind the company's quick expansion.

His son Mr. Arpit Gupta, CEO of A.G.Industries, through his unique vision and use of technology breakthroughs, to ensure this, we have deployed certain technologies like and techniques GC/MS analysis under the QAP and testing procedure. Industries built on this and moved the firm into the modern era.

Mr. Achin Gupta, the founder's youngest son, joined the firm and became its president, significantly expanding the company's wings. He was in charge of the company's further growth into organic-based cosmetics.

As we are the only Essential Oils, Carrier Oils & Skin Care Product Manufacturer that has featured in Forbes. When a company's trademark is quality and brilliance, honors and recognition are certain to follow. Silicon India featured us as '10 Most Promising Brands 2019-2020'.

After all these encouragements we focused on our company that it can work effortlessly on the Aim to achieve total customer satisfaction by delivering reliable products with consistent quality that meet or exceed the quality requirement of its Principals.

The visionary Gupta leveraged this advantage to grow into a contract manufacturer for leading brands. Ably aided by his talented hardworking sons Arpit and Achin he has successfully taken the business to the next level.

Today AG Industries has something in its portfolio for every brand. Apart from the quintessential carrier oils or natural oils, it now has DIY Body creams, Body scrubs, face creams, moisturizers, hair masks, Shampoos, and endless products from a pure body butter.

On the way of working during the selection of our range of essential oils for aromatherapy, we do not accept essential oils adulterated with synthetic chemicals even though they may smell acceptable to those who are unaware.

Each of these comes with high-quality production standards complemented by international packaging. Over a period of time, it has improved its practices, innovations, and resources to emerging as a leading B2B supplier of therapeutic-grade 100% organic products from India.

We, as a customer-centric company, focus on all the essential factors to choose, extract, manufacture, and provide high-quality, organic essential oils only. We ensure that no herbicide or pesticide is used and the production method is entirely organic.

A.G. Industries brings the same commitment when it comes to taking care of its staff. During the sanitizers, masks, and other protective equipment were distributed, ensuring that all employees are familiar with healthy practices and precautions. "We also ensured that none of our workers are hungry and everyone continues to run their homes smoothly"

We take pride in stating that it having rewarded with accreditations from authorities regulating those norms. The organization's management has defined and applied strict measures and quality inspection procedures to meet all the prescribed parameters for manufacturing, processing, and supplying essential oils and aromatherapy products across the world.

Following an ethical work culture and service experience that exceeds expectations, we strive to create a long-term trustworthy relationship with each of our clients. Connect with us to get the best quality, 100% natural and organically delivered to any part of the world. We deal in bulk orders as well as customize the packing and private label products.

The company's core principle is an unwavering commitment to producing high-quality products to maximize consumer satisfaction. Its quality in products and manufacturing are USDA Organic certified along with GMP, WHO, ISO 9001:2015, ISO 22000, Halal, and other multinational standards.

Water And Shark®

IT TAKES A SHARK TO NAVIGATE THE CORPORATE WATERS TOO

Rarely do we find an organisation that has a name that sharply defines its intent. But then, Harsh Patel has always been specific and focussed.

There is something about Harsh Patel. Something that makes him a cut above the others. As a teenager, he was aware of his true potential and he knew what had to be done.

At the age of 19, it was hardly a surprise that Harsh had the vision to be a consultant. His age was not the factor to define what his capabilities were. Exuding confidence that comes from knowing his business and complimented by his commitment to excellence, his consultancy firm Water and Shark has captured the loyalty of clients across 5 continents in less than a decade.

Harsh is the quintessential millenial leader from Mumbai. Starting from a humble middle-class home in the city, he has carved a solitary path to success taking challenges head on, with his characteristic aplomb. If the pandemic was a period of doom for businesses, Harsh was busy taking W&S to the next level. That's Harsh for you.

When a consultant demonstrates his skills by showcasing his own progress, why would clients hesitate to sign him up. He's that consultant who will breathe fresh life into any startup.. Which is why so many businesses have entrusted him and his company with their functions.

For W&S, it's not just about servicing clients, but also improving the workforce, promoting transparency and contributing to the business community in general. More so, during the pandemic when businesses were hustling for dry ground and stability. Water and Shark's services have been irreplaceable for its clients today.

Water and Shark is the expression of Harsh's acumen and bent for doing business on an international level. He is industrious. He is gifted. His words will instill confidence in you and assure you that your business is bound to succeed.

W&S uses dynamic, updated modern technology and techniques to provide firms with a large menu of services such as financial and risk advisory, management consulting, legal services, digital solutions amongst others. From banking to technology, healthcare to infrastructure, real estate to retail and automobile to hospitality, there is no industry that has been untouched by W&S experts.

Harsh leads a robust team that shares his idea and entrepreneurial mindset. Water and Shark enjoys and celebrates a culture of unity, innovation and collateral business. This mix of modernity, ethics and ambition is what makes W&S so special to the business world.

Harsh's work hasn't gone unnoticed. He has been honoured with several awards in the past including the esteemed Acharya Abhinav Gupt Award by the Governor of West Bengal, The Pride of Maharashtra Award and the Finnext Award in the "Excellence in Finance" category, presented in Dubai. He was also listed among the Top 100 Great People Managers in India by Forbes Magazine.

Recently, he was awarded with the Youth Leaders of Change Award 2021 by Economic Times, for his outstanding contributions to the business world. Harsh's mission has just started. We predict that this Shark is bound to dominate the global waters.

SARDAR TARANJIT SINGH: THE LEADER OF PROGRESS

Education does empower people. But the one who truly champions for the people is one who takes it on himself to provide quality education to as many people as possible.

JIS Group is the brainchild of Sardar Jodh Singh's entrepreneurial vision. Begun in 1998, it has 37 Institutes, 170 Programs, and over 39000+ Student enrollments. As a responsible educational conglomerate, it has successfully provided placements to 90% students with 267+ recruiters hiring actively in 2021. The JIS Group of Institutions has a very rich knowledge base in the form of 3800+ publications. Approved and accredited by various government bodies like UGC, AICTE, PCI, DCI, MCI, NCHMCT, BCI, NCTE, MAKAUT, WBUHS, WBSCTVESD, NAAC, NBA, AIU and UNAI, JIS aims to serve the society by being the torchbearer of education and employment.

It is Taranjit Singh who has made the group such a dominating force in the world of education. Singh took it upon himself to fulfil his late father, Sardar Jodh Singh's, dream of eradicating poverty by spreading education. He has dedicated his time and energy for 23 years now. As the Chancellor of JIS University, he is widely recognized across the world for his path-breaking contributions in building the future generations of modern India through his pioneering role as a patron of education and corporate leader.

Under his able leadership, JIS Group has grown into the largest education service provider in Eastern India. It has received 31+ awards and several rankings and accolades from various prestigious organizations, industry, and media houses like NIRF, ARIIA, FICCI, Zee 24 Ghanta, The Week, India Today, Outlook-I-Care, Careers 360, Digital Learning and many more. JIS has also been awarded the Covid Warrior Awards 2021 by Millennium Post and British Deputy High Commission Kolkata for its yeoman work during the pandemic.

