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Advancing sustainable financial inclusion – Role of banks and financial institutions

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Proceeding Report
14th IMC Annual Banking & Finance Conference

Advancing Last Mile Financial Inclusion in Amrit Kaal – Role of Banks and Financial Institutions held on June 14, 2024

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Advancing sustainable financial inclusion – Role of banks and financial institutions

Foreword

As India prepares to enter a new chapter in its economic growth, this report captures the spirit of its goal of creating an affluent and equitable society. At the core of this vision is attaining sustained financial inclusion, which is essential to reducing poverty and promoting the country's overall development. This report highlights the considerable progress and initiatives in financial inclusion and underlines their profound impact on India's economic landscape.

Banks, financial organisations and state-of-the-art technologies are redefining India's economic landscape. This report talks about their groundbreaking accomplishments. It also provides a detailed story that resonates with the hopes of millions of Indians who stand to gain from these revolutionary initiatives.

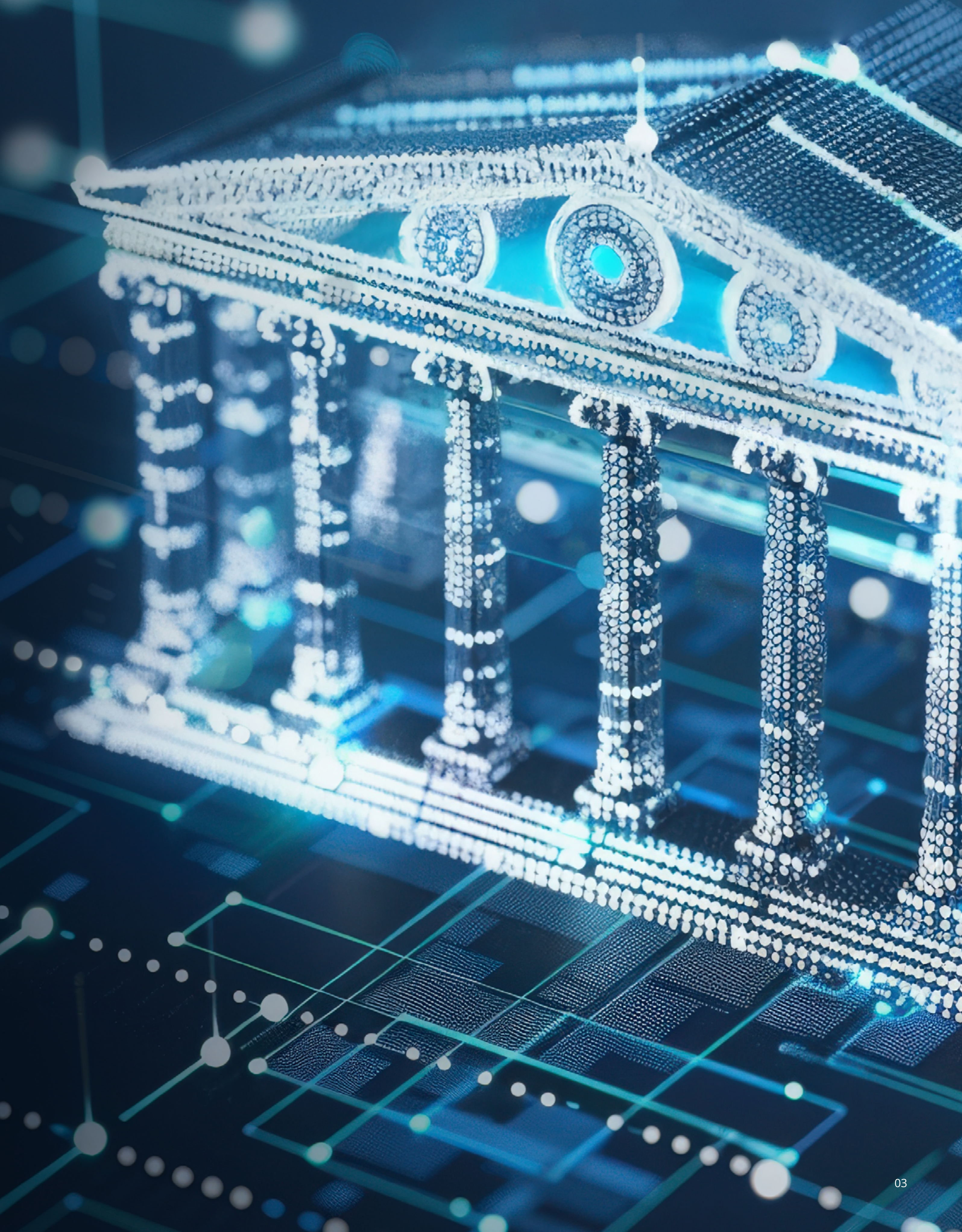
Fintech companies have carved a niche for themselves in the innovation space. By offering peer-to-peer lending platforms, low-cost remittance services and digital wallets, they have democratised access to financial services. India's progress in building a robust digital public infrastructure is a significant part of this story. The report underscores how mobile banking, UPI and Aadhaar-enabled payment systems have simplified access to financial services and made them more user-friendly and accessible to the public, thereby playing a crucial role in advancing financial inclusion.

This report also delves into the critical role of sustainable practices in financial inclusion, arguing that environmental sustainability and financial health must go hand in hand to ensure long-term prosperity. Emphasizing the importance of green finance, it showcases how sustainable investments and eco-friendly financial products can contribute to a greener economy while promoting inclusive growth.
The significance of the Reserve Bank of India (RBI) in these developments cannot be understated. The RBI's forward-thinking measures – such as establishing a cloud facility for enhanced data security, supporting fintech innovations through regulatory sandboxes and laying the groundwork for open banking – have been instrumental in creating an ecosystem for innovation and growth.

Technologies such as Artificial Intelligence (AI) and Machine Learning (ML) are also pivotal in driving financial inclusion in India. These technologies promise to strengthen confidence in financial services by enabling accurate risk assessments, customising financial services to meet individual needs and improving consumer experiences.

However, several obstacles prevent sustained financial inclusion. This report considers and addresses these obstacles, such as bridging the digital divide and balancing social responsibility and profitability. It also suggests practical solutions for overcoming these obstacles.
It is crucial to emphasise the mutually beneficial relationship between financial inclusion, economic progress and social development. The report's insights and analysis will guide innovators, financial institutions and legislators alike.

Hope you find the insights shared in the report useful.
Happy reading!



Advancing sustainable financial inclusion – Role of banks and financial institutions

Foreword

It gives me immense pleasure to present the Proceedings Issue of IMC's 14th Annual Banking & Finance Conference. This is an annual event organized by IMC and has become a look – forward-to event in Mumbai's financial calendar.

