



India Inc: an oasis of reasonable growth

As an emerging market, the nation has immense scope for progress in the financial sectors

MINI MENON

Growth is now the economy's top priority and the government is going all out to achieve that. After Finance Minister Arun Jaitley hard selling India's growth story to global investors in Singapore and Hong Kong, Prime Minister Narendra Modi is gearing up for the US. How does India stack up on the global platform compared to its peers? Bloomberg TV India caught up with Ajay Srinivasan, Chief Executive Officer for Financial Services at the Aditya Birla Group, to find out the investor perception.

The Finance Minister was doing the road show in Hong Kong and Singapore. The Prime Minister is headed to the US. How is the India pitch looking to you?

I think we are actually in a very good position. India looks like an oasis of reasonable macro-economic stability and attractive growth relative to many other countries in the world. If you look across the developed world, I think growth is clearly at the premium. If you look at the BRIC countries, several of them are having problems of their own.

"Reform has to be a continuous process rather than something that is episodic. Across the board, there are enough opportunities for us to do things differently and there have been changes."

AJAY SRINIVASAN,
Chief Executive Officer for Financial Services
at the Aditya Birla Group

So in that sense, India stands out as one of the larger emerging markets that has the opportunity and has the ability to absorb future capital flows, whether it is portfolio flows or FDIs. We are in a very unique and good place.

But there is a fair bit of division on that. One camp believes that the reforms have just taken a back seat and the government has not pushed enough and not used its numbers in Parliament enough. The other side argues that real change takes time. What is your take?

All of us would like for change to happen faster. That is just the nature of the need for change. But there is change happening and reform is essential. Reform has to be a continuous process rather than something that is episodic. If you look across the board, I think there are enough opportunities for us to do things differently and there have been changes. Look at the way resource allocation happened. Look at the licensing of two different classes of banks that has been done recently. We would all like more change but I think we seem to be making progress.

Do you think that there is an underlying fragility in the financial

system given the kind of big bulk NPAs the banking system is burdened with. Could it look at the runaway growth at the backdrop of it without addressing that? What do you think?

The definition of the financial sector is fairly broad. It includes banks, which are large part of the financial sector, two other small entities and people playing in the capital market. Clearly, in the banking sector, distressed assets is a big concern because as long as they continue to impact the growth of that sector, funding future growth will become a bit of a challenge.

The distressed asset piece is obviously an issue that is attracting a lot of attention in the banking sector. With real rates now being positive, we are starting to see much more attractions for financial per se compared to the physical savings that was the case until two years back. So, the fact that receivers are getting real rates which are reasonable and attractive means you actually are seeing good flows in equity markets and across a host of other financial products. I still think that the opportunity for financial penetration is absolutely massive because across almost any category you take, whether bank accounts, life insurance or mutual funds, penetration just tends to be so low. So there is really a need to grow the reach and breadth and depth of financial services across this country.

Technology will play a big role in that, and maybe a combination of the payment bank and the small bank will actually lead to real growth in reach and access of financial services across India.





**ADITYA BIRLA
CAPITAL**

PROTECTING INVESTING FINANCING ADVISING