Backed by tech, banks beat slowdown blues by hiring more

Bank.

will be looking to con-

the

same



GROWING STRENGTH

	FY18	YoY chg (%)	FY19	YoY chg (%)
Kotak Mahindra Bar	nk 35,717	8.2	41,753	16.9
YES Bank	18,238	-9.4	21,136	15.9
HDFC Bank	88,253	4.7	98,061	11.1
IndusInd Bank	25,284	-0.1	27,739	9.7
RBL Bank	5,330	8.7	5,843	9.6
Compiled by BS Research			Source: Capitaline	

Compiled by BS Research Bureau

Though economic growth has slowed,

banks have not reduced hiring. Backed by technology they are expanding the branch network — and adding more to the workforce.

Mumbai, 17 November

Rajkamal Vempati, head of human resources (HR) at Axis Bank, told *Business Standard*: "We have hired six times more of employees this financial year (FY) as compared to last year. Going forward, we are expanding our branch network; therefore, we will need more people at different levels, with specific skill sets. We are investing in workforce backed with technology.

Some are using artificial intelligence (AI) to identify the right candidate. Federal Bank, for instance.

Ajith Kumar K K, executive vice-president and HR head, says: "We are planning to grow by 800-plus people by the tinue beginning of the next FY. The core of the momentum in this fishiring plan is to get 700-plus on board cal. We are seeing growth at every level through the campus recruitment chan- for our retail, branch banking, financial nel. This year, we have (also) deployed inclusion and cards businesses, leading

lined our hiring and recruitment by givusing an AI-driven algorithm. Our campus recruitment cycle for 2019-20 is in states. full swing and we have released 300-plus

sets and job profiles. Rajeev Ahuja, execu-

tive director at RBL says: 'We expect to be at 380 to 400 branches in metro and urban cencapture the market, tres by the end of FY20. Going by that number, we do expect to go strong on hiring as well. We recruited around 1,800 employees last fiscal year and

our Fed Recruit Solution; it has stream- to job creation across the spectrum. Online job portal Shine.com has ing us access to some of the best talent reported a spike in job postings for the sector, with Maharashtra leading other

Says Zairus Master, its chief execuoffers in two months, using Fed Recruit." tive: "Over the past three months, the The additions are across levels, skill number of jobs posted on Shine.com in the BFSI (banking,

services.

experience).

salary bracket of

With Mumbai being

this

that

financial 'Banks are fully aware insurance) sector have that customers today have higher bargaining power. Hence, to shown a stable trend. The majority of jobs (43 per cent) are at the mid-level (four to eight one needs to strengthen vears the last-mile reach to Nearly 40 per cent of customers, as well as engage with them better" BFSI jobs on the platform for experience range have **RITUPARNA CHAKRABORTY** ₹10-15 lakh (annually). co-founder, TeamLease Services

the banking hub, it was expected Maharashtra would lead this trend for BFSL"

Master adds: "However, we are also

seeing a positive trend in Karnataka with the number of jobs on Shine.com from this southern state at par with Maharashtra, especially for mid-level hiring. This is positive news for managerial-level candidates in these two states, as well as anyone open to re-location, as banks and financial institutions continue to strengthentheir ranks."

Head hunters also believe this momentum will continue and the next year will see higher hiring.

Rituparna Chakraborty, co-founder of TeamLease Services, says: "Banks are fully aware that customers today have higher bargaining power. Hence, to capture the market, one needs to strengthen the last-mile reach to customers, as well as engage with them better. Future prospects seem bright for a sector which boasts of being the fourth largest retail credit market, as it is steadily growing."

"Hence, it is not surprising that BFSI continues to invest in hiring. There seems to be little impact (of a slowdown) on their future hiring outlook as well," Chakraborty adds.