The Conference's theme "Advancing Last Mile Financial Inclusion in Amrit Kaal – Role of Banks and Financial Institutions" proved to be a roaring success in terms of the quality participation and futuristic content. Dignitaries and experts presented in-depth and rich information on the theme. We have received excellent feedback on the Conference.

Considering the successful and high profile nature of the Banking Conference, we decided to come out with this Proceeding Issue. We believe that the wealth of wisdom shared in the Conference should not be restricted to only those who attended the programme but should get disseminated far and wide.

The Proceeding Report captures a variety of expert views presented at the conference on diverse topics in banking, finance, insurance, NBFC and ESG. The insights that emerged at the conference were indeed outstanding. The address of Dr. Srikanta K. Panigrahi, Hon'ble Director General and Distinguished Research Fellow, Indian Institute of Sustainable Development (IISD), New Delhi (Chief Guest at the Conference), Mr. Sumnesh Joshi, Deputy Director General, (Joint Secretary Govt. of India Level), Ministry of Communications, Government of India and Mr. Surender Rana, DMD (Agri, SME & FI), State Bank of India (Guests of Honour) were par excellence.

A special word of thanks is due to our sponsors and supporters. We are thankful to our Knowledge Partner Deloitte India and all individuals and institutions who supported and made this conference a grand success.

I recommend you to go through this Proceeding Report prepared by Deloitte India, which contains comprehensive information about the conference. I am sure it will enhance the readers' understanding on the subject, update you on the latest banking scenario and shed valuable insights on the next generation of banking.

Sanjaya Mariwala
President
IMC Chamber of Commerce and Industry

Foreword

It gives me great pleasure to present the proceedings issue of IMC's 14th Annual Banking & Finance Conference on the theme "Advancing Last Mile Financial Inclusion in Amrit Kaal—Role of Banks and Financial Institutions." The conference provided intriguing insights and discussions with eminent industry leaders from the banking, NBFC, insurance and ESG sectors.

The banking sector plays a crucial role in a country's growth strategy. The Sustainable Development Goals (SDGs) reflect grand challenges that the global community needs to address to ensure economic welfare, environmental quality, social cohesion and prosperity for future generations. In this respect, the role of the banking sector, among other critical business entities and key stakeholders, is vital. Achieving sustainable inclusion in banking offers growth and innovation opportunities by expanding customer bases and fostering a more inclusive economy.

The RBI has played a huge role. Along with the government, it has formulated the National Strategy for Financial Inclusion 2019–2024 with a view to having a national strategy and action plans with clear targets to provide access to formal financial services in an affordable manner, broaden and deepen financial inclusion and promote financial literacy and consumer protection.

The Digital Public Infrastructure (DPI) is increasingly recognised as a key driver for advancing financial inclusion on a global scale. DPI comprises a set of interoperable platforms governed by open standards rather than constituting a singular platform. This architectural approach has significantly expedited the journey towards achieving key milestones in financial inclusion, making it easier for people around the world to access financial services.

The financial services sector has witnessed incredible transformation due to the latest technological advancements, particularly in Artificial Intelligence (AI) and Machine Learning (ML). These innovations have significantly enhanced financial inclusion, making finance more accessible and inclusive for all.

NBFCs' continued focus on innovation, technology and strategic flexibility has made them crucial players in financial inclusion, particularly for underserved segments, such as MSMEs and rural areas. Initiatives such as the Jan Dhan Yojana have significantly increased the number of bank accounts, thus integrating more people into the formal financial system.

Despite an increase in insurance penetration, several segments remain uninsured. To address this protection gap, NBFCs have developed a "phygital" model (combining physical and digital) and appointed local women in tier 2/3 cities to raise awareness. Although COVID-19 has highlighted the importance of insurance and government schemes (such as PMJJBY) have gained popularity, inertia continues to hamper further penetration.

The vision for Viksit Bharat represents a transformative goal for India. It aims to integrate modern advancements with the essence of nature, ensuring equal growth opportunities for all citizens. The goal is to create a society where youth, the poor, women and farmers can thrive together. However, this path presents numerous challenges along with opportunities.

The discussions at the conference extensively revolved around how best banking and financial institutions can play a critical role in diagnosing the health of India's economy and thereby meet India's growth aspirations.

The information in the proceedings issue provides in-depth insights into the conference. We are grateful to Deloitte India, our knowledge partner, for preparing the issue. We trust you will find it informative and insightful. Your suggestions/feedback are valuable to us, and we welcome them.

M. Narendra
Chairman, Banking, NBFC and Finance Committee, IMC
Former Chairman & Mg. Director, Indian Overseas Bank

Advancing sustainable financial inclusion – Role of banks and financial institutions

Role of banks in achieving sustainable financial inclusion in the next decade

Amid increasing economic disparities and environmental challenges, banks in India have to use their stability, robust regulatory frameworks, and innovative technologies to drive inclusive growth. This involves integrating Environmental, Social, and Governance (ESG) principles into their core strategies, supporting new avenues of growth such as manufacturing and services, and enhancing financial access in rural and semi-urban areas through targeted products and services. Fostering collaboration among various stakeholders and adapting to global climate guidelines are key to ensuring a resilient and inclusive financial ecosystem.

In India, the landscape of financial inclusion has witnessed a significant shift over the past decade, propelled by a series of government initiatives, technological advancements and a dynamic banking sector that is increasingly embracing sustainability and inclusion as core priorities. The country has made considerable progress in expanding access to financial services, with initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) playing a pivotal role in enhancing banking penetration among underserved populations. Currently, India has the distinction of nurturing one of the world's largest financial inclusion schemes, with millions of new bank accounts opened and a marked increase in the usage of digital financial services.

Despite the advances, challenges persist, particularly in rural and semi-urban regions where access to banking and credit services still needs to be improved. The digital divide further exacerbates these challenges, limiting the effectiveness of digital financial services in bridging the gap in financial inclusion. However, the Indian banking sector, supported by regulatory bodies like the Reserve Bank of India (RBI), increasingly focuses on using technology and innovative financial products to overcome these hurdles. The introduction of payment banks and small finance banks has been a step in this direction, offering banking and financial services tailored to the needs of the unbanked and underbanked segments of the population.

Moreover, with the growing emphasis on sustainable development, Indian banks are aligning their operations with Environmental, Social and Governance (ESG) principles. This shift is evident in the increasing number of green financing initiatives, investments in renewable energy projects, and the adoption of sustainable lending practices. The RBI has also indicated a progressive stance towards green banking, urging banks to integrate climate-related risks into their risk management frameworks and to support environmentally sustainable growth.