Taranjit Singh has ably navigated the group and has deftly managed its diversification into businesses like dairy, telecommunication, transportation, infrastructure, logistics, education, healthcare, information technology, cargo and social service. However, his undying aspiration to serve the society by imparting knowledge and ensuring employability ensures that he reserves his best for the JIS Group Educational Initiatives.

His visionary efforts have been acknowledged, recognized and appreciated over the years. Some of them include :

- The Byatikram Educationist of the year 2020 (Eastern Region) by The Times of India.
- Felicitation for his contribution in the field of education and social welfare by Dr Manmohan Singh, former Prime Minister of India at the International Punjabi Conference.
- The prestigious Dr Jnan Chandra Ghosh Memorial Award conferred by the Science Association of Bengal.
- The Mother Teresa International Award in the Education category.
- Gurukul Award - Kolkata by Lions Club Kolkata.
- Game Changer of the Year 2015 – Business by World Consulting and Research Corporation (WCRC) Leaders Asia.
- JIS Group Educational Initiatives was acknowledged as The Best Enterprises in the Educational Sphere by Europe Business Assembly, United Kingdom.
- Education Evangelist 2013 by ET Now.
- Asia's Best Private Education Institute awarded by World Consulting and Research Corporation (WCRC).
- JIS Group awarded "Most promising Brand in Asia. – 2013-2014" by World Consulting and Research Corporation (WCRC)

JIS Group, under his leadership, sets a realistic agenda of sustainable development for the company to manage their business processes to produce an overall positive impact on society.

ENHANCE

ENHANCING THE EXPERIENCE OF GLOBETROTTING INDIANS

When Gaurav Arora decided to start Enhance Hospitality in 2018 after 15 years of marketing some of the best hotels like Leela, Marriott, Hilton Hotels and Shangri-La Hotels and Resorts; he used his expertise to craft a bouquet of the best hospitality experiences for the Indian traveler.

True to its name, Gaurav Arora's Enhance Hospitality aims to provide an enriching experience for all stakeholders. Fielding questions about his vision and plans, this is what he had to share.

Tell us more about Enhance Hospitality.

Enhance Hospitality helps global luxury hotels and destinations to tap into the Indian travel market. Our representation services focus on sales and marketing of our global luxury hotel and tourism partners.

Our hotel partners include:

1. LUX* South Ari Atoll Resort in the Maldives.
2. The Chedi Muscat, Oman – a GHM Hotel
3. The Chedi Al Bait Sharjah, UAE – a GHM Hotel
4. Sunway Hotels & Resorts operates a portfolio of 12 hotels in Malaysia, Cambodia and Vietnam, representing over 3300 guestrooms, suites and villas at its owned and managed properties.
5. Villa Copenhagen (part of Nordic Hotels & Resorts) in Denmark, which is an iconic luxury hotel that opened in July 2020.

My 15 years of total global sales and marketing experience with different international hotel companies has been invaluable while setting up Enhance Hospitality in 2018.

That has been quite a journey. Tell us about the motivation behind this initiative.

I have a passion for marketing global luxury hotels & international travel destinations. I decided to set up my own venture - Enhance Hospitality to bring global luxury Hotels and tourism bureaus closer to the Indian traveller. As a sales and marketing representation company for global luxury clients, our objective is not only to increase business for them but to also make sure that we partner with some of the most stunning global hotels and destinations for the Indian travel market. We bring some amazing global hotel and destination experiences to the Indian traveller through our travel, trade & wedding industry partners.

How are you different from people working in a similar domain?

I come from a luxury hotel sales background. At Enhance Hospitality, servicing & understanding luxury hotels, destinations & travel trade partners is a big part of our working culture. And connecting with all these stakeholders & creating value for each of them is something I truly enjoy! We firmly believe that our experience in luxury hotels and destinations is a very big advantage and value for our hotel and tourism partners.

With our five core values – Integrity, Impact, Humility, Collaboration, and Channelized Efforts – guiding us, we truly carry the flag for all our hotel and destination partners in the Indian travel market.

What were the challenges faced by the company during the pandemic? And how did you overcome them?

For me, starting Enhance Hospitality has been an immensely satisfying journey. We have been extremely blessed to get some of the best-known brands across the globe to partner with us.

COVID has been a challenge for the hospitality & travel industry. We took it as one of the biggest opportunities. We have essentially become a digital sales & marketing company for our clients during this period. Going forward, we will have a hybrid model with our physical presence complemented with the digital presence to have a better reach.

What are your future plans?

Our roadmap for Enhance Hospitality is very clear. We want to ensure that we bring the best luxury hotel brands and destinations into the Indian travel market. We want to make sure that the Indian traveller gets access to these brands and has an opportunity to visit them in the near future. The Indian travel market pre COVID had been growing. And we anticipate it to grow faster.

What advice can you give the emerging talents?

My advice to young entrepreneurs in India, would be - Be humble, Be brave and work with intense energy. The intensity of our efforts will make sure that we not only reach our goals, but also enjoy the journey. So, if you really like what you do, then I think the entrepreneurial journey is probably the most satisfying one. I recommend one to start an entrepreneurial journey in a domain that one really likes. For me, it has been showcasing global luxury hotels and destinations in the Indian travel market. I love every aspect of this business. So, I really enjoy every bit of time that I spend building Enhance Hospitality.

CSC

MADE IN INDIA. MADE FOR INDIANS.

Indians have never been strangers to shringaar. Exposure to foreign brands and convenience of use ensured that Indians adopted these new formats. Now an Indian brand is crafting products that are just apt for the Indian skin and tone.

Indians are used to international Cosmetics & Healthcare products. The domestic production for such quality products is almost minimal or not preferred generally. This in turn created a lacuna for quality products that are suitable for the Indian skin and pocket

CSC has built its foundation on exactly this premise. It produces an array of world class Cosmetics & Healthcare products that use domestic raw material and are tailor-made for the Indian skin.

The circumstances which led to the founding of CSC are rather interesting. Jayanshu Chaturvedi was collaborating with The Delhi Capitals team to run a Cricket Academy under the aegis of his NGO Collage Sports Club. Looking at the prices of the sunblock that were imported from Australia, he realised that it can be reduced drastically. He started CSC in 2020 under the parent company "Jai Ingredients Pvt.Ltd." with the Zinc Sports Sunblock that was one sixth the price of the imported sunblock. There was no looking back after that.

CSC provides its customers with sustainable, pocket-friendly, organic, and indigenously produced alternatives to international Cosmetics & Healthcare products. Their products are specifically made to suit all Indian skin types and are transparent about the ingredients used. The brand focuses exclusively on hair, skin, bone health, complete body care and sports or fitness products that contain ingredients sourced from qualified & reputed manufacturers. Their entire range of products is environment friendly, cruelty free, gluten free, non-GMO, allergy free, and sugar free (lot of them are Vegan). They are a perfect blend of nature and science with no side effects or permanent addiction. CSC team of dermatologists, scientists and others have ensured that each of the products is of the best quality and is nationally approved and licensed by FSSAI and FDA (few of them are Ayush certified).

