

The Academicians' & Practitioners' Summit on Banking & Finance (APSBF 2023)

CoEBF conducted a summit “**Academicians' & Practitioners' Summit on Banking & Finance (APSBF 2023)**” on 24-25 November 2023, with an objective to provide a platform for eminent industry experts from the field of Banking and Finance, and academicians to come together and exchange thoughts on issues related to ESG, Fintech, NPAs, and NBFCs.

APSBF 2023 provided an opportunity to the practitioners to present their research work and debate on the above-mentioned issues. Further, this platform hopes to facilitate policy advocacy in the evolution and emerging industry growth.

The two-day event was full of insights from various industry experts and academicians.

Day 1

The day started with the welcome address by **Prof. J. Mahender Reddy**, *Distinguished Advisor, ICFAI Group and Former Vice Chancellor, IFHE Hyderabad*. His address set the stage for the day's proceedings, emphasizing the significance of the event and its impact on academia and beyond.

This was followed by an inaugural speech by **Padma Vibhushan Dr. C. Rangarajan**, *Hon'ble Chancellor, IFHE Hyderabad*. Dr. Rangarajan's extensive experience and wisdom enriched the audience with insights into the theme of the event, highlighting its importance in the realm of education and beyond.

He emphasized on the following areas:

- The interface between industry and academia is the solution to issues in the financial system.
- 1961: Allocative Efficiency – Nationalization of Private Banks; and 1991: Operational Efficiency – Banking sector reforms
- Pre-1991, there are no NPAs in Indian literature and hence there was no comparability between banks.
- Gross NPAs in the banking system fell from 11.2% in 2017-18 to 3.9% in 2022-23. Gross NPAs as a percentage of credit are decreasing which means that banks are writing off large amounts of NPAs. Rs. 10.61 lakh crore worth of NPAs were written off in the last 10 years.

- Another issue is the recoverability as a percentage of write off this figure was only 13% for the NPAs in the last 10 years. This reflected the bad quality of lending while gross NPAs are reducing is good but this recoverability as a percentage of write off being so less is bad.
- Why did NPAs rise? It is because of the extraordinary credit boom since 2003 to 2008. This was the best period of growth for India, the real rate of growth was greater than 9% but post the financial crisis this figure fell.
- This is the period when credit growth boomed the period in which the rate of growth of credit is much greater than the nominal GDP growth create expansion precedes the stress in banking system bad loans are sold in good times and hence you must be vary.
- The recent rise in the risk weight of unsecured loans is good. In this regard because personal loans and loans to NBFC's have grown at greater than 350% as compared to the overall average growth rate of loans in banks.
- The insolvency and Bankruptcy Code needs to be tightened. The government needs to refrain from giving instructions to firms on corporate decisions. There must be an arm's length of restraint between them.
- The strength of banking depends on good judgment. For Fintech, monitoring is essential going forward. Self-regulatory organizations which are peer pressure driven are the way forward.



Dr. C. Rangarajan, Hon'ble
Chancellor,
IFHE Hyderabad



Prof. J. Mahender Reddy,
Distinguished Advisor, ICEAI
Group and Former Vice Chancellor,
IFHE Hyderabad.

Session on “ESG in India: Quo Vadis?” by Dr. Tirthankar Patnaik, Chief Economist, National Stock Exchange.

- The summit started with a thought-provoking presentation by *Dr. Tirthankar Patnaik, Chief Economist, National Stock Exchange.*
- Dr. Patnaik shared insights into the current landscape and future trajectory of Environmental, Social, and Governance (ESG) practices in India. His expertise shed light on the evolving role of ESG factors in driving sustainable development and corporate governance.
- Knowledge Sharing and Discussions on “ESG in India: Quo Vadis?”, moderated by *Prof. S. Mahendra Dev, Distinguished Professor, ICFAI Faculty of Social Sciences, Hyderabad.*
- Speakers of the session were *Mr. Anirban Ghosh, Chief Sustainability Officer, Mahindra Group of Companies, and*
- *Mr. Shankar Venkateswaran, Managing Partner, Sustainability Integration and Co-Founder ECube Investment Advisors Private Limited.*
- The session included an interactive knowledge sharing segment, engaging in discussions on exploring challenges, opportunities, and best practices related to ESG implementation.
- The dialogue aimed to foster a deeper understanding of how businesses, investors, and policymakers can collaborate to enhance sustainability practices in the Indian context.