Fostering collaboration among government agencies, financial institutions, community organisations, and technology firms is paramount to bolstering these efforts further. Such collaborations can pave the way for innovative solutions that address India's unique financial inclusion challenges, considering the country's diverse socioeconomic landscape.

Additionally, aligning with global climate guidelines and engaging in international partnerships will be crucial for Indian banks to contribute effectively to the global agenda of sustainable and inclusive financial systems. The coming decade will be critical as India continues to achieve sustainable financial inclusion. As key players in the economic system, banks must adapt and innovate to expand their reach and ensure that their growth is inclusive, sustainable, and resilient to future challenges.

Capitalising on opportunities to achieve sustainable inclusion

Achieving sustainable inclusion within the banking sector is an ethical imperative and a substantial opportunity for growth and innovation. As financial institutions look towards the future, the path is fraught with challenges ranging from evolving regulatory landscapes to the urgent need for digital transformation. However, within these challenges lie significant opportunities for banks to expand their customer base and play a pivotal role in fostering a more inclusive economic ecosystem.

The first step towards capitalising on these opportunities requires banks to adopt a more holistic understanding of financial inclusion. It involves going beyond merely opening accounts or extending credit to underserved communities. Instead, banks must strive to offer a range of services that address the specific needs of these populations, such as savings, insurance, and investment products that are accessible, affordable, and understandable.

Digital technology stands out as a powerful tool in this endeavour. By using advancements in fintech, banks can reach remote areas, offer more personalised services, and lower the cost of delivering financial products. Digital platforms can facilitate a deeper connection with customers, offering insights into their behaviour and preferences, which can drive the development of more tailored products.

However, technology alone is not enough. A supportive regulatory framework that fosters innovation while protecting consumers is urgently needed. Banks should work closely with regulators to design policies that encourage the responsible use of technology in expanding access to financial services. This collaboration can also extend to creating awareness and education initiatives to build financial literacy, a critical component in achieving sustainable inclusion.

Partnerships are another key strategic approach. Banks should consider collaborating with non-traditional players, including fintech startups, telecom companies, and even non-financial businesses, to expand their reach and offer diverse services. These partnerships can also provide valuable insights into emerging trends and consumer needs, allowing banks to stay ahead of the curve.

Financial inclusion is no longer a niche segment but a substantial market opportunity that banks must recognise.

By adopting a multi-faceted strategy encompassing technological innovation, regulatory cooperation, and partnership development, banks can navigate the challenges ahead and significantly contribute to creating a more inclusive financial ecosystem. As we progress, the commitment to sustainable inclusion will be a key determinant of success in the rapidly evolving banking landscape.

Inclusive banking growth strategies

Strategies for promoting inclusive banking

- Achieving sustainable inclusion in banking offers growth and innovation opportunities by expanding customer bases and fostering a more inclusive economy.
- Banks need a comprehensive approach to financial inclusion, offering various accessible, affordable services beyond accounts and credit.
- Digital technology is crucial for reaching underserved communities, providing personalised services, and reducing costs through fintech advancements.
- A supportive regulatory framework and collaboration with regulators are essential for fostering innovation and protecting consumers in financial services.
- Forming partnerships with non-traditional players, such as fintech startups and telecom companies, can help banks extend their reach and adapt to consumer needs.

Global positioning and investment

The foundational stability of current government policies has set a promising stage for economic and developmental strides in India. No significant changes are anticipated in the near future that might destabilise the country's financial framework. This stability is crucial for fostering an environment conducive to growth and investment. Programs such as Make in India, Production Linked Incentives (PLI), Start-up India, Digital India and the National Logistics Policy spearhead the government's strategy to establish India as a competitive alternative to China. These initiatives bolster the domestic manufacturing sector and amplify India's stance in the global market, attracting substantial foreign investments.

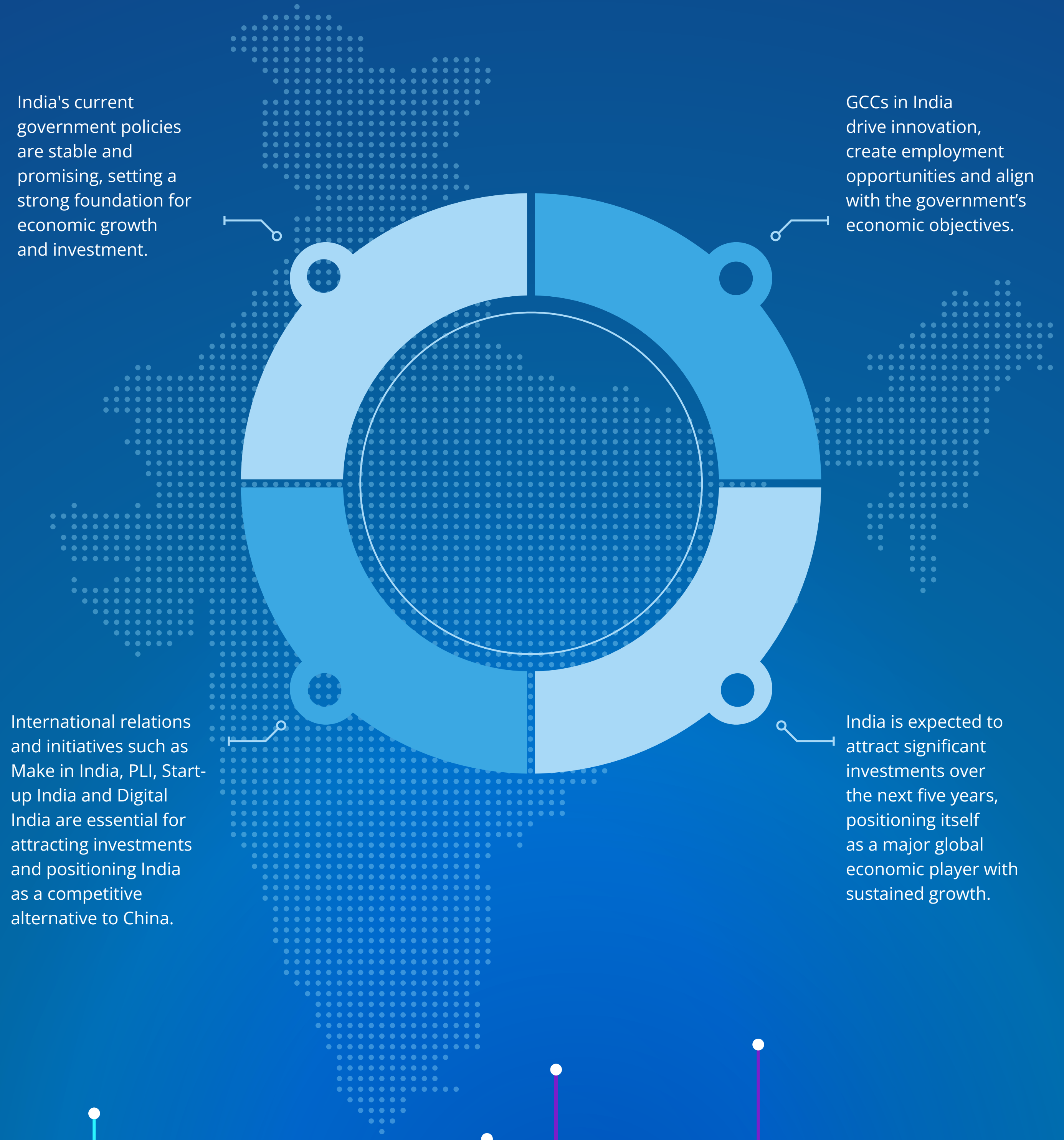
The importance of maintaining cordial international relations cannot be overstated. It plays a pivotal role in securing investments and technology transfers, which are essential for the country's growth trajectory. This strategy positions India favourably on the world stage, enhancing its appeal as an investment destination.

