‘Make in India’ is Making of India

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Corporate professional Devashish Bhatt and Navjyoti Dalal, freelance media and corporate writer, talk about their journey together
Dr K. L. Dhingra has been the Director of National Institute of Bank Management (NIBM), Pune since May 1, 2017. He has over 35 years of rich and diverse experience in the banking, finance, management, overseeing credit, project appraisal, merchant banking, financial services, credit rating, industrial finance, resource mobilisation, World Bank-IBRD/IDA funding, risk management, housing and infrastructure finance. He has also considerable expertise in the area of infrastructure development and revival/rehabilitation of sick/financially-stressed PSEs.

Before joining NIBM, he was the Chairman and Managing Director of ITI Ltd., Bengaluru, the first Public Sector Enterprise in India, for over five years. Prior to this, he was the Chairman and Managing Director of Housing and Urban Development Corporation Ltd (HUDCO), New Delhi, the first Financial Institution for Infrastructure and Housing Finance, for over two and a half years. After relinquishing the charge of CMD/ITI, he was the Chief Executive Officer of National Culture Fund, Ministry of Culture, Government of India for about two years. He has been the Vice Chairman of SCOPE (Standing Conference of Public Enterprises) – an apex organisation for the public sector in India for six years. He has a Ph.D. on ‘Corporate Governance in Central Public Sector Enterprises in India: A case study of selected CPSEs’.

Tell us about the National Institute of Bank Management.

NIBM was set up in 1969 by the Reserve Bank of India (RBI) at a time when 14 banks were nationalised, as a result of recommendation of the Working Group on “Training and development of Higher Banking Personnel” constituted by the Governor, Reserve Bank of India. The Working Group recommended the establishment of the National Institute of Bank Management to serve as the apex institution to coordinate all training and research activity in the banking industry. NIBM is an autonomous institution for research, training, education and consultancy in bank management. Its mandate is to play a proactive role of “think tank” for the banking industry. NIBM is a part of a grand vision of giving new directions to the banking industry in India and making the industry more cost-effective for national development. Fulfilling the mandate of playing a proactive role of “think tank” of the banking system, Institute has endeavoured to develop and implement programmes that would assist the banks and financial institutions (FIs) to develop capabilities to meet national priorities for the banking sector. The Institute also serves banks and financial institutions in many developing countries. It is a unique institution in India shining as a bright example of academia-industry interface and therefore, its campus is a hub of high learning where constant interactions between bankers, faculty, students; conclaves, debates take place. NIBM is governed by a Board, its highest policy making body. The Governor Reserve Bank of India is the Chairman of the NIBM Governing Board.

Has it met its objective?

Playing the role of main research and academic
arm of the banking industry for continuously upgrading the knowledge and skills, the institution is well equipped to train executives by providing interdisciplinary modules of theory and practical learning. Besides, it is actively providing consultancy to banks in different functional areas. NIBM faculty is dedicated to knowledge creation by research projects and publication of books, monographs, research papers and case studies, etc. Research and consultancy by NIBM has resulted in active policy formulation.

NIBM takes pride that most of the senior officers of the public sector banks including CMDs/MDs have either been trained or have been associated with NIBM. Many of these executives have attended multiple courses at NIBM. And the best of all is that they take pride in being associated with NIBM and fondly remember the time spent here. In fact, the executive who visited us recently, now heading UCO Bank, fondly remembered the time he spent here when he participated in a one-year programme called Bank Management Programme (BMP).

During the FY 2016-17, NIBM conducted 222 training programmes which were attended by 5,954 participants including large number of participants from SAARC and African countries.

Is NIBM only for public sector banks? And how many of them are opting for your programmes?

NIBM caters to public and private sector banks, financial institutions, cooperative banks, NBFCs and financial sector players like NPCI, CIBIL, etc. If you look at the financial sector of the country, there are 21 public sector banks, many financial institutions like EXIM Bank and ECGC. There are public sector financial institutions also like NABARD, IIFCL, NHB, SIDBI, Rural Electrification Corporation Ltd., Power Finance Corporation, and HUDCO and so on. NIBM is well equipped to serve the rapidly changing banking and financial sector, in addition to all public sector banks as well as new players like new small finance banks as well as the payment banks.

Last year, out of the total 5,954 participants, there were around 873 participants from smaller economies like Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Afghanistan and some of the African countries also. It has remarkably expanded.

What are the kind of programmes and training you hold?

Training activities of the institute are well planned, keeping in mind the immediate specialised knowledge and skill development requirements of banks in various functional areas, as well as the long-term advanced knowledge and soft skill development requirements to groom new leaders. To accomplish the same, the institute offers innovative and highly specialised Executive Development Programmes (EDPs) in functional areas such as finance, marketing, international banking, treasury, forex, planning, strategic management, human resource management, leadership development, rural finance and information technology.

