

FINANCIAL INSTITUTIONS IN FISCAL FEDERALISM AND GOOD GOVERNANCE

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March 2019

*Training of Trainers Programme for Faculty Members of Nepal
Administrative Staff College, Government of Nepal, Kathmandu*



BROAD SECTIONS OF THIS PRESENTATION

Role of Financial Institutions in Dynamic Economic Environment

Fiscal Federalism & Good Governance

IFCI Ltd : Inception – Journey – Contribution

Risks & Uncertainties faced by FIs in a Federal Structure

Way Ahead for FIs (& IFCI Ltd)

DYNAMIC ECONOMIC ENVIRONMENT – OPPORTUNITIES FOR FI'S

With symptoms of slowdown in some of the Developed Economies, there is a visible shift in the world economic order – Opportunity for India's gaining prominence in World Economic Growth.

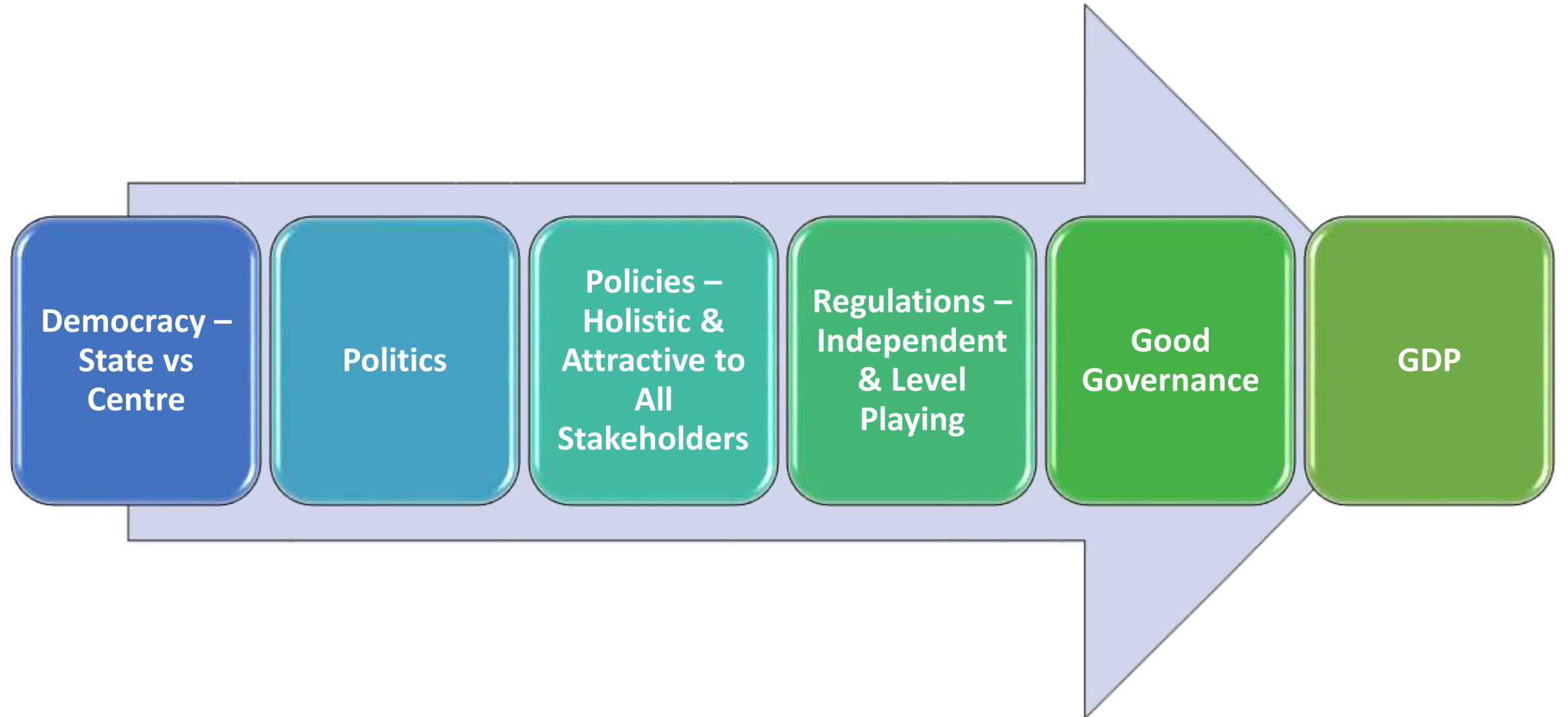
World's Growth is just around 3%, India continues to grow at about 7% as per few reports.

Government Expenditure, Consumption, Investment & Capital Formation and Net Exports likely to drive growth in the next financial year.