These products are available online on Amazon, Nykaa, Flipkart, 1mg and the company's own website (www.teamcsc.in), shipping across the country or in select pop-up stores across Delhi.

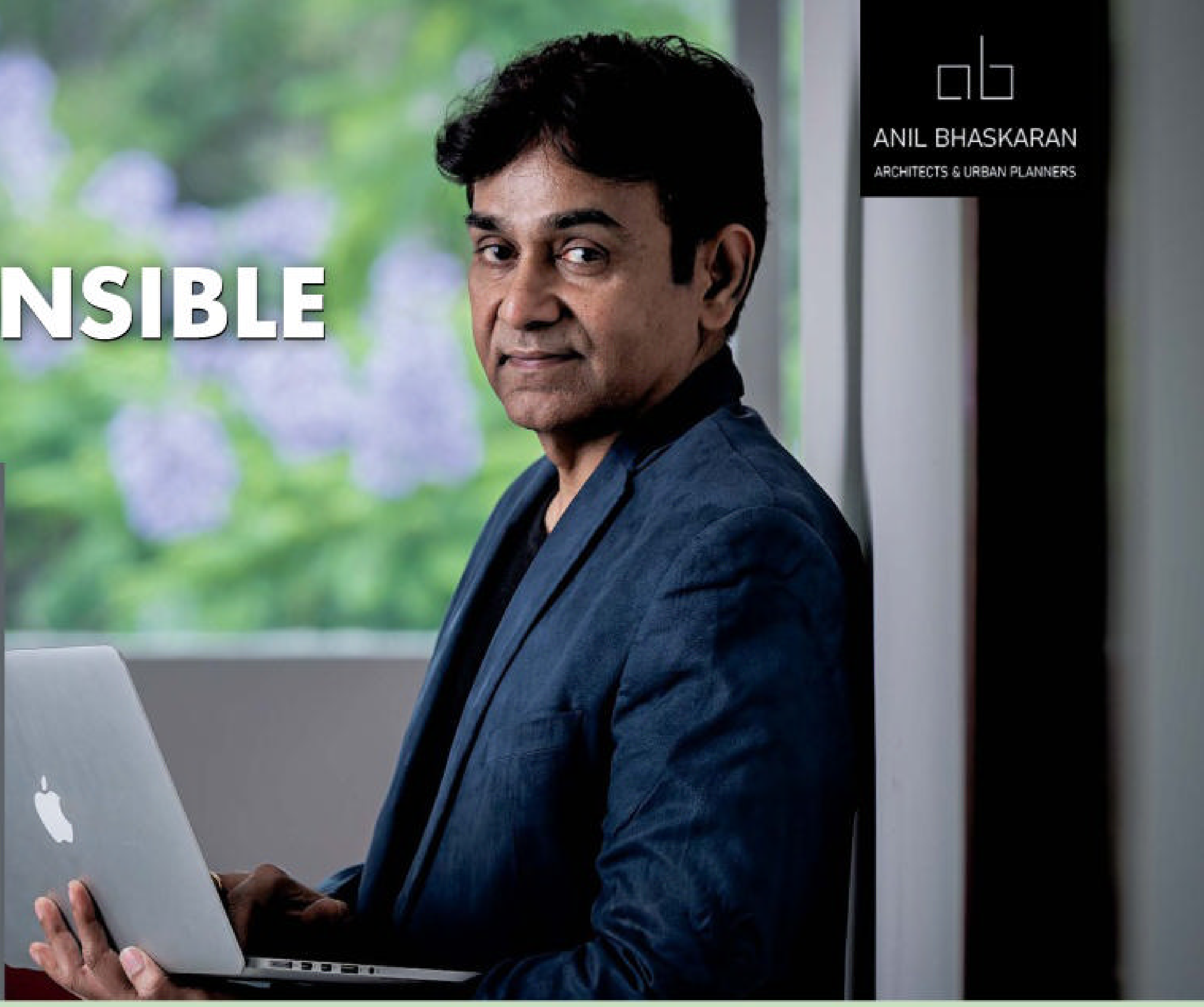
ABOUT THE FOUNDER

Jayanshu considers access to skincare not just a luxury but an essential service that should be made accessible to the Indian masses. He plans to launch 100+ products in the near future so as to provide plenty of choices to the Indian consumer. CSC would become a brand of choice to more than a billion people in the country first & eventually across the globe. At just 23 years of age, Jayanshu Chaturvedi is striking out on his own and beating a new path in the internationally competitive beauty and wellness industry. He also runs a non-profit cricket academy in collaboration with Delhi Capitals to empower the underprivileged talent in India to pursue a career in cricket. He believes that while the current wave of startups is always on the hunt for the "next best thing", a well-executed idea will always win over the revolutionary idea. He advocates the importance of persistence, self-belief and consistency in the field of entrepreneurship since these qualities compound over time.

He lives by the motto - 'never let anybody tell you that you can't do it'. We know, there is no stopping him.

ANIL BHASKARAN
ARCHITECTS & URBAN PLANNERS

THE RESPONSIBLE ARCHITECT



If God is a creator par excellence, it is but natural that you look at his works as inspirations and use it to upgrade yourself. Anil Bhaskaran is one such person.

'The on-going pandemic has compelled us to view everything that we do from a totally different perspective', says Anil Bhaskaran, Architect and Urban planner. Referring to the tumultuous times that we are living in, he adds, 'Look at the climate change and its effect on our planet. Nature constantly reminds us of the importance of living in harmony with her. History shows that though nature is exceedingly tolerant towards our abuses, when we do cross the line, she punishes us mercilessly.'

He sees nature and history as his prime educators. Citing examples from history, he says, 'Our ancestors had realized that buildings were essentially meant to be the places of wellness. This led them to work in partnership with nature, without resorting to the over-exploitation and destruction of her resources'.

Bhaskaran is an advocate of moderation. His initiation into Architecture started when his father Bhaskaran Nair, a Civil Engineer, recognized his inclination towards art and creativity and encouraged him to take up architecture as a career.

Completing the Bachelor of Architecture Degree with the first rank and a distinction from the University of Kerala, Bhaskaran went on to secure the Master of Architecture Degree, with a specialisation in Urban Planning, from the University of Minnesota, USA. He worked with the Chicago based architectural firm Skidmore, Owings and Merrill. He then returned to India to set up his own practice.

As the Managing Director and Chief Architect of IDEA (Initiative for Design Excellence in Architecture) Centre, the Company he founded in Bangalore, he has designed and executed over a hundred projects, including many landmarks during the last two decades of the Company's existence.

Elaborating on the core design philosophy that he follows in his works, he says, 'I am a proponent of what I refer to as Responsible Architecture. Responsible Architecture is all about creating buildings that respect the environment and nature'.

He has gathered many valuable inputs from nature by closely observing it. 'Nature's grand school of design teaches us many lessons. The first one is that the physical forms found in nature are devoid of any straight lines. Secondly, while almost all of the physical attributes of its life forms have functions to perform, many features exist purely for the reasons of aesthetics. Thirdly, when we analyse the physical characteristics of the life forms, we come to an intuitive realisation that these forms must have been conceived in three dimensions by their creator. The third point underscores the importance of three dimensional thinking in any design process ', he explains.


