



'Spends on health more vital than fifth airline'

Exiting Lockdown Is Like Leaving Chakravyuh, Migration From Urban To Rural Big News: Kotak

Surojit Gupta &
Mayur Shetty | TNN

Uday Kotak is the first banker to head CII since K V Kamath took up the mantle in 2008. He sees no conflict in his role as a lender and as the head of an industry lobby group, and says that anyone holding a public position must do what is right for the country.

How do you see the economy in the next year?

Rather than the year's average, I would look at data and parameters for each month as we return to normalcy. April was a complete lockdown month and the economy was non-functional. From here, the curve will start gradually, which is what is happening. By end-March 2021, I hope to see us recover to February 2020 level.

As industry restarts, do you fear a return of inspector raj because of the number of conditions that need to be adhered to?

Getting out of a lockdown is like getting out of a chakravyuh. This is true for any society when there is complexity, there is a vested interest and misuse of that. We have to guard against that and, finally, each individual has to work towards self-discipline, beyond a point nobody can protect ourselves against ourselves.

How do you come out of this "chakravyuh"?

Even if we open up now in a calibrated manner, people would be more disciplined as they fear the virus and know it's not life as usual. In cities, people living in small apartments have tough choices. It's not easy for younger ones to go to work and older people to stay at home. What happens when they return? The big news is the first-time migration from urban to rural. Those who came to the city with aspirations but had to put up with slum housing, job insecurity and now the fear of the virus have chosen to go back. One of the

biggest pluses now, compared to three years ago, is connectivity. How can we transform India's rural-urban rebalancing? Whether it is e-medicine or healthcare or rural infrastructure or digital, we can transform India once and for all.

Some sectors, like airlines, have sought government bailout. Your view...

The distribution of the economic pain is between three parties — the direct recipient, the government and the financial sector. The government's contribu-

still there?

The most important signal of things getting better was the PM speaking as chief guest at our annual session. He said, "We stand by industry and will work with you for an Atma Nirbhar Bharat". From our point of view, an Atma Nirbhar Bharat is one which is competitive and engaged with the world. I certainly credit my predecessor Vikram (Kiroskar) for having worked on it. Circumstances have also changed and Covid is a big event where we all need to be together.

'GOVT HAS LIMITED RESOURCES'

“Unlike the US, we do not have a reserve currency and the government has limited resources

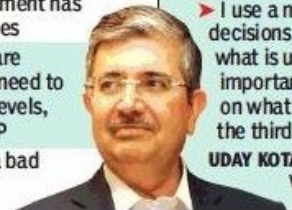
► Our healthcare spends, which need to be at defence levels, are 1.3% of GDP

► Very often, a bad bank is a big

black hole from which information is sketchy

► I use a matrix for decisions — first decide on what is urgent and important, second decide on what is important, and the third priority is urgent

UDAY KOTAK | CII HEAD & VETERAN BANKER



What's your view on IBA's proposal for a bad bank?

The big challenge is fair transfer pricing to this entity. Very often, a bad bank is a big black hole from which information is sketchy. For example, post Asian crisis, a bad bank was created by moving a large piece out of IDBI into the Stressed Asset Stabilisation Fund. Now, in the last 17 years, do you know what's there and what is not? I am not saying "NO", but it has to have well-defined governance and mechanisms. The end game is the recovery of money. We have to judge it not by accounting solutions but actual recovery of the nation's assets. So far, outcomes have not been great.

The government has frozen fresh IBC proceedings for the lockdown period. Your thoughts...

My view on this is reasonably clear — a cooling period of at least six months was required. We can debate whether it should have been one year.

tion is the Rs 10 lakh crore from the five-percentage-point increase in combined fiscal deficit from the estimated 6.5% of GDP pre-Covid-19 to about 11-12% now. The government also faces demands from healthcare, education... in the medium term. Our healthcare spends, which need to be at defence levels, are 1.3% of GDP. Education is a bedrock of the system. Besides, there are natural calamities — locusts and cyclones. Unlike the US, we do not have a reserve currency and the government has limited resources. The choice is do we put money for the next two to three years in healthcare and sanitation, or try and save airline number 5? The noise of airline number 5 is very high today. I use a matrix for decisions — first decide on what is urgent and important, second decide on what is important, and the third priority is urgent.

Last year, your predecessor spoke of government-industry trust deficit. Is it