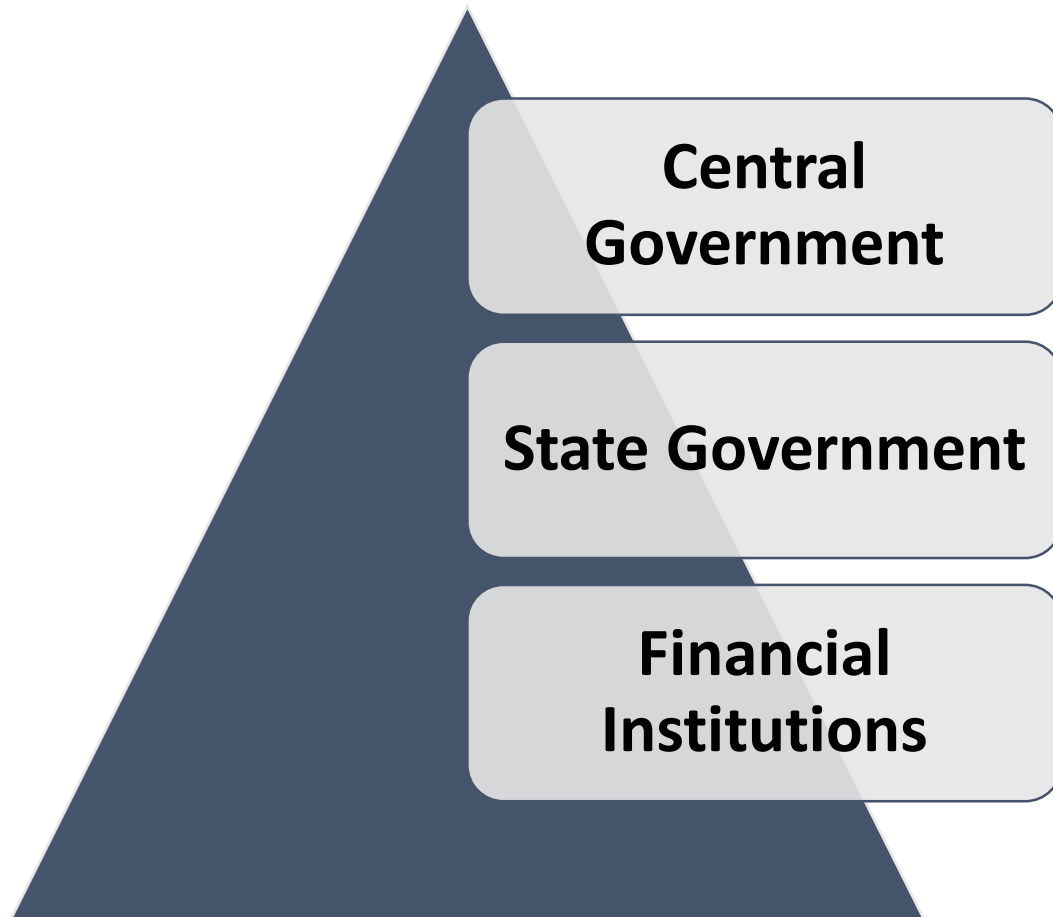
Temporary blip in business was primarily due to Demonetisation and GST implementation , but it has created a transparent Financial & Trade Eco-system.

Key policy initiatives such as RERA, New Industrial Policy, IBBI/NCLT, Make in India and others likely to propel Economic Growth & Development.