INFOSYS SOFTWARE DEVELOPMENT CENTRE, MANGALORE


JAL BHAVAN, BANGALORE


GURUSHARNALAYAM, CHENNAI

He stresses on the importance of learning from the history of architecture. Expounding a principle that he has learned from history, he says, 'The typology of the designs of the historical buildings found in most parts of India, is unique. The traditional buildings were usually an aggregation of masses and spaces that were designed in different shapes and sizes. Experiencing them took some amount of moving around, making their exploration and gradual revelation more exciting. This type of orchestration of volumes and spaces is in total contrast with the idea of a building as a single giant space enclosed by a large exterior 'skin' - a method that is commonly used in many of the 'modern' buildings. This, in turn, makes many of such buildings less humane and sometimes even monstrous'. The completed projects such as the 'Ramana Maharishi Centre for Spirituality', 'Novitate' and up-coming project - 'Gurusharnalayam', exemplify this principle.

He is also keenly interested in Semiotics, the science of symbols. He uses it in his designs in a subtle way. Infosys Mangala, one of his landmark creations, symbolizes a terraced hill while another famous building, Jal Bhavan, gently reminds one of a rainbow.

His passion and expertise in urban planning, have prompted him to ideate and formulate newer theories in city planning, which eventually led to the development of the prototype designs for the future Indian cities.

His inclination for social and charitable work motivated him to found the no- profit initiative, India Urban Care Forum that strives to improve the conditions of Indian cities and citizens.

A prominent speaker, writer and a winner of many accolades, he was chosen as one of India's 'Visionary Leaders', by the India Today Magazine and was also awarded 'The Economic Times Inspiring Leaders Award in Architecture and Urban Planning', in 2021.

THE TEACHER WHO MANS THE GATE OF SUCCESS.

In India, cracking competitive examinations like PSU, GATE and ESE determines the future career of students. Jaspal Singh stands out like a beacon of hope to all the millions who attempt exams like ESE or UPSC every year.

Teaching is an art, they say. As in any art, it is the passion for the subject and the flair for effectively communicating it, that makes the difference. With Jaspal Singh too, passion it is. Why else would an Assistant Executive Engineer in CPWD give up his well settled job to pursue a career in teaching?

The journey that started off in 2011 has catapulted this Engineer from relative obscurity to a Teacher with a Rockstar aura amongst competitive exam aspirants. Jaspal Singh moved over to recalibrate a career in academics and quickly built a reputation as one of the most prolific teachers in this domain. He became a sought after mentor for various organisations coaching GATE/ESE aspirants.

Jaspal Singh's passion for Civil Engineering has resulted in it acquiring a sheen amongst students. The oldest branch of engineering has become an interesting subject, due to the contemporary skills Singh brings to the classroom.

As Singh says, "Civil Engineering being one of the oldest branches in Engineering has many topics that are conventional and can be boring for learners. To overcome this, I keep introducing new pedagogies and think of different ways in which I can represent the same concepts to make them more interesting. The biggest motivator for me is the fact that aspirants look up to me. Their expectations from me and their hard work towards their dreams keep me motivated to keep going. Many of my students share their emotions and hopes with me, which further encourages me to give my best and help them succeed".

Apart from lecturing the syllabus, Singh motivates and guides his students. It is this unending commitment to them and his determination and passion to ensure their success, that has made him the most popular teacher among students.

His students are quite effusive and flattering in their praises. "The notes provided by Jaspal Singh sir, his knowledge and his way of teaching helped me a lot during my preparation," said Shivansh Kumar Rai who qualified ESE 2019 with AIR-109.

This success has not come easily to Singh. He has sterling academic credentials. He scored a 4th Rank (AIR) in Engineering Services Examination (ESE). Jaspal has been able to synthesize in his work and in his approach, the same methodical approach that he has honed across the years of his education and career.

Jaspal Singh has emerged as a visionary and innovative thinker teacher who is driven by the passion to make a difference in people's life. For students, he is the unchallenged master in Civil Engineering domain. He has mentored lakhs of young minds and helped them succeed in exams like ESE and UPSC, radically transforming their lives.

Jaspal Singh holds the record for mentoring the maximum number of UPSC qualified candidates (1396). He mentored one lakh aspirants, out of which 1396 qualified the Engineering Services Examination (ESE) (with All India Ranks), conducted by UPSC from 2012 to 2020," reads the title description in the Asia Book of Records book.

A prolific speaker and subject expert, he is a regular at TEDx, Televison debates and Civil Engineer Education related events. He has uploaded technical sessions on YouTube so that aspirants from humble background can also access knowledge. His free sessions on the net have already garnered 50 million views. Taking it to the next level, Jaspal Singh has shared free barcode notes, so that students can access his lectures with these codes.

Going beyond the realms of education, this humanitarian also extends support in cash and kind to NGOs and the needy across the country for welfare and charitable purpose.

A one man Juggernaut, he is infusing hope and ambitions in a generation of youngsters. This Civil Engineer is laying the foundations of a stronger and better India.

AWARDS & ACCOLADES.

Jaspal Singh's outstanding work has got him a lot of awards. They include:

- Champions of Change Award by Interactive Forum of Indian Economy (IFIE).
- Indian Achiever's Award 2021 by Indian Achiever's Forum.
- Education Excellence Award 2021 by Brands Impact.
- Best Faculty of the Year 2021 by Center of Educational Growth & Research, Delhi.
- International Education Award 2021 for the significant contribution in Education Community.
- Global Teacher Award 2021 by AKS Education.

THE MAN WHO LIVES TO SHAPE OTHER'S DESTINIES

At a time when we see business in people, you have a person who makes people his business

A compassionate philanthropist and Founder of Ample Missiion, Dr Aneel Kashi Murarka has been active in community development for the past three decades or more. A tireless crusader for underprivileged and marginalised communities of society, he has been consistently addressing major social issues that limit the development of society. "I am inspired by the impact that our social projects have on society and the time - resources invested for the betterment of human life" he says.

Aneel's father Kashi Murarka is a man of great repute in the field of social work, he inspired his interest in philanthropy. So, one can say that it is in the genes. As a College General Secretary at Mumbai University, Aneel always strived for the welfare of student's community and helped underprivileged students in their educational needs. "My father built his company from scratch. I was fortunate to have received early education in entrepreneurship under his able guidance and I was also given a strong social conscience. It is a key part of my family culture to give back and to be involved in the community" he says.

Aneel took to social work by supporting local NGOs and charitable causes which included home for the blind students, physically handicapped resource centre, leprosy home and orphanages. These experiences crystallised into a desire to support and empower youth. "I am convinced that if you want to be efficient, you must understand what works and what does not. Measuring impact is one of the most challenging parts of the philanthropic process" he says . This dedication shaped up into the social enterprise Ample Missiion. Aneel says "My social awareness organization, Ample Missiion, unites the youth to work on innovative campaigns to help people. We have done over 100 different social campaigns over the last many years, which also focuses on recognizing changemakers and helping them move their cause forward!" He is also the Trustee of "Samarpn"C B Murarka Charitable Trust, which focuses on building Mega Public Utilities for community service. Shivdham is a one-of-a-kind crematorium built by the Trust, located in the Western suburbs of Mumbai. He also got the BMC and state government to action the much-awaited new gas-fired furnaces there. During the pandemic, this cremation facility at Mumbai came in handy in cremating the infected bodies very safely.