IN BRIEF



Prime Minister Narendra Modi, Home Minister Amit Shah, Congress leader Ghulam Nabi Azad, and others attend an all-party meeting a day before the Winter Session of Parliament, in New Delhi on Sunday PHOTO PT

At all-party meet, PM says open to discuss all issues

Ahead of Parliament's Winter Session, Prime Minister Narendra Modi on Sunday assured an all-party meeting that the government was ready to discuss all issues, while the opposition raised concerns over economic slowdown and farm distress and strongly demanded that detained Lok Sabha MP Farooq Abdullah be allowed to attend the House. At the governmentconvened meeting attended by almost all major political parties, Prime Minister Modi said the most important job of the House is to discuss and debate and this session should also be as productive as the last one, Parliamentary Affairs Minister Pralhad Joshi told reporters. The Opposition demanded that the issues of economic slowdown, job loss, farm distress and pollution must be discussed during the session, Congress leader in Lok Sabha Adhir Ranjan Chowdhury said. A number of leaders raised the issue of detention of National Conference leader Farooq Abdullah and said he should be allowed to attend Lok Sabha. Sources said there was no definite response from the government on the issue. "Government is ready to discuss all issues within the framework of rules and procedures of the Houses," the prime minister was quoted as saving by loshi. Constructive discussion in Parliament also keeps the bureaucracy alert, the prime minister said at the meeting. **PTI**

Sena effect? NDA

Fadnavis heckled

MFs give FEMA reporting a miss, await govt clarity

Mutual funds have to adhere to restrictions applicable to foreign investment

ASHLEY COUTINHO Mumbai, 17 November

one of the foreignowned or controlled mutual funds (MFs) have fulfilled their reporting obligations as mandated by the new Foreign Exchange Management Act (FEMA) norms notified a month ago, pending clarity from the government on the issue.

'There was a reporting deadline that ended on Friday and the funds had to report according to the changed law. Every day that we don't report is technically a breach of the new guidelines," said a senior fund official, on condition of anonymity.

Fund houses have decided to maintain status quo following assurances from the Securities and Exchange Board of India (Sebi) as well as custodians that the guidelines impacting MFs would be amended soon. The Association of Mutual Funds in India, an industry body, had asked Sebi to look into the matter a few days ago, post which the regulator wrote to

the finance ministry on the issue. Several fund houses also made representations to the economic affairs department.

call not to go ahead with the

have taken a uses seem to



THE FEMA SAGA ■ Centre amends FEMA

norms on October 17 MFs classified as investment vehicles

Industry body Amfi raises concerns with Sebi Fund houses make representations to the

norms, foreign MFs have to adhere to sectoral caps and restrictions currently applicable to foreign investment in Indian equities.

MFs making downstream investments have to furnish details of their equity investments to the Department for Promotion of Industry and Industrial Trade within 30 "The reporting obligations days of investment even if the have kicked in, but the fund equity instruments have not breach of the caps, which ones been allotted

According to the new days from the date of allot-

economic affairs department Sebi writes to FinMin flagging the issue

Fund houses given verbal assurances that issue will be addressed MFs give reporting deadline a miss

ment of equity instruments. According to the fund official, if the existing guidelines remain unchanged, the government will have to come up with additional clarifications, specifying the conditions and the manner in which funds have to meet the sectoral caps.

"What happens to existing investments in certain stocks? will be required to offload

norms classify MFs that invest more than 50 per cent in equity as 'investment

by such funds by way of subscription or acquisition of shares is considered 'indirect foreign investment' if the investment manager or sponsor is owned or controlled by a

Mirae Asset and Principal

The rules could put these funds at a significant disadvantage vis-a-vis domestic funds, limiting their investments in stocks with sectoral caps and dragging down overall returns, said experts.

The restrictions may also make it difficult for their exchange-traded funds to invest as per the assigned Assuming several funds are in weightage of the underlying benchmarks, and put the brakes on fresh money com-MFs also have to file form their holdings and in what ing into their fund of fund

schemes, which invest in oth-

Rescue financiers call for ministry's protection in IBC

RUCHIKA CHITRAVANSHI New Delhi, 17 November

The government is examining the demand of last-mile financiers to be given priority in insolvency and bankruptcy proceedings, a senior government official told proceedings, Business Standard.