FEDERALISM & GOOD GOVERNANCE

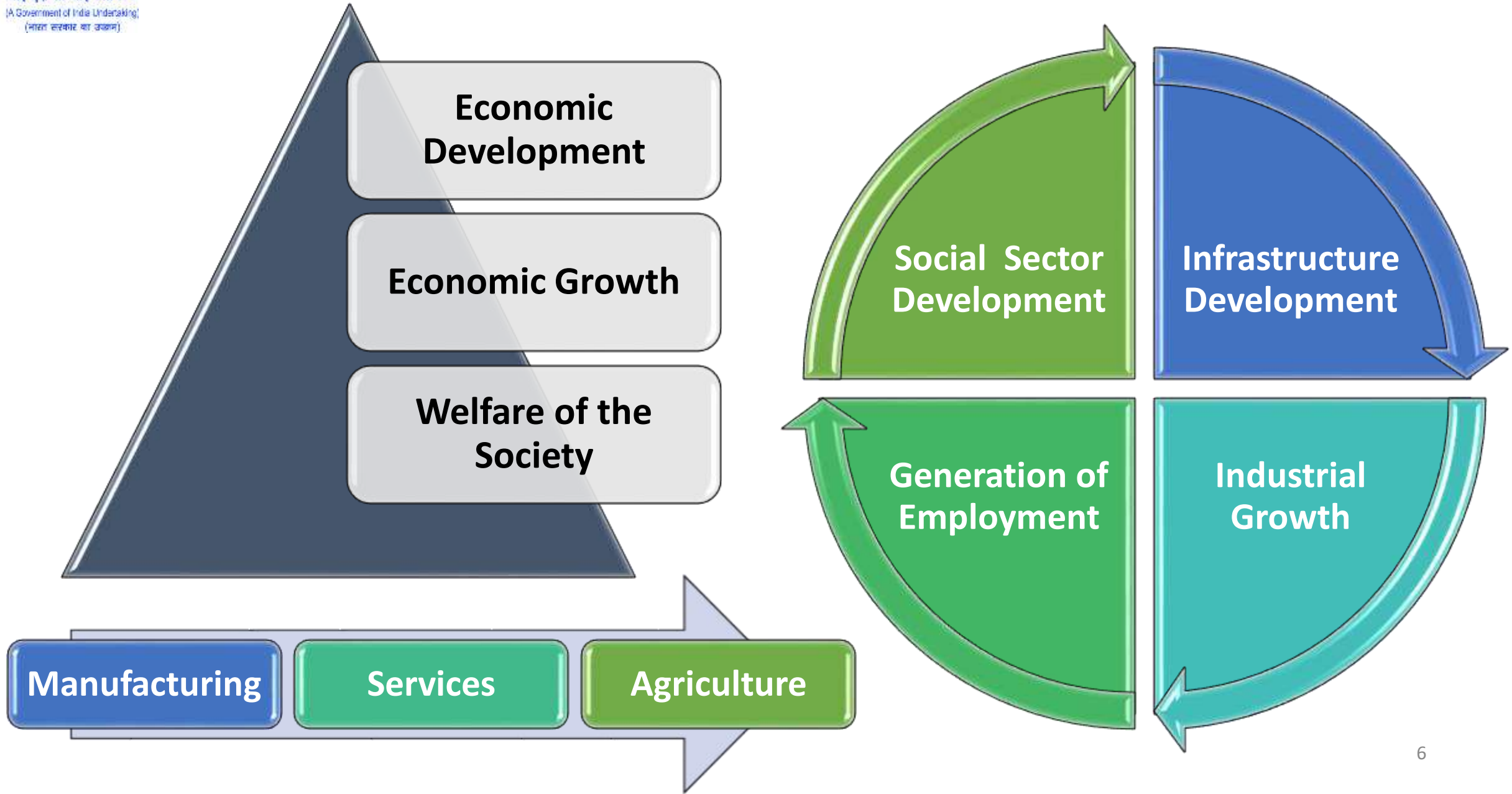


FI'S IN FEDERAL STRUCTURE

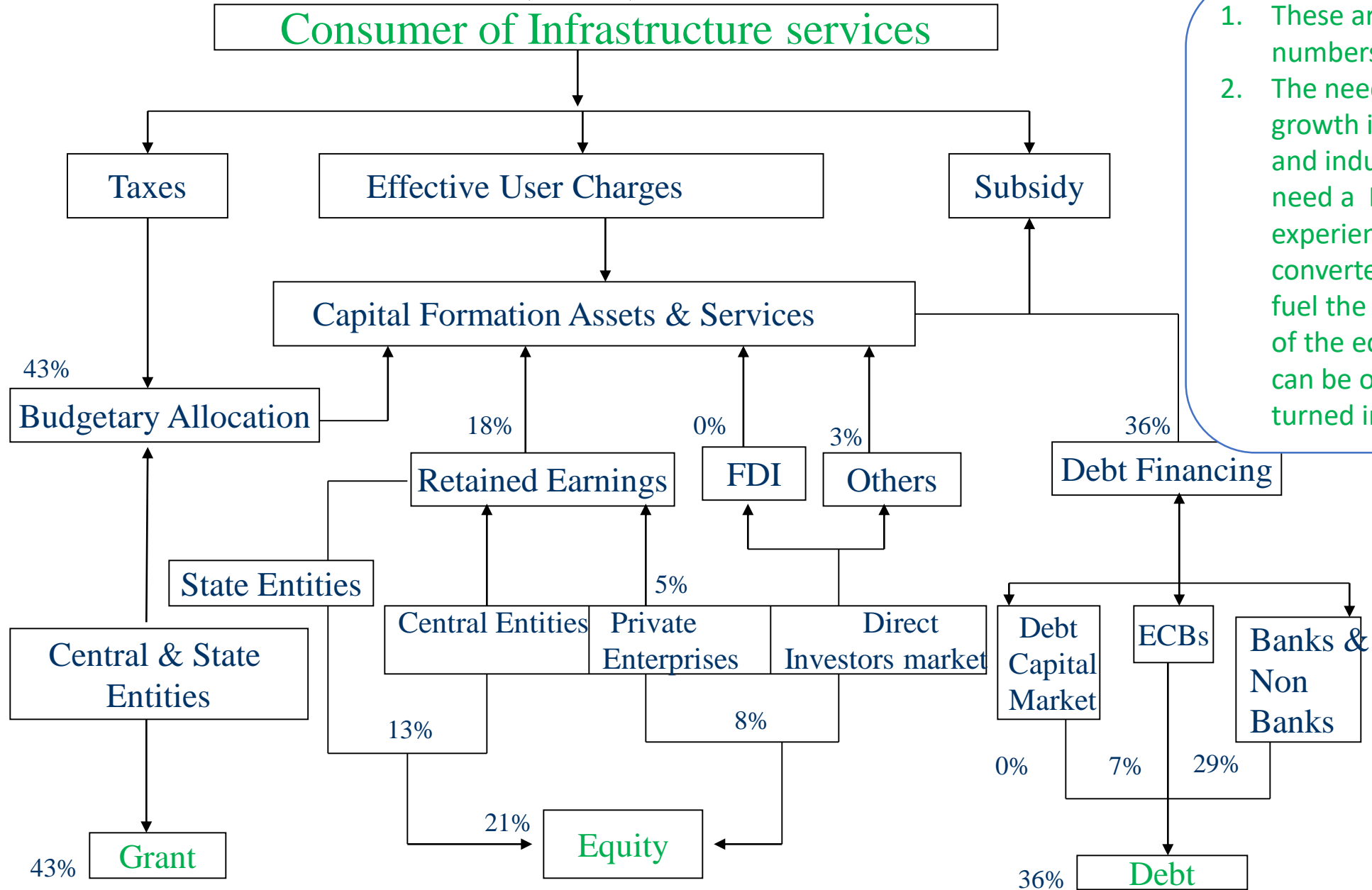


- *Public Sector Financial Institutions/Banks play a pivotal role along with the Governments – Central & State – for economic growth & development of the economy*
- *Main functions include credit provision, liquidity provision & risk management services*