Furthermore, establishing and expanding Global Capability Centres (GCCs) in India underscores the country's growing prominence as a hub for services and exports. GCCs drive innovation, create employment opportunities and promote skill development across sectors. Their contribution goes beyond the direct economic benefits, aligning with the government's broader objectives to improve the ease of doing business and digitalise the economy.

Over the next five years, these concerted efforts across policy frameworks, international relations, and investment in infrastructure and talent are expected to catalyse a significant influx of investments. This will elevate India's position as a global economic player and ensure sustained growth and development across multiple dimensions of the economy.

With stable government policies as the backbone, strategic initiatives and international cooperation, India is on a robust path to attracting massive investments. The focus on developing a resilient, innovative, and inclusive economy promises to usher in unprecedented growth and prosperity, securing India's position as a key player in the global economic landscape.

Blueprint for boom: India's strategic growth



Stability and resilience in the banking system

The Reserve Bank of India (RBI) fosters stability and resilience within the Indian banking system. It achieves this by ensuring banks, NBFCs and financial institutions have adequate capital and are proficient in managing risks. This approach is supported by the solid financial footing of the corporate sector, characterised by low leverage and high cash flows. This synergy between the regulatory framework and corporate health is fundamental to the country's economic fabric.

The RBI's vigilant oversight is particularly evident when banks show reluctance or delay in adapting to changing circumstances. Through timely interventions and regulatory actions, the central bank ensures that the banking system remains robust and capable of withstanding external pressures, including geopolitical shocks and disruptions in global supply chains. This proactive stance plays a significant role in preserving the integrity and reliability of the financial system.

Parallelly, India's Micro, Small, and Medium Enterprises (MSME) sector is displaying remarkable growth, which is a positive indicator of economic health. This sector, known for its dynamism and resilience, benefits from the broader environment of stable and secure banking practices. The RBI's measures indirectly support MSMEs by maintaining the overall health of the finance ecosystem, ensuring these enterprises have access to credit and other financial services essential for their growth and expansion.

This burgeoning growth within the MSME sector is further buoyed by optimistic economic growth projections for India, which forecast a growth rate of **6.5–7 percent**[1]. This sustainable growth trajectory is anticipated to foster a conducive environment for the MSME sector. This is set to encourage further innovation, job creation and economic diversification. The interplay between a stable banking system, a strong corporate sector and a thriving MSME landscape underscores the comprehensive strategy adopted by the RBI to nurture a resilient and robust economy capable of navigating the complexities of the global marketplace.

Sustainability and inclusion mindset of the Indian financial system

The Indian financial system is making remarkable strides towards embracing sustainability and inclusivity, reflecting a positive shift in mindset. A recent survey by the RBI highlights the green initiatives banks take, such as investments in renewable energy projects, adopting green financing principles and implementing energy-efficient practices, and introducing draft guidelines related to climate disclosures. Additionally, SEBI's mandate for Business Responsibility and Sustainability Reporting (BRSR) for the top 1,000 listed companies signifies a pivotal step towards fostering sustainable practices through regulatory support. Notably, sustainability has long been woven into the fabric of priority sector lending within the Indian banking sector, spanning over four decades.

Notably, the Indian community's intrinsic values align harmoniously with the principles of a circular economy, emphasizing the sustainable and continual use of resources. This approach is not solely about waste reduction but about reshaping growth to yield positive, widespread societal benefits. It represents a systemic shift that fosters long-term resilience, fosters business and economic opportunities and delivers environmental and societal advantages.

The embrace of circular economy principles within the Indian ethos indicates a profound understanding of sustainability as a natural course of action, rather than a mandatory regulation. This cultural inclination is further amplified through the observance and potential integration of best practices from global leaders. Sectoral guidelines on climate from leading economies such as the UK, Singapore and the US hold significant sway in shaping practices within Indian banking and financial systems.

This fusion of internal drive and external influences culminates in a robust, forward-thinking financial ecosystem in India. It upholds the traditional values of sustainability and inclusivity and demonstrates adaptability to meet global standards and demands. The result is a dynamic and promising landscape that propels India towards a sustainable and inclusive future.

Case study: Innovations in sustainable banking and inclusion

Financial inclusion strategies: A major Indian bank created specialised products and services for the rural market. This initiative primarily focuses on enhancing access to financial resources through microfinance and using technology for seamless banking experiences, notably incorporating systems such as biometric-enabled payments. This effort has increased financial penetration in rural areas, aligning with broader financial inclusion goals.

Branch expansion: An ambitious branch expansion strategy has been pivotal in extending banking services to semi-urban and rural areas. By establishing an extensive network of branches in these areas, the bank has bridged the traditional banking gap, improving the underwriting processes for loans and fostering economic growth and stability in previously underserved regions.

Commitment to ESG practices: Pioneering in issuing sustainable bonds, an Indian bank has emphasised ESG criteria within its credit assessment processes. Over two decades, its foundational activities have wielded a profound positive impact, benefiting millions of families and underscoring a dedicated commitment to sustainability.

Affordable housing and green lending initiatives: With a firm commitment to social responsibility, the bank has prioritised affordable housing, ensuring more individuals have access to cost-effective housing solutions. Concurrently, it has amplified its focus on green lending practices, significantly increasing financing allocated to environmentally friendly projects while consciously minimising investment in pollution-related sectors. This dual approach strongly aligns with sustainable development and responsible banking principles.