The ministry of corporate affairs (MCA) has representations from fund managers and private lenders providing rescue financing to stressed projects. They want protection if an entity lands into the Insolvency and Bankruptcy

Code's (IBC's) net even after their assistance. "We come as a knight in shining armour and then that armour is taken away if a company goes into IBC," said S Sriniwasan, managing direc-

tor, Kotak Investment advisors. Private investors are sitting on billions of dollars of funds due to a constraint in this regard in the IBC law. Kotak alone is looking for opportunities to invest \$1.2 billion (₹8.600 crore) through its special situation fund and real estate corpus. "We are unable to provide capital because of our apprehensions about treatment

under the insolvency process," Sriniwasan says. Due to the high levels of

Investors have sought MCA's intervention to have provisions in the IBC which recognise an ICA as valid and risk, such interim financing binding upon the Committee comes at an interest rate which of Creditors (COC). "This could is higher than the prevalent be one of the solutions. Currently, a CoC is formed (all other loans on the books of IBC is invoked) and ICA becomes a thing of the past. We want the law in this regard to be unambiguous, to avoid litigation," Sriniwasan said. Earlier this month, the gov-There is no clarity over the ernment announced a dedicated fund to provide last-mile financing of ₹25.000 crore for completion of ongoing housing projects. To be implethrough Alternative Investment Fund and is getting stuck," says structure, it would place the Saumil Shah, partner, Dhruva fund ahead of other creditors in terms of claims. The last-Investors have demanded mile funding will be treated as protection in the pre-IBC stage priority, under the waterfall itself, via agreements with mechanism (the order of prilenders about treatment of ority in which the proceeds "senior debt" in the event of from sale of liquidation assets insolvency or liquidation. are distributed). "Today, any vendor can "There can be an inter-creditor agreement (ICA) to secure take a (defaulting) company to the rescue-financiers. How the IBC. Seniority in waterfall tenable it will be will have to be has to be ensured in case this tested," the senior government happens," Sriniwasan added.

vehicles'. Downstream investment

non-resident.

MF are the two foreign fund houses, which may immediately get impacted by the new FEMA norms. These fund houses have equity assets in excess of 50 per cent of the

overall portfolio, the data from PRIME Database shows. Nippon India MF, Franklin Templeton, HDFC Mutual Fund, and ICICI Prudential

MF are some of the other fund houses that may be considered foreign-controlled or owned under FEMA.

senior LAST-MILE FUNDING The MCA has representations from fund

managers and private lenders providing rescue financing to stressed projects

They want protection if an entity lands into the IBC's net even after their assistance

Private investors are sitting on billions of dollars of funds due to a constraint in this regard in the IBC law

Due to the high levels of risk, interim financing comes at an interest rate that is higher than the prevalent market rate

official said.

allies pitch for better coordination

The shadow of an imminent divorce between the BJP and the Shiv Sena loomed large over an NDA meeting on Sunday ahead of the Parliament session, with allies pitching for a mechanism to improve coordination and Prime Minister Narendra Modi describing the ruling alliance as "one big family." In his remarks at the meeting, not attended by the Sena, Modi said NDA allies might have different ideologies but they are like one big family and should not get unsettled by small differences. Various NDA allies, including newly appointed UP president Chirag Paswan, desired to have a convener or coordination committee to sort out differences. PTI₄



some slogan-shouting workers of the Shiv Sena as he left Shivaji Park after paying tribute to Bal Thackeray on his seventh death anniversary. Some workers of the Shiv Sena, which recently snapped ties with the BJP, standing close to the former CM's convoy shouted in Marathi Fadnavis' assembly poll campaign slogan: 'I will be back' along with the Sena's traditional 'Chhatrapati Shivaji Maharai ki jai' war crv. Fadnavis and his entourage, which included several senior BJP leaders, moved on without reacting to the jeers. **PTI**

same," said a second person. DI with the RBI within 30 proportion?" he said. Maharashtra chief minister India has potential for rapid growth: Gates

heckled by

philanthropist and Microsoft co-founder Bill Gates has said. Gates, the world's richest person, specifically complimented India's Aadhaar identity system and the country's performance in the financial services and pharma sectors.

The positive outlook by Gates for the Indian economy, Asia's third largest, comes at a time

India has the potential for when it is reeling under major "very rapid" economic growth slowdown amid apprehensions over the next decade to lift that the cycle may last for a longer people out of poverty and allow period.

the government to invest in "I don't have any knowledge health and education priorities about the near term, but I'd say in an "exciting way", billionaire over the next decade, there's potential for very rapid growth, which will lift people out of poverty and allow the government to invest in health and education priorities in a really exciting way," he said.