- *Financial Institutions are immensely affected by effectiveness and efficiency of the fiscal federalism system of the economy*
- *The projects sanctioned are affected by the policies & regulations of the state & central government*

ROLE OF FI'S IN AN EMERGING ECONOMY



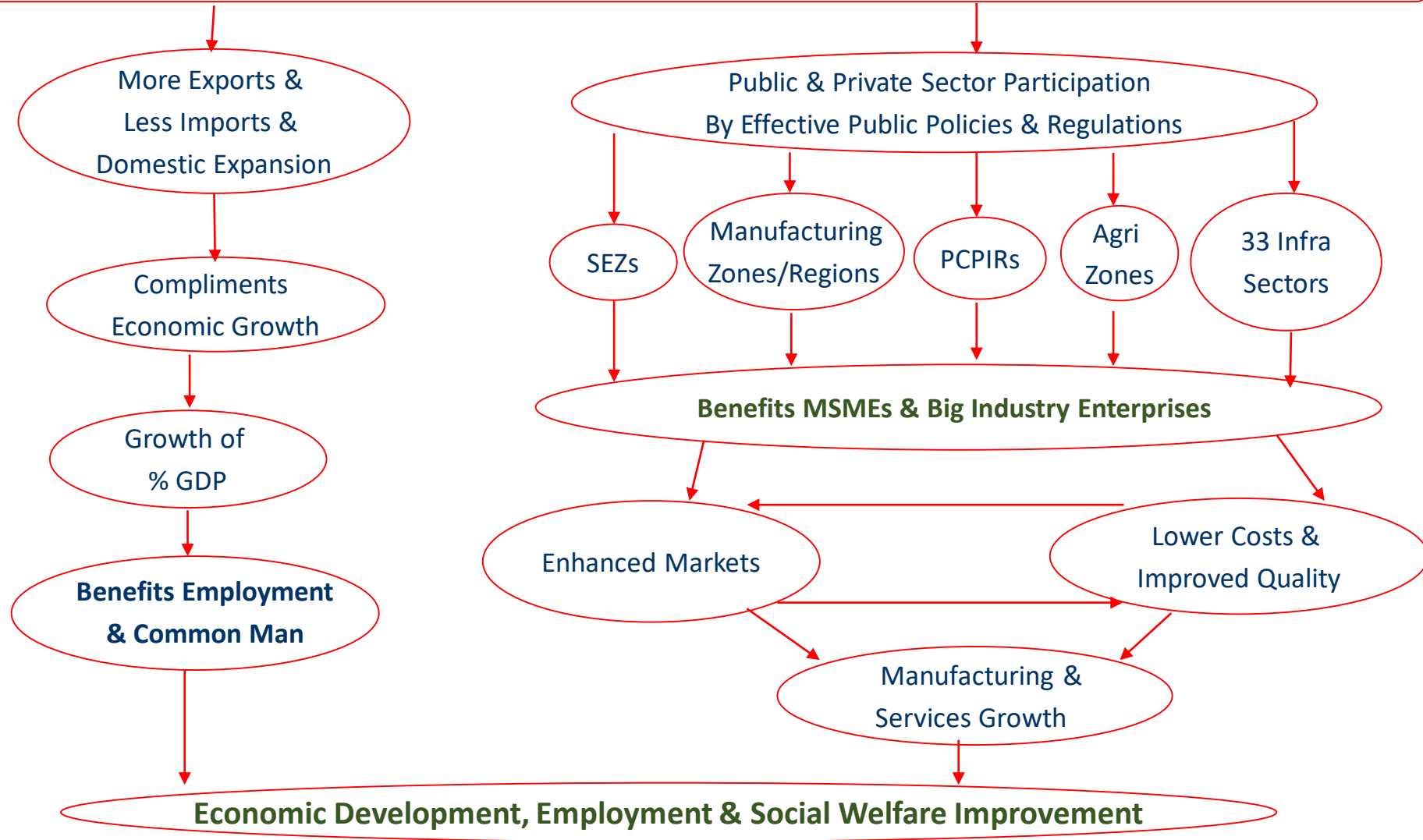
ROLE OF FINANCIAL INSTITUTIONS IN CAPITAL FORMATION & INFRA CREATION IN THE ECONOMY



