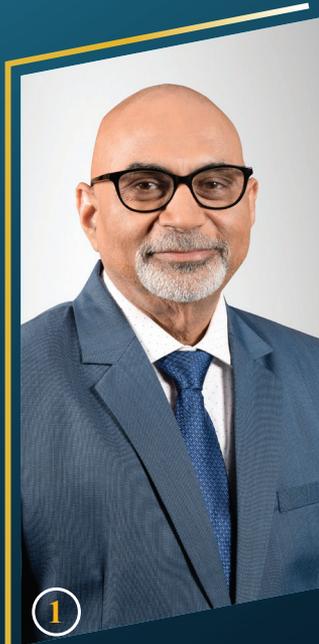
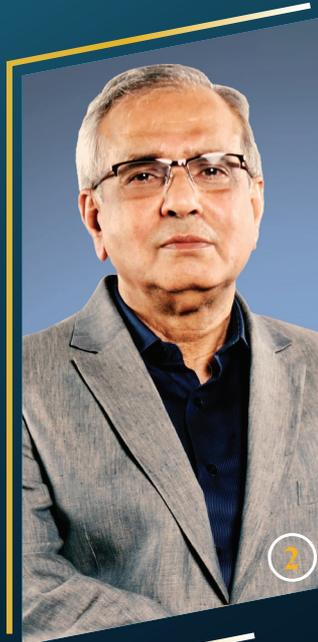


APRIL, 2021

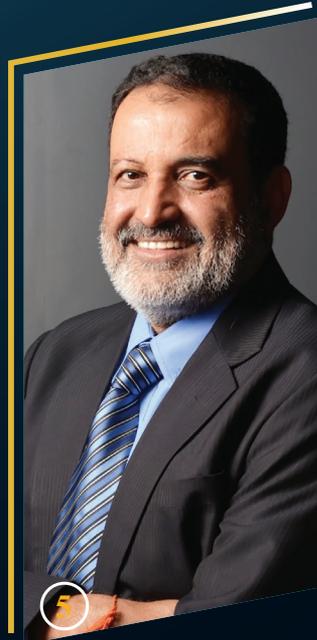
INDIA Forbes



1



2



3

1 Prashant Kumar
MD and CEO,
YES BANK

2 Rajiv Kumar
Vice Chairman of
the NITI Aayog

3 Shereen Bhan
Managing Editor,
CNBC-TV18

4 Nithin Kamath,
Founder and CEO,
Zerodha

5 Mohandas Pai
Chairman,
Aarin Capital



3



4

RISING WITH RESILIENCE THE INDIA STORY

A DISCUSSION WITH TOP
INDUSTRY LEADERS

FORBES INDIA

MARQUEE

A special marketing presentation complimentary with Forbes India. Not for Sale.

Network 18

RE-BUILDING THE ECONOMY

After a historic contraction of almost 24% in June 2020, the Indian economy is on the road to recovery, the contraction narrowed to 7.5% in Q2 of FY'21. The IMF is now expecting India to be the only large economy to clock double-digit growth in FY'22. It increased forecasts from 8.8% earlier to 11.5%. Business leaders share their thoughts on where we are as an economy and more importantly the pieces that need to come together to ensure that we do see sustainable robust growth going forward.

Strategic disinvestment to mobilise non-tax revenues

- Rajiv Kumar, Vice Chairman of the NITI Aayog

We will get a small but certainly a positive print on the GDP growth in Q4 of FY'21; signalling an upcycle for not just '21 but '22. I think we are in for a sustained period of rapid growth as we go forward. Infrastructure will be the focus of government spending and efforts; however, we need to pay extra attention to private investment, which is not showing the sort of buoyancy that we would expect. The challenge is to improve the overall credit to GDP ratio, which is currently about 50%; in countries like China and Korea, this ratio is above 150%. The direction is to improve long-term credit flows.

As far as PSBs go, the key point is to resolve the non-performing assets as soon and as efficiently as we can. I'm agnostic between a bad bank, a standalone bank or efficient work units. It is crucial to mobilise larger volumes of non-tax revenues.

