



‘We have to find a safety net for people who will be left out’

At an e-Adda held last week, Uday Kotak, MD & CEO, Kotak Mahindra Bank, and President, Confederation of Indian Industry (CII), spoke on the impact of Covid on the economy, risk aversion among banks, and how technology will drive business in the future

On why geography is now history

One very important part of life, which is changing, is what I call 'geography is history'. I can be sitting in any part of the world, any village of India, and I could be serving any other part of the world. This dramatic and profound change can be significantly positive for India, if we play it well. And second, which is going to change, is this divide between rural and urban. All our lives we have seen migration of people from rural India to urban India for growth and prosperity, that can change fundamentally.

On the impact of Covid and two-speed recovery

There are many parts of the economy which are actually benefiting, but there are some parts which are still facing jagged edges. The aviation sector, the tourism sector, the hospitality sector, and some general services sectors, are still under the pressure of Covid. But if you take the manufacturing sector, which includes consumer goods, pharmaceuticals, e-commerce, IT, digital, telecom, they are actually doing better. And you're therefore seeing a two-speed world as we are going forward. What we have to be clear about is that the organised sector in general is in a better position than the unorganised sector.

On providing safety nets for those left out

This is as deep and dramatic a change as probably the Industrial Revolution was. It really changed the way humanity worked, it did lead to a lot of displacement, but at the same time it created new opportunities. However, we have to find a safety net for people who will be left out in this, which includes training, rescaling, support and financial support.

On strong companies gaining market share in the pandemic

If there's one thing which inevitably happens when you have a turning point in history, is that normally the strong becomes stronger. This is at some level the classic Darwinian situation, survival of the fittest, which is playing out in the real world. It is here that society, gov-



(Clockwise from top) Uday Kotak was in conversation with P Vaidyanathan Iyer, Executive Editor (National Affairs), *The Indian Express*, and Anant Goenka, Executive Director, The Indian Express Group

Eminent guests who participated in the e-Adda include Hemendra Kohari, Chairman, DSP Investment Managers Pvt Ltd; Leena Tewari, Chairperson, USV Pvt Ltd; Niraj Bajaj, Chairman & Managing Director, Mukand Limited; Rajiv Luthra, Founder & Managing Partner, L&L Partners Law Offices; Neeraj Roy, Founder & CEO, Hungama Digital Media; Surendra Khemla, Chief Financial Officer, Cremica Food Industries Ltd; Rakesh Bhutoria, CEO, Srei Infrastructure Finance Ltd; Gautam Thakur, Chairman, Saraswat Co-operative Bank Ltd; Vijay Sankar, Deputy Chairman, The Sanmar Group; Martin Via, Chargé d'Affaires, Embassy of Argentina; Abha Dalmia, Co-Founder, FICCI Ladies Organisation; Dilip Piramal, Chairman, VIP Industries Ltd; Amy Kazmin, South Asia Bureau Chief, Financial Times; Maneck Davar, Chairman & Managing Director, Spenta Multimedia Pvt Ltd; Minal Bajaj, Honorary Director, Jamalal Bajaj Foundation; Rama Bijapurkar, author and social strategist; Sandeep Walunj, CMO, Nippon Life India Asset Management Ltd; Saugata Bhattacharya, Chief Economist, Axis Bank; Saumya Meattle, Founder & CEO, Module One; Sivakumar Sundaram, Chairman, Executive Committee, Bennett Coleman & Company Ltd; Sudhir Kapadia, EY India National Leader - Tax; Suketu V Shah, Joint Managing Director, Mukand Ltd; Suman Bery, economist; Sunil Lulla, CEO, BARC India; Vijay Kamani, Former Partner, Goldman Sachs; Jeetu Panjabi, CEO, EM Capital Advisors; Vivek Jain, Managing Director, DCW Ltd

ernments and people from business need to work together to find a supporting system for society. But even the so-called successes better be on their toes. What seems like a very solid position today can be disrupted much faster.

On support for stressed sectors

On the macro side, externally, India is not fragile like it was, say, in 2013 or in earlier periods. However, we do have a challenge on the fiscal side because we came into this Covid situation with a high combined fiscal deficit between both the Centre and states. In the monetary policy situation, we have seen a lot of steps which have made liquidity signifi-

cantly available. So combining this excess liquidity with some fiscal stimulus and a good external account, it's a good time for us to be seeing how we percolate it down.

On the reluctance of banks to lend

The risk aversion is not a problem just from the lending point of view, the business borrower also is utilising limits less. So what we need is, as confidence is coming back, how do we get them to come out and say, it's worth taking risks. Normally, the best time to invest and grow is at turning points. Today we are at one such turning point. I would have been a

little more cautious in April-May-June, but I feel more confident today.

On whether banks are likely to be flooded with NPAs again

There are two conflicting emotions — one is need for hope, and the second is need for discipline. In the Covid period, we certainly need to ensure that the businesses that are on the edge, because they are impacted by Covid, get a chance to live. That is what I call emotion and the need for keeping hope alive. On the other hand, we as banks manage depositors' money. So, we need to ensure that there is discipline.

On how technology will drive business

The future of financial services is a merger with technology. And it's going to be a massive reorientation of the minds. Historically, we've always believed that we have got to think about business, and technology has to be an enabler. I think the world is changing to a point where technology will drive business.

On the government's response to Covid

The government has moved as things have developed. First, it was important to get people aware of the fact and therefore get a lockdown. It was necessary at that point of time, because we were walking completely in the dark. We have then shifted out. If there's one area where I believe we can do better, it is the need for improved collaboration between the Centre and state governments with reference to Covid and other aspects of the economy.

On why Corporate India doesn't speak up

My sense is that in India, it's not just about the message or the content of the message, it is about how it is positioned. My experience is that the government is open to listening as long as the message is given in an appropriate manner, in the sense that it is not with an agenda and it is not for vested interests.