Dr Aneel Kashi Murarka has never forgotten his roots. His Trust has constructed a fully air-conditioned Bus Stand, Multi-storey lady police Living Quarters, a Hanuman Temple, Public Toilets, Lawyers Chamber, and a multi-purpose Community Hall at Lachhmangarh, Sikar- Rajasthan. He has tried to replicate these across Maharashtra and India. "For many, the term philanthropy has traditionally referred to wealthy families bestowing large amounts of money on public good and major social developments. But for me, my idea of what it means to be a philanthropist was shaped by my dad" he says.

Ample Missiion was conceived as a charity, focusing on problems relating to education, disability, tribal welfare, women empowerment, pollution and youth centric issues. Each campaign is planned meticulously by their young energetic Team members led by his son Sidhaant to address different causes and lend support.

Aneel's college experience motivated him to organise inspiring award shows such as - "The Shoorveer Awards "– For the Braveheart Common Man, "Awards Zindagi Ke "– For the men in Uniforms - Martyrs of the Defence Forces, Police, and Fire-Brigade, and "The Bharat Prerna Awards" - For the Differently-abled achievers. All these shows impact India's youth and general public too.

Ample Missiion has been active throughout the Covid-2019 pandemic & still continues . Aneel was spearheading humanitarian initiatives across the state and country, providing relief to hundreds of affected families and communities including daily wagers, homeless people, stranded inter-state migrants, transgenders, Acid survivors, Dwarfs, slum dwellers and more. He provided financial assistance, medical safety aids like masks, sanitizers, medicines and monthly ration kits with essential items for daily use, thus saving people from starvation and deaths during the lockdown. The Hon Governor of Maharashtra Shri Bhagat Singh Khoshyari had felicitated him at the Raj Bhavan, for these humanitarian acts.

By nature, Aneel is cool, composed and filled with positive energy. He loves nature and is always willing to explore new things with challenges. Despite his hectic business commitments as MD of Mirachem Industriies, he guides Ample Missiion along with his son Sidhaant with zest and enthusiasm.

Aneel often says "Life is what you make it". He is selflessly helping people make their lives. Isn't that a life well lived?

IT'S THE LIMITLESS SKIES FOR KASSTECH

Dominating the territorial skies and the best tech power has been the goal of many a nation. India is blessed with entrepreneurs who are investing their blood and sweat to ensure its self-sufficiency.

The defence sector in India is opening up. Many companies and start-ups have taken up the challenge to introduce cutting edge technologies and bring the Indian Aerospace Industry to the fore.

Gurugram based Kasstech Aerospace a DPIIT registered start-up has been actively involved in providing technical solutions to the aerospace industry. They offer unique integrations to solve some of the pressing problems of the industry. They also undertake maintenance and repairs of Indian aircrafts and UAVs.. As a response to the country's needs during the pandemic period, Kasstech diversified into healthcare solutions by providing the latest state of art medical oxygen plants to the Indian healthcare sector from Oxywise. From brand versatility to service comprehensiveness, there are various elements that've shaped KassTech's market success.

Mr. Vivek Saxena, Director, Kasstech Aerospace – the veteran leader with more than 30 years of experience in the Indian Defence, Aerospace technology, and Aviation sector gives us an insight into the work done at Kasstech Aerospace.

How is Kasstech positioned as a Defence Industry solution provider? How does Kasstech implement its technology across Aerospace, Aviation, and Defense segments?

We are authorized distributors of Austro engines, Teledyne FLIR OEM cores, Oxywise PSA medical oxygen plants/ generators and sales representatives of Diamond Aircraft Industries in India.

Diamond is the leading global manufacturer of single and twin-engine aircraft in general Aviation. Its aircraft are renowned for their superior design, build quality, comfort, safety, and extremely low costs of operation, owing to which they're the preferred choice of private pilots as well as flying training institutes. Over 5500 Diamond Aircraft have come into operation worldwide and over 50 of them are flying in the Indian sky today. These aircraft are classified as the safest aircraft by far in the General Aviation Category.

Austro Engine- Diamond aircraft are equipped with Austro Engines. These are the world leading engines in their class with the best power to weight ratio and are extremely cost efficient. Diamond Aircrafts are designed with these engines in mind and therefore the combination of airframe and engine is perfectly balanced and efficient.

Kasstech Aerospace MRO has recently got its CAR-145 approval and therefore is now able to provide maintenance services for Diamond aircraft and Austro engine.

We are also establishing aerospace consulting capability with the ability to analyse various CFDs. A composite manufacturing facility is a next step in our roadmap to evolve into a company providing a full range of solutions to the aerospace sector.

Kasstech Aerospace has another pillar of business, with FLIR thermal cores division. With their range of thermal cores, Kasstech is deeply involved in energizing the Indian Thermal Camera industry under the 'Make in India" program.

We are working with FLIR (FLIR is the global leader in thermal imaging cores/camera manufacturing – a US based company dealing with infrared thermal imaging Systems.) These camera like devices have ability to pick up temperature differences by sensing heat emitted by objects.

These sensors range from large 'Gimbals' which form part of aircraft avionics systems to small 'cores'. These cores form the heart of various thermal imaging instruments and equipments.

They are the sensor of choice on the large number of drones being made in India at the moment and also are the heart of handheld based thermal cameras/weapon sights being manufactured in India.

In India, several major system integrators use the FLIR-provided cameras for their drone systems as well as final products for the defence sector as part of the government's push to "Make in India" and "Atma Nirbhar Bharat" initiatives. As a simple analogy with desktop computers, the FLIR Thermal cores inside Thermal Imaging systems made in India act similarly as the "INTEL CPU" inside desktop computers made in India. Currently, thousands of FLIR Thermal cores are on order and under delivery, which consequently means that the Indian Thermal Camera Manufacturers are coming of age and not only meeting India's defense needs locally but also exporting to other countries. Kasstech is also developing industry specific solutions based on this technology.

The recent events, especially the tragedy of the second COVID wave in India greatly highlighted the inadequacy of the medical oxygen infrastructure in the country. Consequently, Kasstech immediately moved to identify and tie up with a world leader in this technology space. Our tie up with Oxywise brings the world's leading PSA technology plants to India. With over 30 plants under installation in this relatively short period, these plants are contributing to the medical oxygen infrastructure in the country. Oxywise designs and builds on-site oxygen and nitrogen generating systems based on pressure swing adsorption technology, cylinder filling systems, containerized systems, and gas control solutions. These PSA-based plants are highly reliable and cost-efficient with all necessary certifications.

What is the unique proposition that Kasstech brings to the table?

Our unique proposition is the ability to solve customer problems with the application of technology. Our team is well qualified with very good industry experience. We are able to leverage our industry experience with the technology to solve client problems across the domains of aerospace, defense, industrial, health care, and power sectors, bringing the best of global technology locally to the nation. This contributes to an increase in productivity of the industry locally. With Kasstech, Indian Aerospace Industry is sure to see exciting days.