These efforts are very relevant in the context of retirement of bankers in large numbers and also mass recruitment of young bright and career-oriented officers in the industry. Responding to the skill upgradation needs of different banks, programmes in Marketing, Export Credit Management, Accounting Standards, Inspection, Agriculture, Finance, Agri-Business Investment, Branch Marketing, Leadership and Organisation Development for different banks are also offered.

We recently conducted the first course on “Insolvency Bankruptcy Code 2016 – timely resolution of NPAs” for imparting training on the newly created institutions for the recovery of corporate loans such as National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT) and Insolvency and Bankruptcy Board of India (IBBI), which is the Regulator for this sector.

NIBM also offers customised training programmes for SAARC countries viz., Sri Lanka, Bangladesh and Nepal. NIBM has collaborative training programmes with Kellogg School of Management, USA, Frankfurt School of Finance and Management, Frankfurt, Germany, Asian Institute of Management – School of Executive Education, Manila, Philippines and domestic collaborations with KPMG, CIBIL, and NPCI, etc.
‘The committee recommended that there is a need for an apex institution to be created in the country which can be the think tank of the government for the financial and social sector of the country. It was mainly for instituting policy research. NIBM is part of the grand vision of giving a new direction to the banking industry in India’
NIBM conducts international training programmes on various topics viz., Asset-Liability Management in Banks and Financial Institutions, Bank Financial Management with the Focus on Risk Management and Basel Accord – II & III, on Banking and Finance, and Corporate Governance, etc.

These programmes are conducted for the neighbouring and African countries, under the various schemes of Government of India such as Indian Technical and Economic Cooperation Programme (ITEC), Special Commonwealth African Assistance Programme (SCAAP) and Colombo Plan (CP). During the year 2016-17, NIBM had conducted five international programmes under these schemes wherein 161 participants attended the course.

What kind of research is conducted here?
The Institute has completed research projects for various institutions and government agencies including Reserve Bank of India; Ministry of Rural Development, Government of India; Ministry of Commerce and Industry, NABARD; International Finance Corporation, Washington; Asian Development Bank, Manila; Financial Services Volunteer Corps; UNICEF, and International Fund for Agriculture and Development.

NIBM has conducted research in areas as diverse as competency assessment validation of ICAAP, Credit Guarantee Scheme for education loan, Customer Satisfaction Survey, Alternate Channels and Payment Products, Organisational Restructuring, and Training Need Analysis. Research projects are also carried out on topics as Impact of Implementation of Ind-AS on Credit Ratings of Borrowers; Branch Risk Profile; Formats for Conduct of Risk Assessment under RBIA; Operational Risk Capital Estimation under BIA and TSA; Credit Management; Customer Segmentation Analysis; and Financial Awareness among Gen-Next. Recently, we have completed research projects on Improving Efficiency of Retail Payment Systems in India, Competency Mapping for some public sector banks. NIBM has written a manual on Treasury Management for a public sector bank. Recently, NIBM was a part of an exercise with the Comptroller and Auditor General of India (CAG) in the context of recapitalisation of banks.

NIBM is involved in conducting need-based, customised tailor-made bank-specific training and consultancy projects for individual banks.

During the last 2016-17, NIBM faculty was able to publish 13 research papers in ABDC accredited journals under B & C category and 7 articles in other journals.

What is the faculty strength?
NIBM’s academic organisation consists of faculty from a wide range of disciplines, viz. Economics, Finance, Commerce, Business Management, Computer Science, Agricultural Science, Psychology, Sociology, etc. Practising bankers including central bankers strengthen the faculty by serving the Institute for varying period of time.

Presently, we have 28 regular faculty members. In addition, six former bankers who were in senior positions of Deputy Managing Director, Executive Director/Chief General Manager/General Managers in various banks, are now NIBM guest faculty. NIBM also invites banking practitioners to give the operational perspective.

Any other new initiatives?
NIBM conducts AICTE-approved two-year Post Graduate Diploma in Management (PGDM) – Banking and Financial Services with a focus on Banking and Finance as an integrated and mutually inclusive areas of specialisation. Since its inception (2003-04), its students have had 100 percent placements in various public as well as private sector banks and financial institutions. Presently, we are having two PGDM batches running concurrently.

Recently, NIBM has launched its e-certification courses in the areas of Credit Management, Risk Management, Treasury Management and Accounts and Audit Management as per the mandate of Reserve Bank of India.

What is your advice to a banker?
A banker has to be very selective in sanctioning a lending proposal. Lending to the commercially viable proposals and timely recovery of the amount lend are very important for a banker.