Ease of doing business a must

- Prashant Kumar, MD & CEO, YES BANK

There is a good traction in the overall economy, with similar trends in the banking sector. There is a lot of credit demand coming in from all sectors. The throughput through our accounts and the check bounce have already come back to pre-COVID-19 levels.

The Role of MSMEs in India's Economic Upswing



Rajiv Kumar
Vice Chairman of
the NITI Aayog



Prashant Kumar
MD & CEO,
YES BANK



Suresh Narayanan
Chairman,
Nestle India



Kamal Bali
President,
Volvo



Dr. Naresh
Trehan, Chairman,
Medanta



Elias George
KPMG
India

For the recovery and health of MSMEs, ease of doing business is critical. Small MSME units really don't know how to handle the audit part. A specific demand from our MSME clients is for the collection of GST payments to be done on a cash basis, in a state of accrual on the bill basis.

The 4C Model

- Suresh Narayanan, Chairman, Nestle India

Consumption in consumer goods has been fairly heartening. I propose a 4C model by the industry to contribute to the rebuilding of our economy. Number one is building confidence, which is a national cause. Number two is consolidation. At Nestle, we work a lot with MSMEs. MSMEs are the most critical piece of our economy; they contribute a third of the manufacturing

output, and employ 200 million plus people. Number three is coherence. Nestle has already announced 2,600 crore investment for the next three to four years. Number 4 is commitment over a longer period of time.

India's chance to be a manufacturing hub

- Kamal Bali, President, Volvo

One of the rare opportunities of this pandemic has been countries looking at rebalancing the global manufacturing value chains. This is India's manufacturing moment. The kind of rebalancing that is going to globally happen on the value chains is pegged at almost \$4 trillion. This is India's opportunity to be a major contender and pull a major share of the manufacturing output.

Healthcare needs to be standardised

- Dr Naresh Trehan, Chairman, Medanta

The first thing we need to do is to align the public sector and the private sector in healthcare delivery systems. If we do this, we can efficiently use the existing infrastructure to deliver at least 30 to 50% more healthcare.

In India, we do not have a realistic pricing policy. We should have an accurate way of calculating the cost of delivery and an agreed-upon margin. Moreover, we don't charge GST to the patient but we pay GST to all our inputs. Also, the government needs to make enough money available to government insurance policies. There is a big lag between when services are rendered and when we get some money back.

Policy stability important for infra funding

- Elias George, Partner and Head of Infrastructure, Health and Government, KPMG India

Infrastructure is the biggest absorber of employment in this country. Until a couple of years back, the private sector role in infra funding was about 40%, which has come down to about 20%. We need to have better accessibility of land parcels for infra projects to be completed on time. Policy stability is very important for infrastructure funding to come from the private sector, both within India and from overseas.

SMOOTHING THE RECOVERY OF MSME & RETAIL

The MSME sector was in big focus last year, as the pandemic slowdown hit small businesses the hardest. The government announced several schemes in 2020 to prop up the sector, including the Emergency Credit Line Guarantee Scheme (ECLGS), whose outlay has been doubled to Rs.15,700 crores in the 2021 Budget. MSME Minister Nitin Gadkari announced that no global tenders will be required for government procurement up to Rs.200 crores, paving the way for MSME participation. To get a pulse check on the MSME sector and the road ahead for it, we spoke to a panel of industry leaders as part of our special edition of Rising with Resilience programme. The panel discussed the pros and cons of the different government schemes shoring up the sector as well as gave us an on-the-ground outlook of the road ahead for the sector.

Bounce back thanks to government schemes

Rajan Pental, Global Head – Retail Banking, YES BANK, said that the sector has emerged strongly and made a comeback thanks to the government schemes, various schemes launched under Atmanirbhar Bharat and also under the production-linked incentive scheme (PLI) scheme, with an outlay of almost Rs.2 lakh crores, which was meant for almost 13 critical industrial sectors, giving a lot of opportunity for investments and also expansion.