KAPTURE CRM: EMPOWERING BRANDS TO UNDERSTAND CUSTOMERS BETTER

At a time when personalization is everything, it is imperative that marketers understand the customers better and create a layer of personalization at every step. A Bangalore headquartered company is empowering customers across the globe, with its SaaS support automation platform.

Founded in 2011 by Sheshgiri Kamath, Vikas Garg, and Pearl Tewari, Adjetter Media Network pivoted to Kapture CRM. Kamath comes with strong management background having been with via.com in a global role across India and South East Asia and with stints at ITC and the Manipal group.

Garg is the technical geek who is extremely passionate about ML and AI. In his own words, "ML has changed the way problems are solved and still, AI and ML technologies are at a very nascent stage and there is a lot more expected over the next decade and I'm very excited about it."

Together, they have created a suite of products that solve the challenges of the end-users who use the product and not just the decision-makers. Their products are based on the rationale that it is imperative that brands and marketers should stay connected to the customers and understand them as their requirements evolve and grow.

Kapture is an Enterprise-grade, SaaS-based Customer Experience platform that focuses on customer support. Harnessing the existing client data, Kapture then crunches it in its superior Artificial Intelligence and Machine Learning modules to come up with predictive analytics and suggestions, along with learning that helps decision-makers and marketers make better decisions and create a better experience for their customers.

Kapture's strong API ecosystem offers seamless integrations with 1000+ APIs. The team is continuously introducing more API integrations to ensure customers an integrated one-stop experience. Extremely agile, scalable, and a customizable platform, it empowers customers to build personalized, intelligent, and contextual interactions with their customers, that go a long way in creating customer loyalty.

Kapture has the capability to integrate every customer touchpoint, be it phone, chat, email, social media, or app, into a one-stop solution making it easier to respond to customers, while effectively reducing the turn around time. Kapture is built to adapt to different industries and complex workflows ensuring a perfect fit for any brand. It manages the customer relationship across the various stages, be it acquisition, lifecycle management, or retention.

With in-house implementation, account management, and customer support teams, customers always have a touchpoint at Team Kapture.

Kapture is trusted by 1000+ brands in 16 countries to provide personalized and delightful customer support through its advanced machine learning capabilities. In India, companies like BigBasket, NetMeds, Bisleri, Prestige, Ford, Acko Insurance, Tata, Reliance, Nykaa, SunPharma, and many others are already on Kapture.

With the advent of the pandemic, the need for Support Solutions increased as a lot of customers and businesses transacting/buying/enquiring/complaining have moved online. Under such circumstances, every business, small or big, needs a customized support/service platform. With quickest implementation, Kapture ensures that every customer has a smooth onboarding process.

Kapture is already a globally loved brand and they have exciting things coming up!

METAMORPHOSIS: BECAUSE EVERY PUPA DESERVES TO GROW INTO A BUTTERFLY.

It takes courage to start a business. It takes patience and an unflinching focus to build the perfect team to succeed. It does help to have a well accomplished advisor to bring in a worldly perspective and raise the business to its true potential.

We live in a complex world. The rules of the game are constantly evolving. The business ecosystem is changing. New Trends, Products and services are emerging at a rapid rate. In theidst of all this, there is one constant. The People.

People still determine the success of every company. The working conditions and the framework of work might be changing, but the outcome still depends on the performance and productivity of the group of individuals who make up the organization.

As important as the manpower resources, is the need to anticipate the future and to strengthen cooperation in companies with modern solutions. The decisions made by the people who run the organisation and the connections that they develop to further the business are the unspoken success factors for the organisation. This requires freedom, creativity, speed, flexibility and a corporate culture that connects people with the organization.

Ajay Bakshi advocates a two step process. Transform the People who man the organization. Restructure the organization to allow them to perform at their optimal. He should know. A celebrated HR thought leader, Ex CHRO, Board Director and Business Leader with 30 years of extensive experience in work-force management, he is a veteran in transforming organizations by empowering its people. Ajay is a Board Director of ILCI,a group company of John Mattone group (Coach to the Late Steve Jobs)for the Indian subcontinent comprising of India ,Nepal,Srilanka & Bangladesh which aims to build leadership capability by coaching corporates aiming for excellence. Ajay has also been awarded and recognised as a Performance Coach by Economic Times in July 2021.

Metamorphosis Unlimited, the Pune based company founded by him excels as a Strategic HR and Talent advisory consulting firm. It focuses on developing the leadership skills of the existing human resources to enhance the value of the organization and overall success as an outcome. Their services are sought to identify and judge the potential of the existing personnel and to enhance their skillsets. When it comes to Talent Acquisition, Metamorphosis Excel in selecting and recommending potential leaders for organizations.

Bakshi says, "In fact, emphasis should be on identifying leadership potential, which means the person not only performs the current function, but also improves to take up larger responsibilities in the future. Recruitment of high performing leaders using a detailed assessment model that combines psychometrics, competency based interviews, potential assessment interviews & culture fit simulations helps hiring the right person for the right role.The impact of wrong hire at leadership level can cost the Organization 3X to 10X or more of their total cost to company for every wrong hire".

Metamorphosis also undertakes executive coaching programmes, working with business leaders to address their problems by converting them into actionable opportunities that help differentiate themselves in the marketplace. Working with CEOs to CXOs and emerging leaders, Bakshi helps in the articulation of strategies, aligning the goals of various departments. It also assesses performance and coaches the personnel to improve their performance.

Bakshi says, "Most managers have largely grown up from individual contributors on the basis of their technical skills. They need formal training in technical and functional skills to become confident and competent for this career transition. We train them with a 360 degree approach in leadership development skills with an intensive programme consisting of classroom training, online training, on the job projects, and group coaching mentoring them on three different areas- managing self, managing others, and managing performance. We help them chart out a sustainable growth path for their team, motivating them with a mix of tangible and intangible rewards."

Bakshi says, "Creating a culture of high performance is all about driving accountability and ownership. This should result in growth that is scalable through processes, operational excellence & people. We work towards identifying the right leader internally as well as externally and strive to instill a culture of leadership in the organization. I personally work with Leaders and prospective leaders to help them in their transition to high performance unit heads".

With offices in Mumbai, Bangalore, South Africa, UK, and Switzerland, this Mechanical Engineer from MIT Manipal and MBA from Pune University, is extending his services to discerning clients across the globe.

Bakshi is also putting together a book - Building to Outperform - spelling out the art of putting together high performance teams integrating strategy, Organization design,Talent, Culture and Processes.

When the world is striving to perform, here is a man who is preaching outperformance. Isn't that what a coach ought to be?

AUDIO ON THE GO

BY **NIDHI SINGAL**

Be it answering calls, listening to music or streaming OTT content, here are some of the best audio accessories you can invest in

| OVER-EAR HEADPHONES |

PORTABLE SONIC BLISS

One of the best over-the-ear headphones, Sony's foldable design makes it convenient to carry without compromising on sound or active noise cancellation. The active noise cancellation is one of the best in the industry and covering the right cup (which houses the touch control panel) with the hand lowers the audio volume to let the outdoor/ambient sound in.