1. These are indicative numbers.
2. The need of the hour is growth in infrastructure and industries – we need a DFI. An existing, experienced FI can be converted into a DFI to fuel the requirements of the economy. IFCI can be one such FI to be turned into DFI.

FI'S ROLE IN INDIAN INFRASTRUCTURE & INDUSTRY ECOSYSTEM

INTEGRATED INDIAN INFRA & INDUSTRY ECO-SYSTEM DEVELOPMENT & GROWTH



IMPACT : Lower CAD, Employment Creation, Capital Formation, Cheaper Products & Services , Boosting Consumption

INVESTMENT TO BOOST GROWTH & EMPLOYMENT

- Electricity – 4,25,899 MW and *going to add substantial in Solar, Wind, Transmission & Distribution*
- Telecom – Around 1000Mn Mobile, 27 Mn Wireline and 300 Mn Broadband Users,120 Mn CTV/DTH : *Leading to Triple Play on wire or wireless*
- Roads – 4. 3 Mn Km road network, *More to come Hybrid, EPC & OMT*
- Ports – 12 Major and 150 Minor on a coastline of 7560 Km. *More Ports &Logistics likely in the East Coast.*
- Inland Waterways – 116 water ways formed by Act
- Airports -126 airports,100 are civilian including,11 International airports. More PPP bids to come in for small airports and Airopolies
- SEZ's/ IT Regions – Notified more than 260 SEZ's and 98 functional SEZ's housing 2279 Units
- Smart Cities – *100 cities* and 8 Smart Urban Sectors majorly covered
- Logistics (Includes FMCG, Cold Storage, Warehousing, E-commerce, Transport – Air & Sea)
- Food Processing Mega Food Parks - 42
- Solar Parks - 22 (Cost will be lower than outside plants)
- Steel & Cement – 110 mn tonnes Steel and 450 mn tonnes of Cement

GOOD POLICIES & REGULATIONS = GOOD PROGRESS

| | E-Commerce & Logistics | Telecom | Ports (Container Berths Also) | Roads (NH) | Airlines | Airports | Power (include RE) |
|-----------------------|------------------------|---------|-------------------------------|------------|----------|----------|--------------------|
| Competition | ● | ● | ● | ● | ● | ● | ● |
| Private Participation | ● | ● | ● | ● | ● | ◐ | ● |
| Effective Regulation | ◐ | ● | ◐ | ● | ◐ | ◐ | ◐ |
| Progress | ◐ | ● | ◐ | ● | ● | ◐ | ◐ |

● HIGH
○ LOW

IFCI LTD: 70 YEARS JOURNEY IN INDIAN ECONOMY

1948 – Set up as India's **first DFI**

1993 – Became a public limited company and was **Listed** on the Stock Exchanges

2001-02 – Deep restructuring of liabilities and Government support was provided to come out of the economic recession of late 1990s

2006-07 – Earned net profits after six years. Did not avail ₹2378 crore of grant approved by GOI for 2007-08 onwards.