The ECLGS scheme, which around 42 lakh MSME customers have taken advantage of, with a disbursement from the banking sector of around Rs.1.65 lakh crores has been a very big support factor for the industry. Regarding non-performing assets, Pental stated that while there is a bit of stress emerging, a lot of resolutions will be coming in as businesses come back to normal levels.

Leveling the playing field through capital

The biggest challenge in MSMEs is capital. Mohandas Pai, the Chairman of Aarin Capital, said, “The emergency credit line scheme was fantastic. I’ve not seen something like this for the last 35 years;

Re-imagining the Supply Chain

Rajan Pental
Global Head – Retail Banking, YES BANK

Mohandas Pai
Chairman, Aarin Capital

Kumar Rajagopalan
CEO, Retailers Association of India

Abhinay Choudhari
Co-Founder, BigBasket

Ashok Saigal, Co-Chairman,
CII's National SME Council

Rs.3 lakh crores, and guaranteed, actually worked. Many of our startups got the money.”

He proposed three solutions to help shore up the sector. One being that the government should have another Rs.5 lakh crores loan guarantee scheme for the micro units to tackle the availability of credit and capital. Second being that for many of the MSMEs, which are not micro units, the larger units never pay the money. To correct this, he opined the need for a law that guarantees MSMEs a refund for GST or income tax within three months. Third, he suggested that as MSMEs don't have adequate equity capital, we need a Rs.50,000 crores scheme for capital.

Ashok Saigal, the co-Chairman at CII's National SME Council, disclosed the findings of a survey carried out on its members in December 2020. They were asked about their activity levels, production levels and shipment levels, comparing Q3 of the present financial year with Q3 of the previous financial year, with a little bit of outlook towards Q4 of this financial year, and the response was that it was the same or positive. As per respondents, employment numbers were near equal to what it was a year ago; order booking was also positive. The only negative was cash flows. He stated that to combat this, MSMEs have been requesting extending the moratorium period on ECLGS, which comes to an end at the end of March, by another quarter.

Improving direct payments

To improve cash flows, MSMEs also want the government and large companies to make faster payments. “Unless a large company gets paid, the smaller person who's part of the chain, and as an MSME, doesn't get paid,” said Saigal.

Speaking on the issue of payments, Abhinay Choudhari, co-Founder of BigBasket, also reiterated that making faster payments was essential to create a nurturing ecosystem. “Most of our vendors are actually large vendors, barring farmers and very small manufacturers who are taking some private label products from us. So, we obviously do extend credit in terms of payment cycles. And to small guys, we actually pay pretty fast. When it comes to farmer payments, we actually paid within 24 hours.”

On the responsibility of improving access to capital, Rajan Pental said that while the government is doing its bit, and the ecosystem is somewhere coming to the rescue, YES BANK is looking to increase its retail and MSME share from 48% within its banks loan book to around 60% in the next two to three years' time.

While the MSMEs are in the midst of recovery, which will get stronger as we move forward, issues that need to be addressed include access to capital and an execution plan that ensures that government policies are actually realised on the ground.

LESSONS FROM COVID-19 SITUATIONS FOR THE MANUFACTURING SECTOR

Insights on Changes in Manufacturing Sector



Ashish Agarwal,
Global Head –
Wholesale Banking,
YES BANK



Harshvardhan Lunia,
CEO and
co-Founder,
Lendingkart



Ajay Nair, Partner and
Leader, the Supply
Chain Transformation
Division, PwC India



Dhruvil Sanghvi
CEO,
LogiNext

“If you just look at some of the data in terms of cash throughput rate, great throughput to banking counters, we are almost at the COVID-19 levels. In fact, almost 90% to 95%.”

After a contraction of 1.7% in November 2020, the manufacturing sector has seen an output growth of 1.6% in December 2020. To combat the disruptions caused by the pandemic, the sector had to overhaul its cash flow and supply chain management, while also dealing with changes in consumer patterns and demand for technology in all aspects. The pandemic taught many lessons to the sector, and the positive comeback of the sector is a testament to its resilience to change. Industry experts discuss the lessons learned and the role lenders can play in helping the manufacturing sector speed up its recovery.