Advancing sustainable and inclusive finance in India: A strategic transformation

Embedding sustainability in core practices:

The Indian financial system is progressively incorporating sustainability and inclusion, demonstrating a shift towards green initiatives and climate disclosures.

Adopting circular economy principles

There is a growing embrace of circular economy principles, ensuring sustainable and continual use of resources. This aligns with the cultural values and systemic shift towards resilience and societal benefits.

Commitment to ESG and sustainable banking

Indian banks are integrating ESG criteria in credit assessments and pioneering in issuing sustainable bonds, highlighting a deep commitment to sustainable development and responsible banking practices.

Expanding financial inclusion

Innovative banking models, technology and microfinance are enhancing financial access in rural areas, and ambitious branch expansion strategies are being implemented in semi-urban and rural settings.

Boosting affordable housing and green lending

Prioritising affordable housing and green lending initiatives reflects a dual approach to fulfilling social responsibilities while promoting environmentally friendly projects and sustainability in banking.

Digital public infrastructure– Enabler for advancing financial inclusion

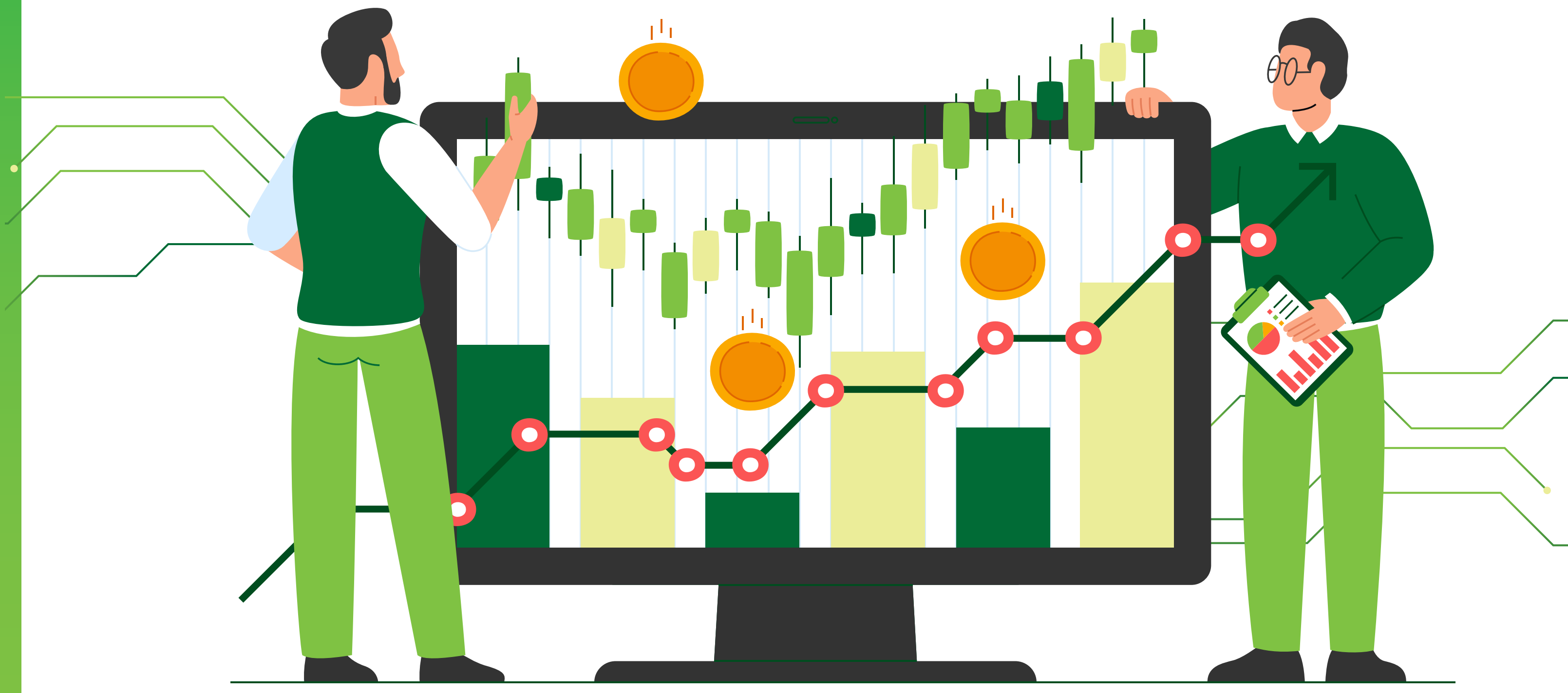
Digital Public Infrastructure (DPI) is increasingly recognised as a key driver for advancing financial inclusion on a global scale. DPI comprises a set of interoperable platforms governed by open standards rather than constituting a singular platform. This architectural approach has significantly expedited the journey toward achieving key milestones in financial inclusion, making it easier for people around the world to access financial services.

Looking ahead, DPI is set to usher in a monumental shift from merely facilitating open finance to fostering an expansive open economy. This strategic progression aims at the holistic integration of financial services across various platforms. At the heart of this evolution is the principle of interoperability, coupled with the goal of enhancing accessibility. These elements are crucial for realising DPI's full potential, allowing for a seamless flow of information and transactions across different ecosystems.

A pivotal aspect of this vision involves incorporating vital records, such as land titles and mortgage information, into DPI frameworks. This integration is expected to broaden the horizons for secured and unsecured lending, providing a more robust foundation for financial transactions. By making these critical pieces of information readily accessible through DPI, stakeholders across the financial spectrum can engage more confidently and efficiently.

Moreover, DPI's future is intrinsically linked to its ability to innovate in fraud detection and prevention. By harnessing advanced data analytics, integrating telecommunications data and employing other innovative sources, DPI aims to build a stronger defence against fraud. This initiative is about safeguarding assets and nurturing trust and integrity within digital financial ecosystems. The enhanced security measures are anticipated to encourage more people to participate in the digital economy, thereby extending financial services to underserved communities.

These advancements are pivotal in shaping a more inclusive and resilient financial landscape. As DPI continues to evolve, it promises to break down barriers to financial inclusion, offering a more equitable and accessible financial future for all. Its comprehensive approach, emphasizing interoperability, accessibility and security, paves the way for a digital economy where financial services are seamlessly integrated, fostering greater economic participation and prosperity.



Streamlined lending and faster decision-making

Digital Public Infrastructure (DPI) components, such as Account Aggregators (AA), NSDL validation, GSTIN validation, e-sign and e-NACH, have revolutionised the process of extending credit to small enterprises, enabling a faster and more transparent mechanism for loan disbursement. This integration facilitates the seamless sharing of financial information and ensures that these transactions are secure and compliant with regulatory standards. As a result, small businesses can now access funding in record times, sometimes in as little as 10 minutes but typically within 30 minutes, which is a significant improvement over traditional banking methods.