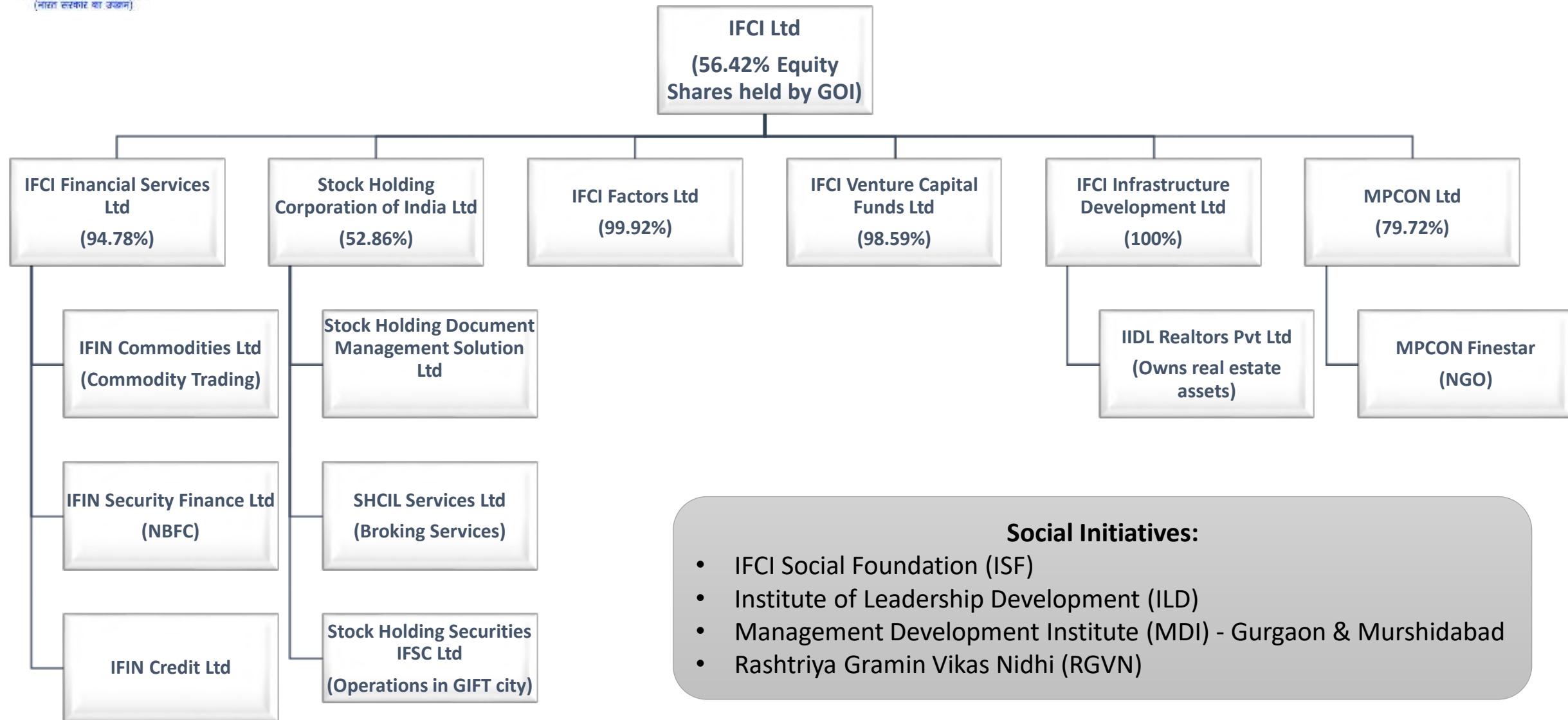
2015 – Became a Government Company

2018 – GOI infused equity **₹100 crore** in March 2018

Contributed to the Industrial and Infrastructural Development of the country and complimented the Indian Economy by Capital Formation in Various Industrial Sectors

Dividend including dividend tax of ₹549 crore paid to Government in last 6 years

IFCI GROUP STRUCTURE



Social Initiatives:

- IFCI Social Foundation (ISF)
- Institute of Leadership Development (ILD)
- Management Development Institute (MDI) - Gurgaon & Murshidabad
- Rashtriya Gramin Vikas Nidhi (RGVN)