Coming back to normalcy

In terms of collection efficiency, “if you just look at some of the data in terms of cash throughput rate, great throughput to banking counters, we are almost at the COVID-19 levels. In fact, almost 90 to 95%,” said Ashish Agarwal, Global Head – Wholesale Banking, YES BANK. Barring a couple of sectors like hospitality, overall throughput, both on the credit and cash side, is up.

Harshvardhan Lunia, CEO and co-Founder of Lendingkart, concurs with him. He stated that there is some stress in the MSME segment overall, but even those businesses are picking up. “Business has picked up, and post Diwali, it was the pent-up demand that’s been pushing it up.” Textile, which is the core business in Gujarat, has also picked up in the last two-three months.

Worrying factors that need attention

The NBFC stressed assets may hit about Rs.1.5 lakh crores to Rs.1.8 lakh crores by the fiscal end. And the big challenge this year will be the unsecured personal loans and real estate segment. Ajay Nair, Partner and Leader, the Supply Chain Transformation Division, PwC India, said that the infrastructure push that is expected to drive the economy is dependent on the investments flowing into it. “The stress assets were there already prior to COVID-19 happening, and obviously some of them got aggravated in this period,” added Nair.

Adopting technology & last-mile delivery system

Across categories, the recovery of the supply chain happened very fast, with all organisations adapting to technology really well. “India has emerged as a market which is still very resilient to change, which is a great sign for global investors to get attracted towards this obviously large market,” said Dhruvil Sanghvi, CEO at LogiNext. This affects the whole ecosystem where multiple parties have to come together and there is a need to have multiple micro fulfilment centres and partner with third-party ecosystem players to offer more and faster delivery within peak volumes. This has also led to the adoption of payment gateways like UPI or other newer payment wallets. Ajay Nair

stated that the major shift for adopting these systems has also come due to change in consumption behavior. While there is still a huge labour dependence on the entire end-to-end supply chain, the pandemic has pushed the case for automation in large scale warehouses significantly.

According to Ashish Agarwal, a strong digital backbone was already in place, which was efficiently used during the pandemic by FinTech players and banking institutions alike. “Whether it is with respect to onboarding of customers, submission of documents for credit appraisal, pricing of risk documentation, disbursements and post-disbursement monitoring, I think the whole customer journey became so digitised and so very well, that it effectively opened the door for financing available to MSMEs.”

Harshvardhan Lunia said, “As the businesses of people are growing, people are becoming more prone to applying online, people are becoming more prone to accepting downs online and taking loans, as well.” With video KYC, e-sign and e-NACH facility, “our numbers have been improving overall on conversion ratios that we used to see pre-COVID-19,” he added. “Further, we have seen a lot of people coming from smaller towns and cities on our platforms.”

The whole COVID-19 phenomenon has accelerated the mindset of businesses and consumers towards adopting technologies. Grabbing opportunities and tackling the challenges will help the sector push through to new highs again.

ROBUST DIGITAL INFRA LEADS TO BIG PUSH FOR STARTUPS IN 2020

Startups at Critical Mass Stage



Ajay Rajan,
Country Head –
Transaction Banking,
YES BANK



Saurabh Srivastava,
Former Chairman of
NASSCOM and the
Founder of the Indian
Angel Network



Sharad Sharma
Co-Founder
iSPIRT Foundation



Nithin Kamath,
Founder and CEO
Zerodha

After a disruption in operational cycles due to the COVID-19 outbreak, reports now indicate that the Indian startup ecosystem is recovering or even booming. According to NASSCOM's Report for 2021, the sector saw an addition of over 1,600 startups in 2020, and an addition of 12 unicorns, the highest in a single calendar year. According to the same report, tech startups facing losses were down three times since May 2020, with over 50% expecting revenues to reach pre-COVID-19 levels by April 2021. 20% more tech startups have also lifted the hiring freeze since May 2020. However, challenges still remain, with 48% seed state startups and 60% B2C startups still struggling to raise funds.