Moreover, most banks and Non-Banking Financial Companies (NBFCs) have shifted towards using real-time cash flow data and Goods and Services Tax (GST) information as critical parameters for their lending decisions. This shift has significantly reduced the time taken in loan appraisal processes, enabling quicker loan approvals. The advent of online Know Your Customer (KYC) processes has further streamlined the onboarding of customers, making it more efficient and user-friendly. These technological advancements have enhanced the customer experience and significantly reduced the operational costs for financial institutions, paving the way for a more inclusive financial ecosystem.

Building on the strides made in financial technology previously explored, the transformations within the sector have been nothing short of revolutionary. Notably, these advancements have been crucial in catering to the diverse needs of stakeholders across the financial spectrum.

Disbursing loans underscores the increasing accessibility and efficiency of financial services tailored specifically to bolster the backbone of the economy – the MSME sector.

In a similar vein, the introduction of digital Kisan Credit Loans by an Indian bank across three states showcases a significant leap towards digital inclusivity. Using Aadhaar authentication, CIBIL checks and digital document execution, this initiative ensures that farmers can access credit seamlessly. Moreover, the digital renewal of accounts without the need for face-to-face interactions exemplifies how digital innovations are making banking services more accessible and customer friendly.

The advent of AI-based open finance platforms represents another frontier in the banking and financial services landscape. By reducing underwriting time from days to merely an hour, these platforms expedite the loan approval process and enhance the efficiency and scalability of financial operations. This development stands as a testament to AI's potential to transform traditional practices and set new benchmarks for operational efficiency.

As illustrated by these examples, the integration of technology in banking and finance is not just reshaping the operational frameworks but also significantly improving the user experience and access to financial services across diverse sectors. The convergence of technology and finance paves the way for a more inclusive, efficient, and sustainable economic ecosystem.

Addressing challenges with KYC DPI and C-KYC

In the finance and banking sector, there is a growing need for a centralised KYC (Know Your Customer) model to streamline processes and reduce operational costs. By more suitably assigning the responsibility for conducting and updating KYC information, we can build trust in data sources such as CERSAI and improve efficiency in the verification process. This approach can lead to quicker customer onboarding, enhanced user experience and reduced administrative costs. However, ensuring compliance with data privacy laws and implementing robust security measures to protect sensitive information is crucial. Overall, transitioning to a centralised KYC model shows promise in providing greater agility and trust in customer data while reducing operational expenses.

Improving financial health and literacy

In the contemporary financial world, ensuring that every participant is adequately supported is vital for a flourishing ecosystem. A cornerstone of achieving this support is through credit counselling, standing out as a crucial element of financial literacy programmes. This initiative helps individuals navigate their financial landscape more confidently, providing essential skills for managing debt, budgeting and making informed financial decisions. Empowering people with these tools can help alleviate financial stress and foster a society where economic well-being is accessible to all.

One noteworthy example of financial empowerment is the account aggregation service offered by an Indian bank. This innovative platform exemplifies how technology can revolutionise personal finance management. Consolidating information from diverse bank statements into a single, streamlined dashboard makes managing finances significantly more straightforward for users. This service goes beyond mere aggregation; it offers tailored advice on a range of financial decisions, from expense tracking and budgeting to insurance and investment strategies, while considering the user's unique financial situation and goals. Such personalised support can help us meet the varied needs of our financial community, paving the way for a more inclusive and financially literate society.

Fraud prevention and victim support

In financial transactions and online banking, the implementation of advanced automated monitoring and action-taking has emerged as a pivotal strategy for combating fraud. It facilitates the automatic processing of transactions without the need for manual intervention, significantly reducing the likelihood of fraudulent activities. Its adoption helps in the immediate reporting of fraud instances and plays a crucial role in creating a comprehensive database. This database becomes an invaluable resource for monitoring, identifying and preventing potential fraudulent operations before they can impact individuals and institutions. The systematic recording and analysis of transaction data through advanced automated monitoring and action-taking enable financial institutions to better understand patterns of fraudulent behaviour, paving the way for developing more effective countermeasures.

Additionally, the rise in cyber fraud cases underscores the need for a more robust support system for victims. Individuals affected by cyber fraud often navigate a complex and fragmented support landscape with limited access to resources and assistance. To address this challenge, a compelling argument exists for banks to collaborate in establishing a centralised support system. Such a system would serve as a single point of contact for fraud victims, offering them the necessary guidance, emotional support and practical advice on how to proceed. By pooling resources and expertise, banks can create a unified platform that facilitates swift assistance for victims and contributes to a broader strategy of fraud prevention and education. Establishing this centralised support mechanism would mark a significant step forward in providing the comprehensive and empathetic support that victims of cyber fraud urgently need.

Shaping the future: Transitioning to open finance for an interconnected and secure financial ecosystem

The future of DPI involves a strategic transition from the current model of open banking to a more comprehensive open finance framework, ultimately aiming for a visionary open economy. This evolution will create a more interconnected and seamless financial ecosystem where diverse financial services are accessible and interoperable across various platforms, benefiting consumers and businesses alike. A few key aspects of this transition include the following:

Inclusion of land and mortgage records within the DPI framework

Integrating these records within the DPI framework will effectively support both secured and unsecured loans, facilitating better access to credit for a wider range of individuals and businesses and promoting economic growth and stability.