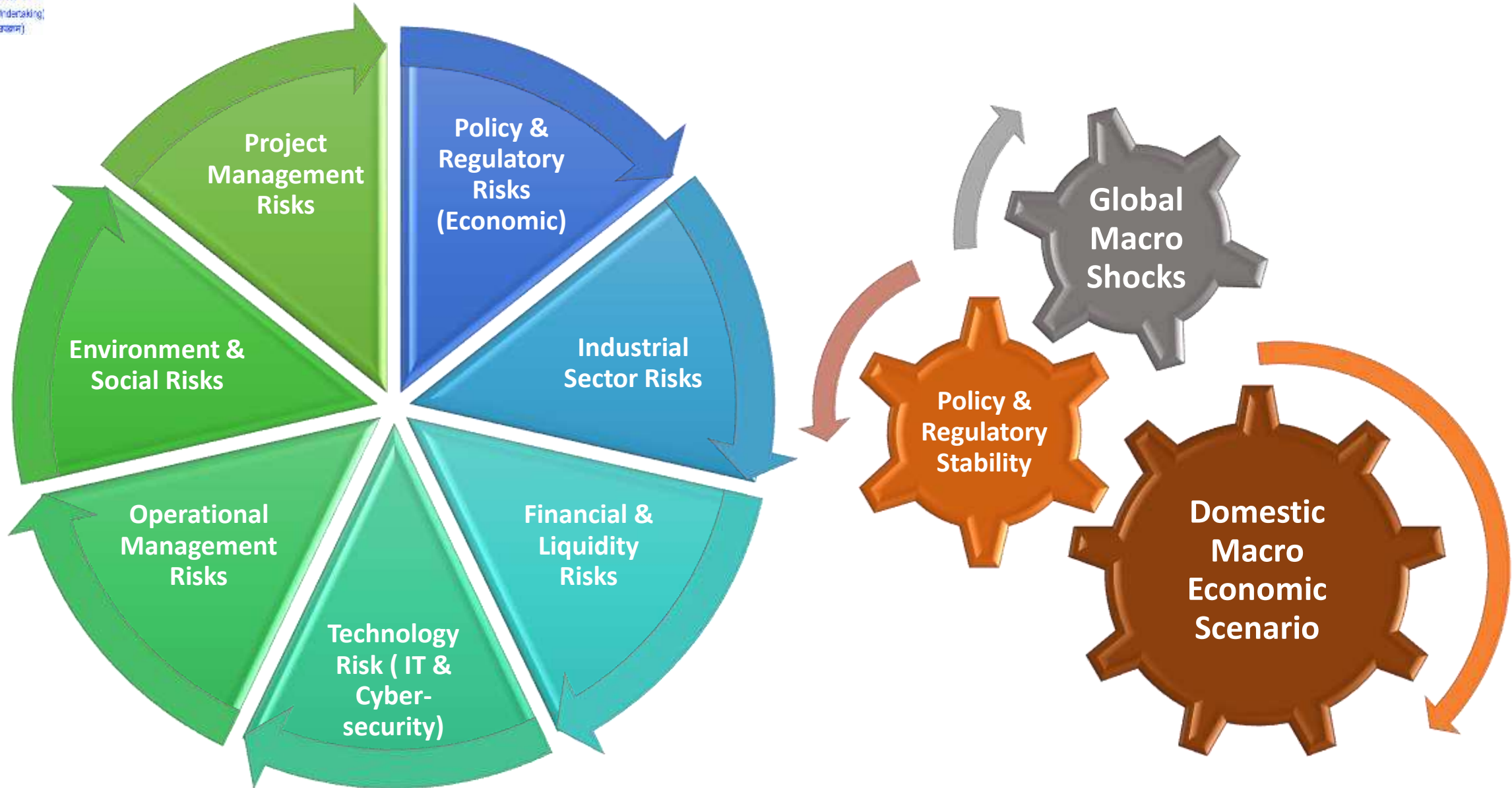
FI'S FINANCIAL PRODUCTS & SERVICES



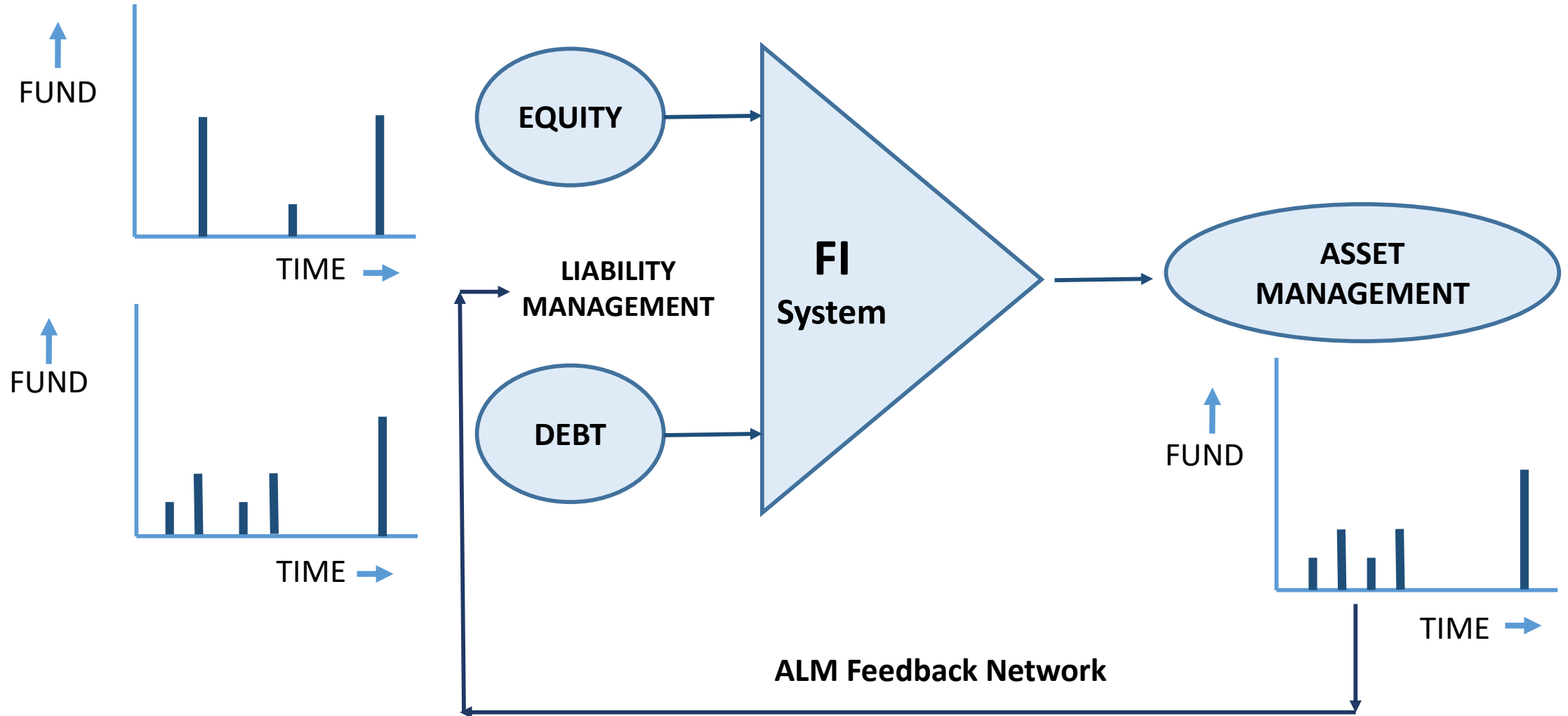
OTHER FINANCIAL INTERMEDIARIES –

- ***REFINANCE***
- ***TAKEOUT FINANCE***
- ***CREDIT ENHANCEMENT***
- ***INFRASTRUCTURE DEBT FUND (IDF)***
- ***INFRASTRUCTURE INVESTMENT TRUST (InvIT)***
- ***PRIVATE EQUITY***
- ***NIIF***

RISK & UNCERTAINTIES IN FEDERAL STRUCTURE



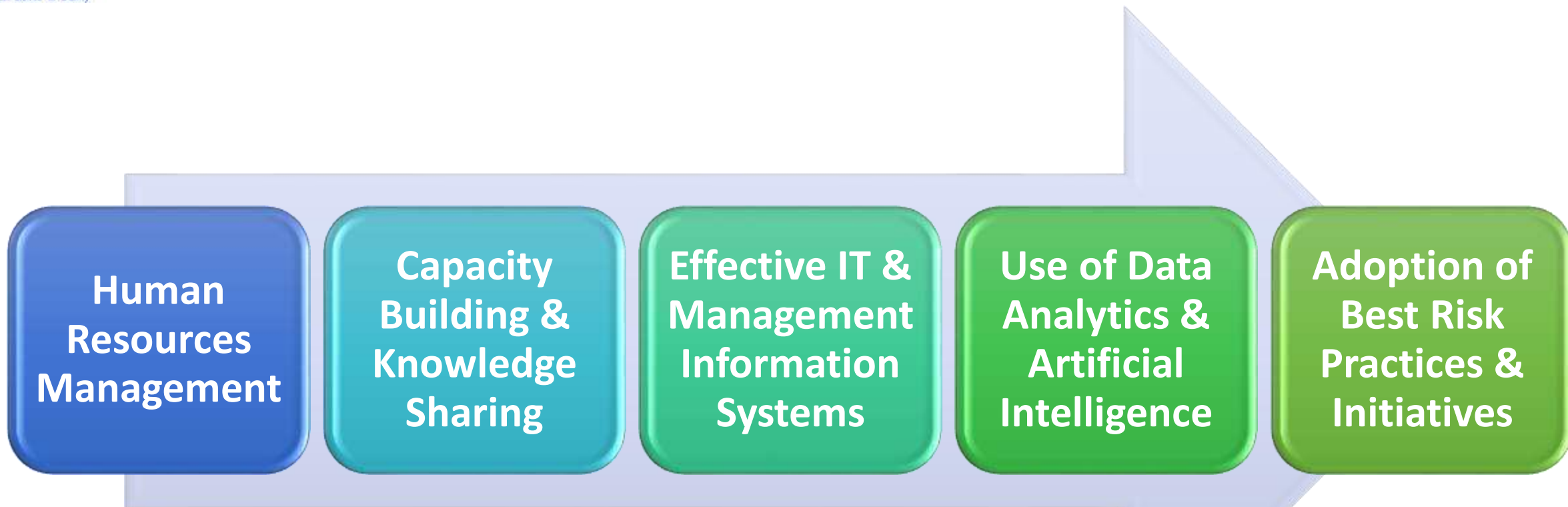
FI'S ASSETS & LIABILITIES MANAGEMENT NETWORK



RISKS & UNCERTAINTIES MANAGEMENT FRAMEWORK & PROCESSES



RISKS & UNCERTAINTIES MANAGEMENT TOOLS



WAY AHEAD – FINANCIAL INSTITUTIONS IN FEDERAL STRUCTURE

**Efficient & Effective
Management of Risks
& Uncertainties –**

**Re-strategize in the
dynamic business
environment**

**Financial Institutions –
Major Role in Tactical
as well as Long term
lending in an Emerging
Economy**

**Play a Catalyst & a
Game-Changer (Within
the Policy & Regulatory
Framework assigned)
for the Industry &
Infrastructure Growth
of the Economy**



THANK YOU

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