Ajay Rajan, Country Head – Transaction Banking, YES BANK; Saurabh Srivastava, Former Chairman of NASSCOM and Founder of the Indian Angel Network; Sharad Sharma, co-Founder of iSPIRT Foundation; and Nithin Kamath, Founder and CEO, Zerodha, joined for a conversation on India's startup ecosystem.

Leveraging new potential

Due to accelerated digital adoption brought on by the pandemic, by the end of 2020, startups were saying that it had been one of their best years ever. Nithin Kamath, Founder and CEO, Zerodha, remembers writing a note to his team in April 2020, saying that they needed to be prepared for the worst and be as frugal as possible; however, they ended up growing 100% y-o-y. "I think what happened was that when the markets fell, people were working

from home at that point and maybe the fact that the fixed deposit rates in the bank was lesser and because people were sitting at home having more time on their hands, they came in and invested in the markets," said Kamath. Seeing the spectacular return-on-investment with the bounce back of the market led to a word-of-mouth growth. He adds that unlike before, the customers were younger and buying pedigree stocks.

Startups not only went back to frugality unit economics, but they also leveraged existing capabilities for adjacencies, new offerings and new markets. "They used the whole digital infra, lockdowns and no travel to leverage remote work as a capability, which allowed them to reduce burn and accelerate growth offline before going online. So they could go global much early," said Saurabh Srivastava, Former Chairman of NASSCOM and Founder of the Indian Angel Network.

Emerging trends

Sharad Sharma, co-Founder of iSPIRT Foundation, said that as the digital infrastructure was already in place, for the first time, it was possible to deal with the Bharat market in a digital fashion. "Jio did it for 160 million people in 160 days, so payments were in place. Our payment system is growing 10% month-on-month. We do more transactions in India today than American Express does in two days. And so, we are probably two years away from overtaking the number of transactions that Mastercard would do worldwide, which we would do in India alone."

He points to telemedicine, liberalisation of drones, the new digital sky policy and PM-WANI (wireless access network interface) among the new best things to look forward to in India.

Financial institutions partnering with startups

Ajay Rajan, Country Head – Transaction Banking, YES BANK spoke about how YES BANK has powered a large number of fintechs and unicorns in today's World. "We work with them by giving them access to our own FinTech accelerators, and also what we did was, we created an API sandbox and this is where we enabled startups," said Rajan. "We gave them use cases to experiment; co-create their products based on the internal use cases we have as well as client-referred use cases... RBI also very proactively runs a regulatory sandbox where also, they gave use cases for startups to work on." Also, in 2020, the RBI classified startup funding as priority sector lending, leading to a heightened synergy between banks and startups.