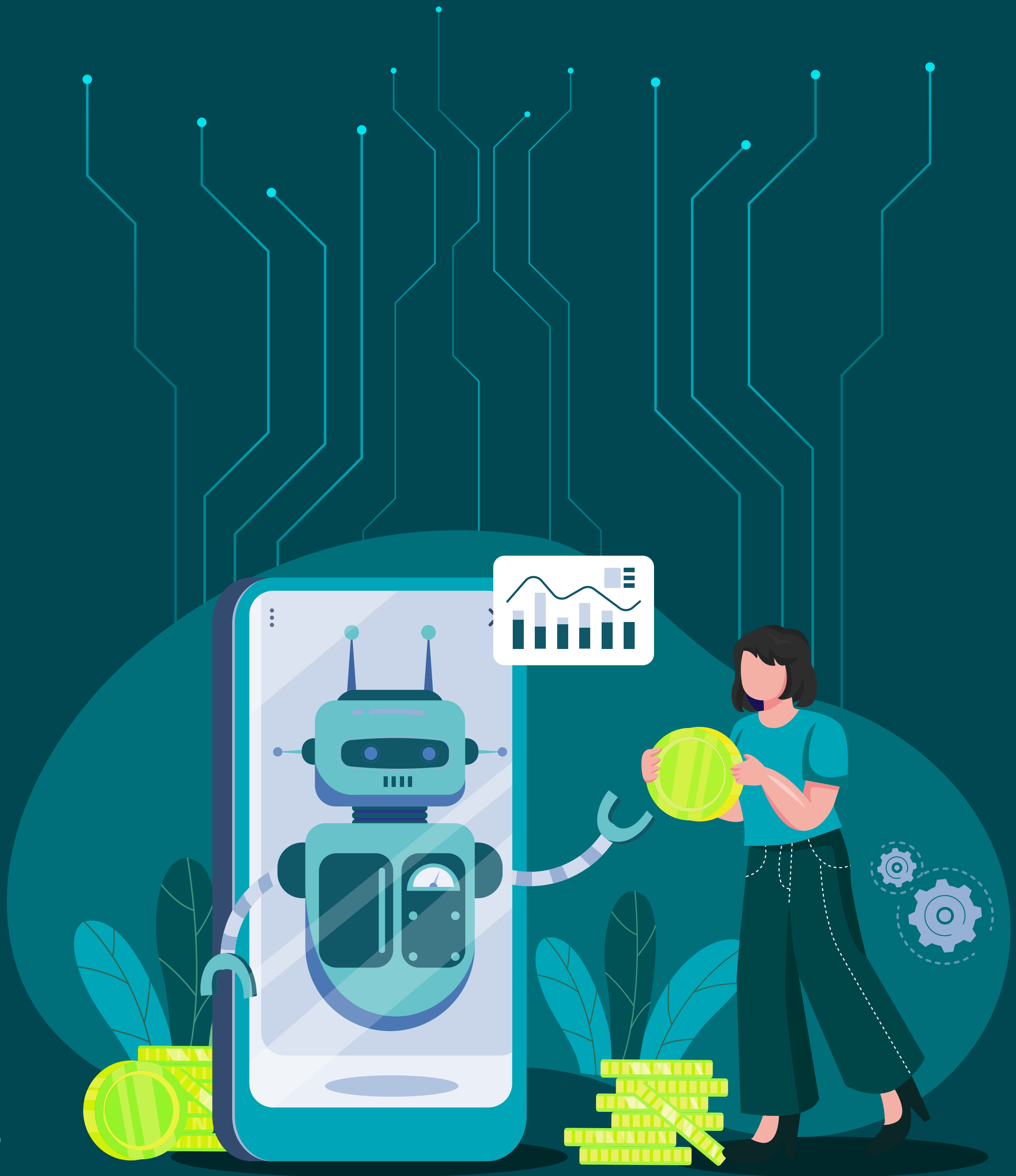
Enhanced fraud detection capabilities

Incorporating data from telecommunications and other external sources will help develop more robust and sophisticated fraud detection mechanisms. This will protect consumers and financial institutions from fraudulent activities and bolster trust in the digital financial infrastructure, encouraging broader adoption and use of DPI-enabled services.

Interoperable platforms and open standards

Establishing these standards, including land and mortgage records and a central audit system, will improve DPI.

Enhancing financial inclusion with AI and ML



The financial services sector has witnessed incredible transformation due to the latest technological advancements, particularly in Artificial Intelligence (AI) and Machine Learning (ML). These innovations have significantly enhanced financial inclusion, making finance more accessible and inclusive for all. Mobile banking applications, for example, have been revolutionised with AI-powered features, making it easier for customers to register and engage. These applications now support multiple local languages, greatly improving accessibility for users who may not be literate or are non-native English speakers.

Moreover, real-time monitoring tools in ATMs, utilising sensors and video feeds, have been instrumental in identifying and preventing fraudulent activities and ensuring the security of financial transactions. These tools can also monitor environmental conditions, ensuring the optimal functioning of the machines.

AI and ML have been transformative in loan and credit management. These technologies allow financial institutions to utilise data from social media and other non-banking sources for sophisticated customer profiling, leading to more accurate credit scoring and reducing the risk of loan defaults.

Algorithmic decision-making has also greatly impacted the credit rating process, making it faster and more precise by integrating detailed customer data with external information.

Customer service in the financial sector has seen a remarkable improvement with the introduction of chatbots and voice bots, offering instant, automated responses to customer queries and enhancing user experience.

A notable achievement in promoting financial inclusion through technology is the ease of account creation, especially in underserved communities, achieved by linking banking services with DPI tools such as Aadhaar for identity verification, Unified Payments Interface (UPI) for seamless transactions, and electronic Know Your Customer (e-KYC) processes.

Additionally, AI has played a critical role in financial education, delivering tailored, easy-to-understand content in local languages. This has significantly advanced financial literacy initiatives, making them more effective by catering to diverse populations' specific needs and cultural nuances.

These innovations represent a significant leap forward in making financial services more accessible and inclusive for all in India. They contribute to the broader goal of economic empowerment and poverty alleviation, particularly for the underprivileged and those residing in remote areas, showcasing a positive and optimistic future for the financial sector.

Challenges in the use of AI/ML in financial services

The use of AI in the industry has revolutionised the way people approach banking and finance. Technology seeks to hasten the pace of financial inclusion, especially in a country such as India that has a robust DPI in place. However, successfully using the technology to offer AI-driven services depends on adhering to a tight regulatory framework, addressing the current challenges, and scaling AI pilot projects without encountering new constraints.