Dr. Tirthankar Patnaik, Chief
Economist, National Stock
Exchange

Mr. Anirban Ghosh, Chief
Sustainability Officer, Mahindra
Group of Companies, and Mr.
Shankar Venkateswaran, Managing
Partner, Sustainability Integration

Session on “Effect of Fintech on BFSI Sector” by Mr. Ragavan Venkatesan, CEO, Digivridhhi

- Mr. Venkatesan explored the transformative impact of financial technology (Fintech) innovations on the Banking, Financial Services, and Insurance (BFSI) sector.
- His presentation delved into the emerging trends, challenges, and opportunities reshaping the industry landscape.
- Mr Raghavan came up with India’s first integrated dairy Fintech and marketplace platform. Dairy being the biggest contributor with 25% to India’s Agri GDP, become the primary reason for serving fintech solutions to dairy farmers.
- The Digvridhhi primarily served 3.6 million farmers in Gujarat where AMUL finds problems in payments to farmers. With the help of API from Federal Bank, Raghavan has created a simple construct into fintech.
- The DGV partnered with financial institutions and helped to simplify the credit to dairy farmers via E2E digital process, alternate data, and an integrated ecosystem. Finally, he suggested the need to introduce biometric tags to bovines in place of physical tags for the purpose of insurance transparency.
- This session was followed by remarks by Mr. Jithesh P V, Vice President & Head - Fintech Partnerships, Federal Bank Ltd, who provided remarks on the evolving role of Fintech in the BFSI sector.
- He shared insights from the perspective of a leading financial institution, highlighting strategies for collaboration and innovation in the era of digital transformation.
- Knowledge Sharing and Discussions was moderated by Mr. Sumesh Balakrishnan, Co-Founder and CFO, Cognida.ai, with speakers of session being Mr. Ragavan Venkatesan, CEO, Digivridhhi, Mr. Jithesh P V, Vice President & Head - Fintech Partnerships, Federal Bank Ltd.

- The session continued with an interactive knowledge sharing segment led by the speakers, who delve deeper into specific case studies, market insights, and regulatory considerations shaping the Fintech landscape within the BFSI sector.
- Participants engaged in discussions moderated by Mr. Sumesh Balakrishnan, exploring strategic implications and future trends in Fintech integration.



Mr. Ragavan Venkatesan, CEO,
Digivridhi



Mr. Sumesh Balakrishnan, Co-
Founder and CFO, Cognida.ai, with
speakers of session being Mr.
Ragavan Venkatesan, CEO,
Digivridhi, Mr. Jithesh P V, Vice
President & Head - Fintech
Partnerships, Federal Bank Ltd.

Day 2

Day 2 of the summit focussed on the Indian banking system. The Opening Remarks: NPAs in the Indian Banking System, was delivered by speaker, Mr. Amitabh Chaudhry, CEO, Axis Bank. Mr. Chaudhry set the context for the discussion, addressing the challenges and implications of Non-Performing Assets (NPAs) within the Indian banking sector.

His remarks provided a strategic overview of Axis Bank's perspective and initiatives in managing NPAs amidst evolving economic conditions. His address included the following points:

- The slow economic growth is a significant contributing factor to the rise of NPAs in the banking sector. During this period of economic downturn, businesses face challenges such as reduced revenue, declining profitability leading to increased difficulty in repaying loans.
- The impact of global financial crisis of 2008 on the surge in NPA's within the Indian Banking System which caused economic contractions and financial strain that adversely affected business across various sectors.
- He pointed out the challenges posed by the absence of robust bankruptcy law, hampering efficient resolution processes for distressed assets. The increase in number of corporate frauds and wilful defaulters also hampered the banking system and increased the cases of NPA's.
- He emphasised the introduction of Insolvency Bankruptcy code in the year 2016 have resolved the NPA problem to a certain extent as the average time taken to restructure loan of a corporate body is now 600 days. However, this is still much beyond the desired level of 'fast resolution'.