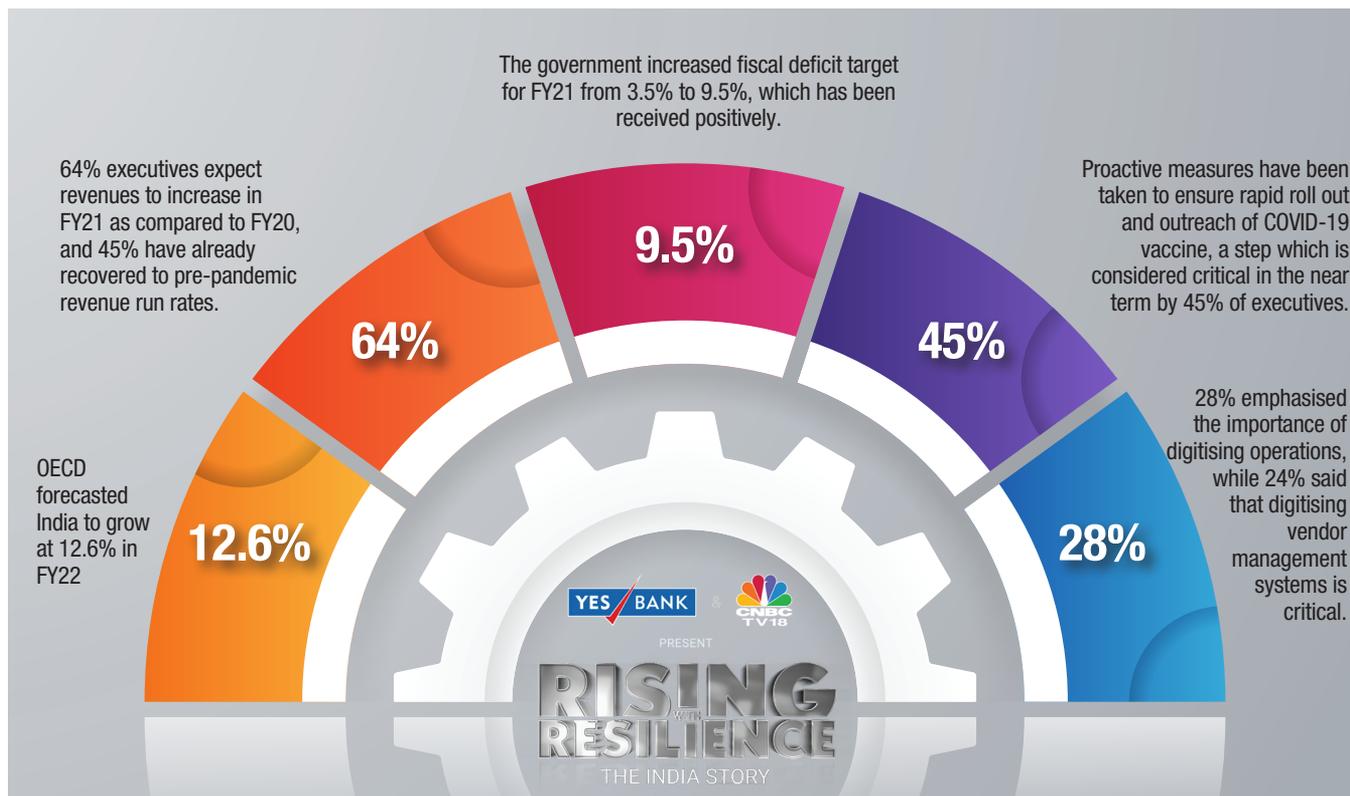
Room for change

For Kamath, one of the constraints to growth has been the lack of an advisory ecosystem in India. Today the big challenge for an advisor is just to be able to get all data. SEBI recently put in place an investment advisory and thanks to Sahamati, the advisor will be able to get access to all kinds of data on the fly. The advisory ecosystem needs to be fixed so that there is a way for advisors to easily collect their fee.

"If you look at most countries, the majority of capital that goes into this class of asset VCOP is domestic. In our case, I think 80% or more is actually foreign and that is not how it should be. Because usually, domestic capital is more comfortable taking early stage risk," stated Srivastava. The government creating the Fund of Funds has provided a domestic class of asset. "We now need to create policy enablers to get insurance companies, pension funds, NABARD, institutions and corporates to invest," he adds.

INDUSTRY LEADERS OPTIMISTIC ABOUT INDIA COMEBACK

A survey of key industry leaders across sectors revealed optimism regarding India's resilience in COVID-19, situation thanks to a commendable Union Budget FY22, provided the struggling MSME sector gets much-needed support.



CNBC-TV18, YES BANK and PwC Strategy & conducted a survey of key industry leaders across sectors to gauge evolving sentiments regarding the impact and subsequent recovery from COVID-19. The research shows that despite being hit hard by the pandemic, leaders are clearly bullish and confident about India's economic recovery. OECD forecasted India to grow at 12.6% in FY22, making it the fastest growing economy in the world. The leaders share OECD's outlook as is evidenced by the survey: 86% executives expect the Indian economy to grow over the next 12 months. COVID-19 enabled business leaders to rethink their strategies that led them to emerge stronger from the crisis. 64% executives expect revenues to increase in FY21 as compared to FY20, and 45% have already recovered to pre-pandemic revenue run rates. Small-sized companies (revenues less than INR 5,000

Cr) also follow a similar trend: 65% expect growth in FY21 revenues. Health and Pharmaceuticals and IT and Technology sectors proved to be the most resilient.