Where to buy: *sony.co.in*

SONY WH-1000XM4
₹22,900
THIS PAIR HAS ONE OF THE BEST ACTIVE NOISE CANCELLATION FEATURES IN THE INDUSTRY AND IS EASY TO CARRY AROUND

| IN-EAR BUDS |

Priced Right

NOTHING EAR (1)
₹6,999
FOR ITS PRICE, THIS PAIR OFFERS A LOT OF VALUE, WITH BALANCED SOUND OUTPUT AND ACTIVE NOISE CANCELLATION

Nothing's earbuds are impressive for their price, as they offer not just well-balanced sound output, but also active noise cancellation (ANC) with transparency mode. All this is enabled using an 11.6-mm dynamic driver, and a triple microphone setup to cancel outside noise. Supporting Bluetooth 5.2, the buds work with Android devices and iPhones. They also feature Qi wireless charging, besides USB Type-C. The buds last five hours on a single charge, with 24 hours of juice in the case.

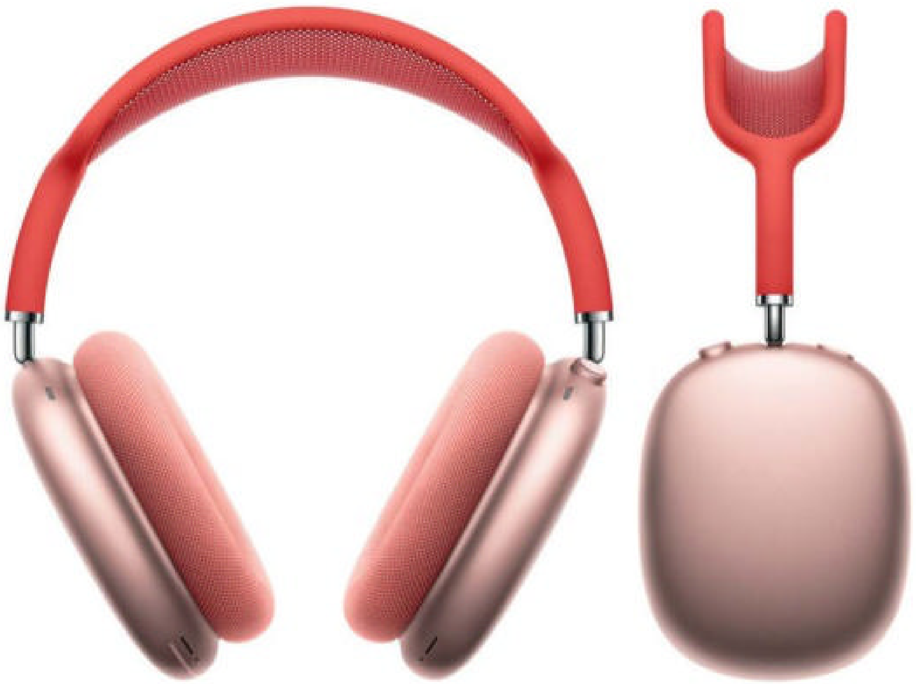
Where to buy: *in.nothing.tech*

FEATURE RICH LIGHTWEIGHT

SAMSUNG GALAXY BUDS 2
₹11,999
PACKED WITH FEATURES, THESE BUDS ARE LIGHT IN WEIGHT. A MACHINE LEARNING-BASED SOLUTION ENSURES DECENT CALL QUALITY

This lightweight pair comes with good audio and touch-sensitive customisable controls (via the app) on Android devices. It features ANC with the hear-through mode. Three microphones and a built-in voice pickup ensure decent call quality using an ML-based solution. They run for four hours with ANC, and the case can juice the buds thrice.

Where to buy: *samsung.com/in*



GOOD VIBRATIONS

One of the best looking over-the-ear headphones, it has a combination of stainless steel frame, anodised aluminium cups, soft-touch fabric and knit mesh. The metal headband with breathable mesh fabric is wide, helping balance the heavy weight of the cans, without putting much pressure on the head. The headband and the aluminium earcups are connected through telescopic arms that requires some effort to extend but stay put. The large cups feel super-premium. The premium-ness is extended to functionality—with superb sound output, excellent noise cancellation, and the spatial audio offering a theatre-like experience that takes it a notch higher.

APPLE AIRPODS MAX
₹59,900
THESE CANS NOT ONLY LOOK GOOD, BUT ALSO HAVE EXCELLENT NOISE CANCELLATION AND SPATIAL AUDIO FOR AN IMMERSIVE EXPERIENCE

Where to buy: *apple.com/in*

SHOW STOPPER

Stunning looking, from sound to noise cancellation, these buds check all the boxes. Sony has managed to bring its superb over-the-ear WH-1000XM4 ANC experience to this pair. These water-resistant buds managed to suppress the noise without creating a vacuum-like effect. The equaliser, which also has manual settings, is accessible from the app. The only hiccup I had was that the buds stopped responding a couple of times, even when paired. A stunning design, superb audio, the best ANC and a long battery backup makes these worth considering.

SONY WF-1000XM4
₹19,990
A STUNNING DESIGN, SUPERB AUDIO, THE BEST ANC AND A LONG BATTERY BACKUP MAKE THESE BUDS A GREAT CHOICE

Where to buy: *sony.co.in*

RUGGED PORTABLE SPEAKER

ALL-ROUNDER

Sonos speakers are about music experience backed by great sound and convenience. Unlike most portable speakers which are about sound on the go, this has been designed for both indoor and outdoor use. With Bluetooth and Wi-Fi support, it can become a part of a Sonos multi-room setup. For full functionality, it needs to be paired with the Sonos app. One of my favourite features is Auto TruePlay, where the speaker automatically tunes its soundstage to the environment.

Where to buy: *trysonos.in*

SONOS ROAM
₹21,998
WITH RUGGED BUILD QUALITY AND GREAT FEATURES, THIS SPEAKER IS ONE OF THE BEST IN THE CATEGORY

MUSIC FOR THE OUTDOORS

Although a circular compact speaker that fits in the palm, this weighs 630 gm—mostly due to the hard aluminium body which can withstand dust and water. Housing dual 1.8-inch drivers it provides omnidirectional sound and the controls on top are easy to use. The speaker is mostly about clean vocals and average bass and treble but adjustments can be made by connecting it to the B&O app. It is good for listening to music and the battery ran for 15 hours.

Where to buy: *amazon.in*

B&O BEOSOUND EXPLORE
₹20,000
ITS LOW LATENCY MAKES IT A PERFECT OUTDOOR ENTERTAINMENT SYSTEM

PHOTOGRAPH BY RAJWANT RAWAT

NATURE LOVER Agrawal has a passion for naturopathy and is a believer in natural living

THE HERBAL 'DOCTOR'

Vishal Agrawal, MD, India and SAARC, of Avaya, has put his passion for naturopathy to good use during the pandemic

BY **ABHIK SEN**

The Covid-19 pandemic has put the focus back on the need for healthy living. It has made people more conscious about what they use and consume, with many being keen on natural therapies and natural living. But natural living is no new fad for Vishal Agrawal, and certainly not something he took up as a whim after the pandemic struck. In fact, it was quite the opposite. After the first wave of the Covid-19 pandemic, some offices got back to work. And Agrawal found himself doling out advice to colleagues on how to protect themselves using naturopathy.