Interview and Knowledge Sharing on 'NPAs in the Indian Banking System' by Mr. Amitabh Chaudhry, CEO, Axis Bank and Mr. B. Sambamurthy, Former CEO, Corporation Bank). This session combined the insightful knowledge sharing and in-depth discussion on the intricacies of NPAs, exploring root causes, regulatory

frameworks, and strategic approaches adopted by Axis Bank. The conversation delves into proactive measures and lessons learned in addressing NPAs within the Indian banking ecosystem.



Mr. Amitabh
Chaudhry,
CEO, Axis
Bank

Paper Presentation on NPAs in the Indian Banking System, by Dr. Partha Ray, Director, National Institute of Bank Management.

Second session of Day 2 was a Paper Presentation on NPAs in the Indian Banking System, by *Dr. Partha Ray, Director, National Institute of Bank Management.*

Dr. Ray's presentation delved into the intricate dynamics and challenges surrounding Non-Performing Assets (NPAs) within the Indian banking sector.

His research encompasses empirical insights, theoretical frameworks, and policy implications aimed at understanding and mitigating the impact of NPAs on financial stability and economic growth.

He suggested that the NPA issue is eternally relevant, mentioning the 1993 Rangarajan Sir's speech about curbing NPAs and addressing profitability.

Further, he discussed three phases of NPAs in India: Phase I, from 1996-2007, which witnessed absolute fall in NPAs despite low GDP; Phase II, from 2008-2019, experiencing regulatory forbearance, steep fall in commodity prices, and governance issues; Phase III, from 2018-19, where composition of loans assets improved due to bankruptcy resolution, big data techniques, and extension of depositor cover.

Further, as on 2023, NPAs have been recovered through various channels, majorly through IBC



Dr. Partha
Ray,
Director,
National
Institute of
Bank
Management

Paper Presentation “Challenges Faced by the NBFC Sector” by Mr. Shishir Mankad, Managing Partner, Praxis Global (Co-authored with Dr. Ashish Saha, Ex-Director, NIBM)

Day 2, post-lunch session was a Paper Presentation “Challenges Faced by the NBFC Sector” by Mr. Shishir Mankad, Managing Partner, Praxis Global (Co-authored with Dr. Ashish Saha, Ex-Director, NIBM)

Mr. Mankad, a seasoned expert in finance and managing partner at Praxis Global, discussed the multifaceted challenges confronting Non-Banking Financial Companies (NBFCs) in India. Their research explored regulatory, operational, and financial challenges impacting the sector's growth and stability.

Mr. Mankad points that the key growth drivers of NBFCs are the huge underserved market, specialized business models, availability of funds, and differentiated underwriting models. Further, he mentioned that asset quality in the NBFC sector has improved, and new-age digital first models have transformed the sourcing and underwriting process.

The last activity of the two-day summit was the Knowledge Sharing and Discussions on Challenges Faced by the NBFC Sector with speakers, Mr. Shishir Mankad, Managing Partner, Praxis Global, and Mr. Mehernosh Tata, CEO, Edelweiss Retail Finance Ltd.

The session was moderated by Prof. D Satish, Area Chair, Department of Finance and Accounting, IBS.

The speakers delve deeper into the identified challenges, sharing practical insights and case studies from their respective experiences in the NBFC sector. The discussion, moderated by Prof. D Satish, explores strategic responses, regulatory considerations, and future outlooks for NBFCs in India.



Mr. Shishir Mankad,
Managing Partner,
Praxis Global



The concluding remarks by *Prof. Venu Gopal Rao K S, Director, IBS*, and the vote of thanks by *Dr. Kaushik Bhattacharjee, Chair of the Center of Excellence in Banking and Finance (CoEBF)*, mark the culmination of APSBF, 2023, celebrating achievements and looking forward to future endeavors in the field of banking and finance.