On Friday, Gates, with a net worth of \$110 billion, regained the position of the world's richest person surpassing the Amazon Inc's Jeff Bezos. PTI



The amended FEMA er mutual fund schemes.

Microsoft Co-founder Bill Gates and Bihar Chief Minister Nitish Kumar during the launch of a book titled 'Routine Immunization', in Patna on Sunday

market rate. It is paid off before the company. The IBC process. however, does not give any priority treatment to these lenders. "Funds are wary of investing more than before. finality of IBC and cases are not resolved within the specified time frame. The biggest source of FDI (foreign direct investment) is coming in the mented country through these funds

MSME ministry may streamline schemes for better results

SUBHAYAN CHAKRABORTY

New Delhi, 17 November

The government is drawing up plans to streamline existing schemes for micro, small, and medium enterprises (MSMEs), with an aim to combat liquidity crisis, low professional exposure, and low skills that the sector continues to face.

Central schemes enabling cluster-based development, those promoting new business, and skill training programmes may be significantly modified to maximise returns on fund allocation and speed up industrial output.

Prime among these is the Cluster Development Program that provides common physical infrastructure facilities in a fixed geographic area to a set of small businesses with the same requirements. Currently, the

ministry runs 75 Common Facility Centers (CFCs) across the country with work ongoing to establish 66 more. Central grant for CFCs goes up to 70 per cent of total cost of a maximum₹20 crore, a crucial amount in many backward areas.

More research

However, the arbitrary allocation of clusters to various states and regions, often due to political reasons, have resulted in chronically low productivity and stretched resources. "It's surprising that it tookso long but the government has started evaluating the entire cluster map and will have a comprehensive model to distribute clusters in various areas from now on," a senior MSME ministry official said. As a result, some clusters may even be closed down, he added.

A detailed research focusing on



the business prospects and socioeconomic effects on nearby demographics have been mandated before approval is given to any new cluster.

FY20 TARGETS

■ 10 of 100 planned Export Facilitation Centers, which help integrate MSMEs in global chain

10 new tool rooms/technology centres, costing ₹115-145 cr each, for high-end skilling and consulting **20** of planned 500 Enterprise Development Centres to develop a cadre of indigenous entrepreneurs ■ 10 solar charkha clusters, each providing jobs to 2,000 artisans ■ 100,000 youngsters to be skilled through all existing and upcoming centres

The move is part of MSMEMinister Nitin Gadlari's push to raise the sector's contribution in exports from the current 49 per cent to 60 per cent as well as its

share in industrial growth to 49 per cent from 29 per cent now. Through the initiative, the government is trying to address a key concern for policymakers, the lackofbusinesses in the "small" category, the official added. According to the existing definition, which relies on selfdeclared investment on plant and machinery, "small" firms are those with investment between ₹25lakhand₹5crore

These efforts are expected to be supplanted by the upcoming National Resource Centre, which will assist in export strategy development, implementation, and mobilisation of technical assistance to organisations in the MSME ecosystem.

MSME incubators

The ministry aims to launch enterprise development centres

(EDCs) in every district, senior officials said. Aimed at developing a cadre of indigenous MSME entrepreneurs, the EDCs will be similar to incubators for start-ups and have been in the planning stages for two years now, according to official documents reviewed by Business Standard

Advisors.

"For the first time, an integrated unit will help new and existing businesses develop by providing services such as management training, and office space," another official confirmed. Ultimately planned for every district, the ministry is targeting the launch of 20 EDCs out of a planned 500 by the end of the current financial year, another senior official said. As of now, MSME Development Centres in various states have begun the EDC initiative on a small scale, some of which may be expanded, they added.

The centres will be broad-based and shall be run by special purpose vehicles in partnership with the private sector, business management organisations, local industry associations and would also aim to plug the financial difficulties faced by MSMEs, which have continued to suffer from a liquidity crisis since the demonetisation exercise. In the distant future, incentives and loans by the government for the sector will also flow through the EDCs, after determining the capabilities of the firm through set parameters, the official added. The centres would offer credit facilitation and syndication, export promotion and supplier inclusion.

The EDCs will also have "enterprise clinics" for struggling firms, which the government hopes will reduce the number of small businesses falling into a debt trap financed by bankloans.