"With my understanding of herbs, I used to guide my colleagues in making 'Kadha' (an ayurvedic home remedy that is believed to increase immunity and guard against seasonal infections). From going grocery shopping myself to making it from scratch, I tried inculcating this healthy ritual and made sure that it was followed by everyone attending office," says the 48-year-old Managing Director, India and SAARC, of Avaya—the global business communications software and services company.

Agrawal is no trained naturopath or herbalist. "I have a passion for naturopathy and I'm a believer in natural living," he says, adding that it led him to learn about naturopathy. And he has been on this path of discovery for the past five years. "I believe in natural healing and am now a walking encyclopaedia on the types of herbs and plants that can be used to heal any ailment," says Agrawal, who has been with Avaya since 2006.

Agrawal says keeping it simple in life is good for work. "Living simply encourages you to simplify things and approach any business issue in simple methods and terms," he says, adding that it makes taking decisions very easy. Plus, there are great leadership lessons. "Keeping it simple and being grounded are probably my biggest learnings over time," he says. "My understanding of nurturing is reflected in my leadership style, and this is why my favourite statement—which I often use—is, 'A plant and an individual both need care and if [proper care is] given, both can be groomed to bear the best fruit'."

"My understanding of nurturing is reflected in my leadership style. Keeping it simple and being grounded are probably my biggest learnings over time"

The tech honcho is not ready to let go of his passion just yet. He seems serious about doing something about it as well. "Although I do not have a degree in this field [naturopathy], I believe I could still pursue a career as a naturopath or herbalist," he says. If the current keenness for healthy living and natural therapies is anything to go by, Agrawal might just have an alternative career waiting in the wings. BT

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BEHIND THE WHEEL

Shikhee Agarwal of Kiehl's India is passionate about driving and exploring the country on four wheels

BY **SMITA TRIPATHI**

ON THE ROAD The AVP of Kiehl's India participates in various rallies for women during the year

For Shikhee Agarwal, AVP of Kiehl's India, life is an adventure. For the past decade and a half, the 44-year-old mother of two (aged seven and three) has been driving her four-wheeler across mountains, deserts, forests and plains. If there is a road, Agarwal will drive on it, sometimes even when there is no road. Agarwal, who heads Kiehl's operations in India, currently drives an Isuzu V-Cross truck. "I always keep my Isuzu trolley loaded with tent and accessories as my road trips are usually on the go and never planned," says Agarwal who has driven from Kedarnath to Kanyakumari. Her first impromptu road trip was 15 years ago when she drove from Delhi to Leh via Lahaul Spiti valley.

Agarwal's love for adventure can be traced back to when she was a child in Shillong and used to trek 4 km to her school. She is an avid trekker and a car and bike rally enthusiast. She used to ride an Enfield Bullet before she graduated to cars and has also featured in a BBC show called *Wheels* since there weren't too many female bikers. "My tryst with the road continues as my boys are now an active part of this adventure. We love camping and cooking by the riverside," says Agarwal, who loved driving the Mahindra Scorpio before she moved to the Isuzu. Agarwal's husband is her partner in crime. On long road trips, they take turns and drive up to 800 km a day.

"I HARDLY EVER TAKE A FLIGHT. I DRIVE EVERYWHERE BE IT TO KOCHI, PUDUCHERRY OR THE NORTH-EAST," SAYS AGARWAL, WHO IS ALSO A RALLY ENTHUSIAST

Agarwal participates in various rallies for women. Her favourite is the annual Women's Car Rally organised by charitable trust Uthaan. Her most memorable road trip was to Bhutan. "I hardly ever take a flight. I drive everywhere, be it to Kochi, Puducherry or the North-East," she smiles, saying she drove to the hospital herself when she went into labour and her kids are born adventurers.

The pandemic also did not play spoilsport for her. Driving was safer than flying. Instead of hotels, the family camped in tents. BT

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The Best Advice I Ever Got

SHARAD SANGHI | MANAGING DIRECTOR | NTT LTD IN INDIA

NTT Ltd is a global technology services company and a leading provider of IT infrastructure solutions in India

PHOTOGRAPH BY RACHIT GOSWAMI

'Focus on building a sustainable business and innovate relentlessly'

What was the problem you were grappling with?
In 1999, no world-class third party data centres existed in India. The first challenge for me while setting up the erstwhile Netmagic—which was later acquired by NTT Ltd—was convincing investors about this new opportunity in India's tech space. I faced the task of putting together an entire ecosystem of vendors, partners and service providers.

Who did you approach and why?
My conviction in my approach was fuelled by my mentor B.V. Jagadeesh who was the Co-founder and CTO of Exodus Communications. I discussed with him my plans during a meeting at a TiE event in 1999. He offered guidance on several areas including giving equity to employees, product management and operations when I launched the first data centre in 2000.

What was the best advice you received?
Focus on building a sustainable business and innovate relentlessly—this was Jagadeesh's advice to me when the dotcom bust happened in 2001. He advised me to launch managed services as one of our key offerings, which helped in enhancing revenue generation.

How effective was it in resolving the problem?
I was always sure of my vision and Jagadeesh's advice made that conviction stronger. With our efforts, erstwhile Netmagic not only survived the situation but thrived. By 2006, we had a healthy mix of over 300 customers and 90 per cent capacity utilisation at our data centre. Today we have about 1.5 million sq. ft data centre space with 2.5 million sq. ft under construction. We are one of India's largest full-stack ICT service providers with over 3,500 enterprise clients. BT

—NIDHI SINGAL

Vol. 31, No. 5 for the fortnight
February 21, 2022 to March 6, 2022.
Released on February 21, 2022.
Total number of pages 108 (including cover)


Kajaria
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India's largest tiles manufacturer is now world's No. 8
Manufacturing spread across 10 plants - 8 tiles, 1 sanitaryware & 1 faucet
PAN India network of dealers and world-class showrooms for a magnificent experience
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Surging ahead into sanitaryware & faucets under the brand name - Kerovit
Forayed into the wood panel segment with plywood and laminates under the brand name - KajariaPLY & Kajaria Laminates

50 YEARS

MAH JONG SOFA

This year, Roche Bobois celebrates 50 years of the Mah Jong sofa, designed by Hans Hopfer in 1971.
To mark this milestone, the Mah Jong is dressed in new designer fabrics and set on elegant platforms that enhance its silhouette and make it even more comfortable. Avant-garde at the time of its creation, this ultra-modular sofa is an iconic piece today.

Photos: Michel Gibert and Baptiste Le Quiniou, for advertising purposes only. BnF/INHA/ENC – Bruno GAUDIN and Virginie BREGAL, Architects, Paris 2021, TASCHEN.

Mah Jong. Modular element sofa, designed by Hans Hopfer.
Upholstered in **Jean Paul Gaultier**, Couture collection.
Platforms in high-gloss lacquered wood, Ink (Encre) finish.

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