The research shows that despite being hit hard by the pandemic, leaders are clearly bullish and confident about India's economic recovery. OECD forecasted India to grow at 12.6% in FY22, making it the fastest growing economy in the world. The leaders share OECD's outlook as is evidenced by the survey: 86% executives expect the Indian economy to grow over the next 12 months.

Increased focus on healthcare and virtual interactions facilitated growth in these sectors.

Companies across sectors had to reconfigure their business models and prepare for the "new normal". 29% CEOs focussed on cost optimisation and business continuity by introducing leaner operating models and flexible employment systems and conducting zero based budgeting exercises. 21% said that employee well-being and retention was their top priority. Businesses are recognising the importance of digital enablement in building capability to combat present and future challenges. 28% emphasised the importance of digitising operations, while 24% said that digitising vendor management systems is critical.

India's economic resilience is anchored by the inherent structural strengths of the economy. 33% executives believe that

positive demographics, including growing middle class and young population, will enable robust recovery while 31% said that the stable government and growth centric policies will build long-term resilience.

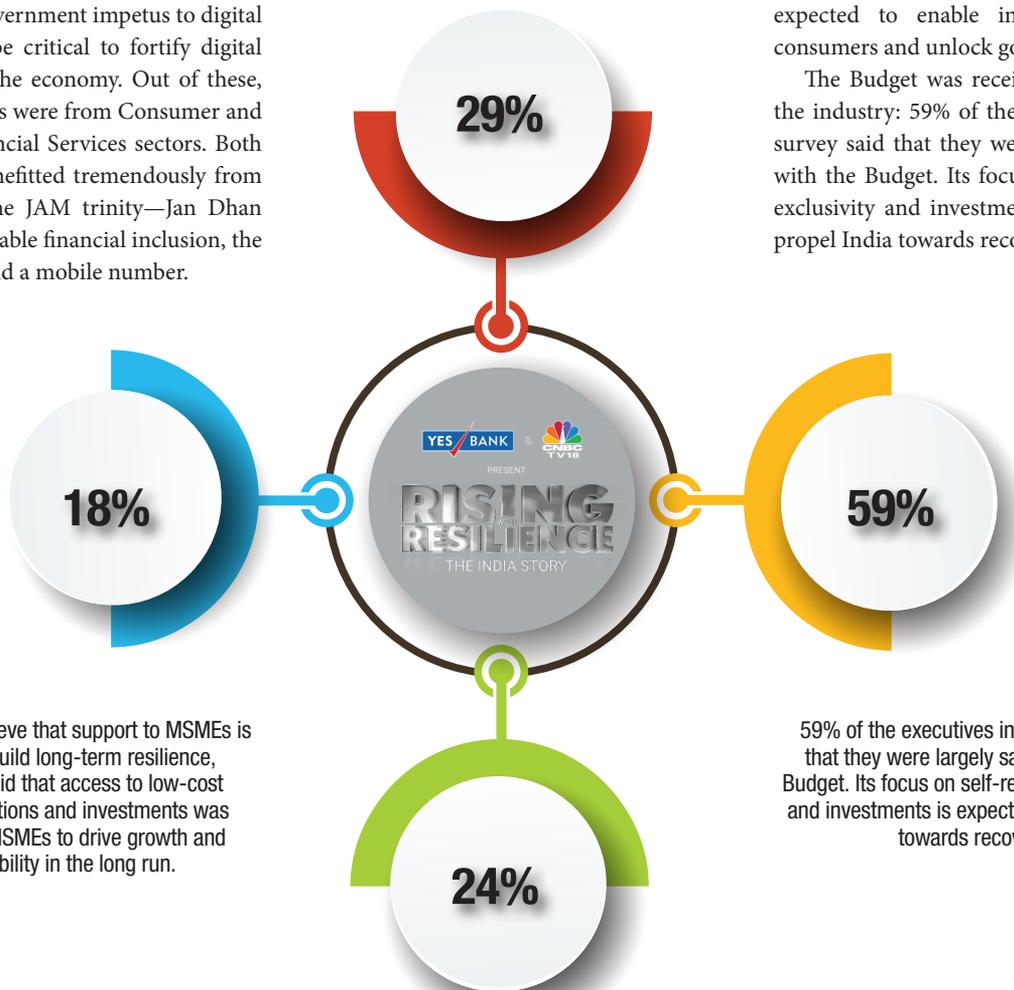
The government increased fiscal deficit target for FY21 from 3.5% to 9.5%, which has been received positively. To enable faster recovery, expenditure on COVID-19 relief measures was increased. Proactive measures have been taken to ensure rapid roll out and outreach of COVID-19 vaccine, a step which is considered critical in the near term by 45% of executives. 52% CEOs emphasised the importance of investment in infrastructure to build long-term resilience. Various initiatives of the Indian Government, such as National Infrastructure Policy and construction of dedicated freight corridors, have been lauded by the industry. 23% CEOs believed that government impetus to digital platforms will be critical to fortify digital enablement in the economy. Out of these, 48% respondents were from Consumer and Retail and Financial Services sectors. Both sectors have benefitted tremendously from the focus on the JAM trinity—Jan Dhan accounts that enable financial inclusion, the Aadhaar card and a mobile number.