Public money is invested with a lot of trust in the form of deposits, current and savings accounts and the bank has to act as custodian of these deposits.

The customer is the most important person for the bank. If you take care of the customer, you are doing a great job.
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HUDCO was set up in 1970. The profitability
What about your tenure in HUDCO?
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Proposal sanctioned. I take credit that I was in
2003-2010, ITI was trying to get the revival
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As far as the ITI experience is concerned, it
you about your ITI experience.
You have had an enriching career. Tell
us about your ITI experience.
As far as the ITI experience is concerned, it
was into financial losses since 2002-03 and
under financial stress. It was declared as a sick
company and referred to BIFR in 2004. From
2003-2010, ITI was trying to get the revival
proposal sanctioned. I take credit that I was in
a position to take the long-outstanding revival
package of ITI to a logical conclusion. The
original revival proposal was for around ₹1,850
crore and I got ₹4,156 crore sanctioned from
the Government. I also got it approved from the
BIFR and Board for Reconstruction of Public
Sector Enterprises (BRPSE). It is a body set
up under the government machinery to look
after the revival of loss-making or stressed
central PSUs, and finally it was approved by the
Government of India in 2014.

What about your tenure in HUDCO?
HUDCO was set up in 1970. The profitability
during my time in 2009-10 was highest since
its inception—₹495 crore. I brought down
net NPAs to 0.5%. I was also instrumental in
getting the rating upgrades from two rating
agencies—Fitch and CARE. There were more
than 230 downgrades for debt instruments of
the corporates including banks and financial
of the state. HSIIDC’s first Industrial Model
Township (IMT) in Manesar was conceived
during that period and about 1,780 acres of land
was acquired for this project in one go. I was the
executive director then. The delegation headed by
the chief minister used to visit different countries
and have meetings with the potential investors.
The endeavour was to give them an overview
of the state of Haryana and request them to invest
in it. The state government assures them that they
would be given the clearance under one roof. At
that point of time when I was part of it from 1992-
2000, Haryana was No. 1 preferred state at that
point of time as per CII. That was the time when
we attracted lot of Japanese and Korean investors
to the state and also acquired the largest chunk
of land in one go in Manesar, for the first IMT
where earlier Japanese were thinking of having
an industrial park.

Tell us about your family.
We are a family of bankers. My wife has been a
banker and so is my son who did his MBA in
2006 from IIMA and now he is the Asia Head of
Forex Derivatives of one of the largest American
banks.

How do you like Pune?
Pune is a beautiful place. I thought Chandigarh
was the most beautiful place to live in India. Now
I feel that Pune has an edge over Chandigarh
because of the weather. Pune is truly the Oxford
of the East, with mushrooming of quality
educational institutions. With growing IT hub,
it has all the potentials of a metropolitan city.
Traffic jams though, is an issue.

Your philosophy of life…
I have always believed in hard work. And it’s
probably because of that I was in a position to
achieve certain milestones. In my opinion, there
is no substitute to hard work.

vinitapune@gmail.com

You brought in foreign investors in
Haryana…
Every state wants to increase the share of
manufacturing in the state GDP. So, we were
basically having investor meets in various parts
of the country and overseas. The Haryana
State Industrial & Infrastructure Development
Corporation (HSIIDC) is one of the flagship
organisations of Haryana for the industrial growth
institutions in the country during 2008-09 which
was post-Lehman period. At that time, even
retaining the ratings was difficult. I got the rating
of debt instrument of HUDCO upgraded despite
this dismal scenario.

Your role as CEO, Culture Fund…
The National Culture Fund, Government of
India, was set up by the Government of India.
As you are aware, India’s cultural heritage is very
rich. The government wanted extra-budgetary
resources for preservation and protection of the
cultural heritage, hence it created this fund. The
basic objective was to mobilise the resources from
corporates and individuals for the preservation
and protection of the cultural heritage. Every
PSU or private sector entity now has to contribute
2% of its net profit towards Corporate Social
Responsibility (CSR) having net-worth or profit
or the turnover over a threshold limit, as per
the Company Act, 2013. Protection of cultural
heritage of the country is covered under the
definition of CSR. I was in a position to mobilise
public sector and private sector funding or get
their financial commitments which were quite
substantial for the objective of National Culture
Fund. We were doing most of the projects for
the monuments of the Archaeological Survey of
India (ASI), which is under the same Ministry.

What do you think of banking as a career?
Banking, as a career, like many other professions,
is very competitive but rewarding, especially
with lot of other foreign banks opening shops in
India. Banking career is also very exciting with
technology being the game changer, with the
paradigm shift and a move towards cashless and
digitalisation which has its own challenges.

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