Micro, Small and Medium enterprises (MSMEs) are critical to the Indian growth story and contribute to 29% of the country's GDP. They were already struggling with challenges such as increasing costs, lack of access to formal credit and low formalisation. COVID-19 further added to their struggles and intensified their need for capital. 18% CEOs believe that support to MSMEs is critical to build long-term resilience, and 48% said that access to low-cost financing options and investments was critical for MSMEs to drive growth and profitability in the long run.

The Union Budget FY22, announced on 1st February 2021, enhanced outlay for capital expenditure by 34%, focussing on various infrastructure projects for FY22, a move that was celebrated by 34% CEOs. 24% CEOs found the Budget's push towards self-reliance commendable and lauded the government's commitment to building Aatmanirbhar Bharat. 17% executives, including 50% from the Pharma and Healthcare industry, believed that the increased focus on health and wellness was amongst the most impactful step taken by the Budget. Government increased expenditure on healthcare through the launch of Swasth Bharat Mission, Mission Poshan 2.0 and Jal Jeevan, among others, which was well received by the industry. 15% executives expressed support for the government's decision to privatise assets by monetisation and divestment. This is expected to enable innovation, benefit consumers and unlock government funds.

The Budget was received favourably by the industry: 59% of the executives in our survey said that they were largely satisfied with the Budget. Its focus on self-reliance, exclusivity and investments is expected to propel India towards recovery.

Micro, Small and Medium enterprises (MSMEs) are critical to the Indian growth story and contribute to 29% of the country's GDP.



The Role of MSMEs in India's Economic Upswing



Prashant Kumar
MD & CEO,
YES BANK



Rajiv Kumar
Vice Chairman of
the NITI Aayog



Suresh Narayanan
Chairman,
Nestle India



Kamal Bali
President,
Volvo



Dr. Naresh
Trehan, Chairman,
Medanta



Elias George
KPMG
India

Re-imagining the Supply Chain



Rajan Pental
Global Head – Retail Banking,
YES BANK



Mohandas Pai
Chairman,
Aarin Capital



Kumar Rajagopalan
CEO, Retailers
Association of India



Abhinay Choudhari
Co-Founder,
BigBasket



Ashok Saigal,
Co-Chairman,
CII's National SME Council

Insights on Changes in Manufacturing Sector



Ashish Agarwal,
Global Head –
Wholesale Banking,
YES BANK



Harshvardhan Lunia,
CEO and
co-Founder,
Lendingkart



Ajay Nair, Partner and
Leader, the Supply
Chain Transformation
Division, PwC India



Dhruvil Sanghvi
CEO,
LogiNext

Startups at Critical Mass Stage



Ajay Rajan,
Country Head – Transaction
Banking, YES BANK



Saurabh Srivastava,
Former Chairman of
NASSCOM and the Founder
of the Indian Angel Network



Sharad Sharma
Co-Founder
iSPIRT Foundation



Nithin Kamath,
Founder and CEO
Zerodha



&



PRESENT

RISING
WITH
RESILIENCE
THE INDIA STORY