Data security and privacy

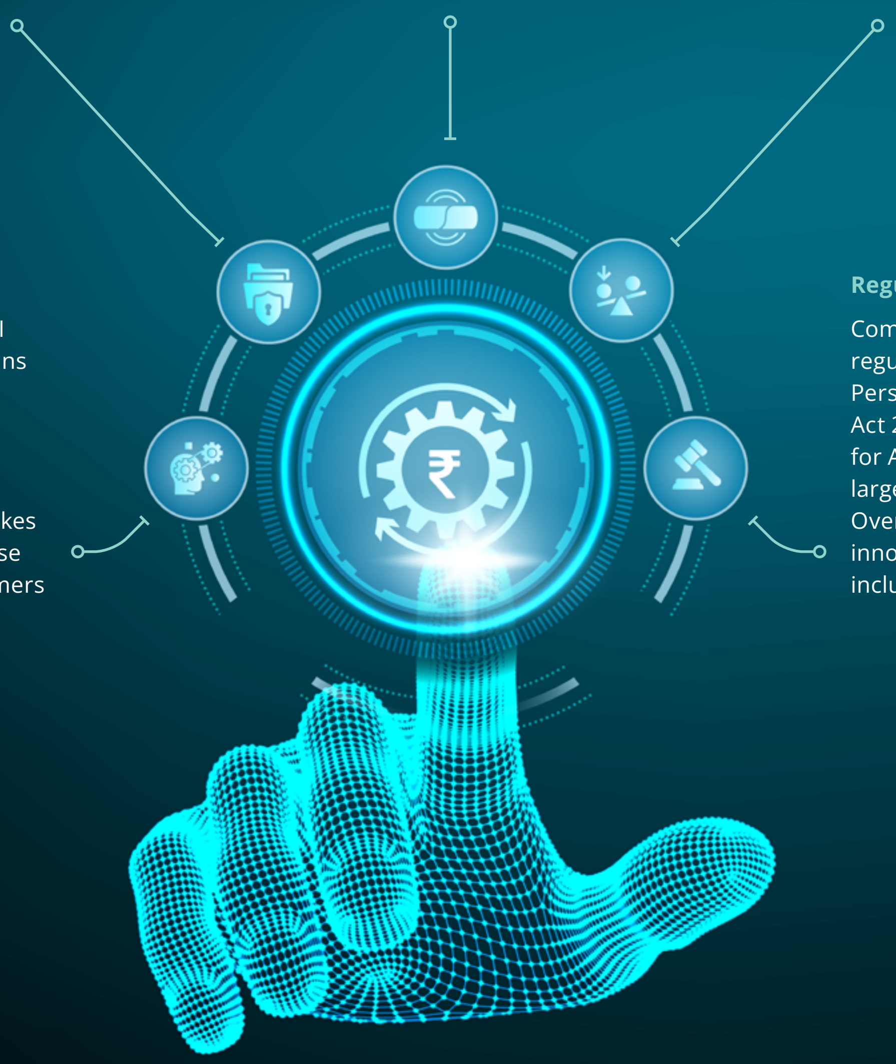
A key concern is the increased risk of cybersecurity threats and fraud, especially in digital payments. Banks must use technologies to protect data privacy in case of Large Language Models (LLM) and AI-driven analytics.

Data fidelity

Maintaining the accuracy and reliability of data involves implementing "explainable AI" to clarify decision-making processes and prevent issues such as AI hallucinations that can lead to incorrect decisions or recommendations.

Ethical and bias concerns

Avoiding misuse of AI and bias in AI algorithms, such as those used in robo-advisory platforms, involves ensuring unbiased AI while incorporating necessary preferences. It is also critical to ensure regular checks and balances to ensure AI systems are effective and ethical.



Adaptability to AI

Concerns regarding AI competing with humans for jobs rather than complementing them affect AI adoption. The lack of trained professionals also makes it difficult to acclimatise regulators and customers to AI solutions.

Regulatory challenges

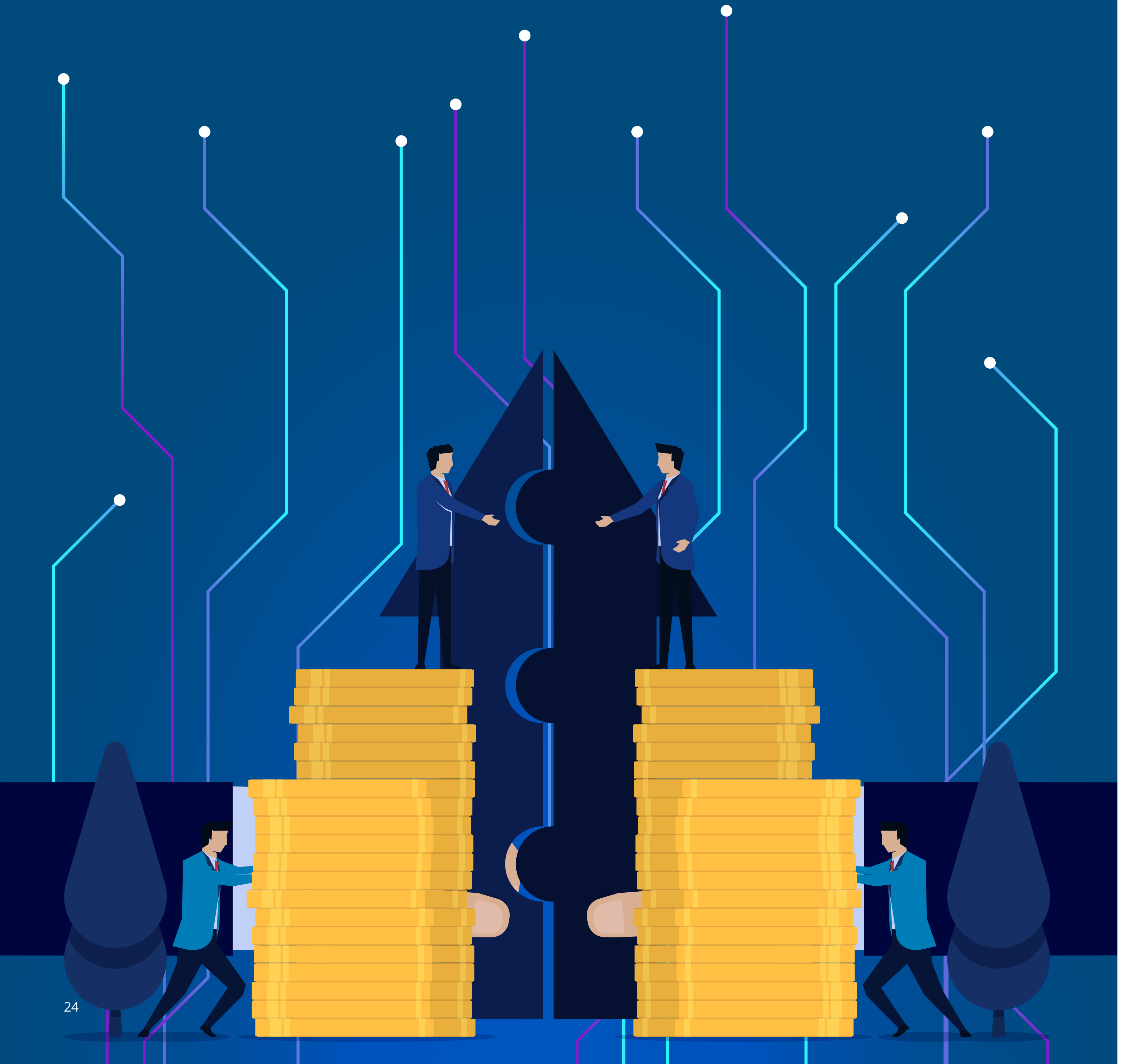
Compliance with privacy regulations (e.g., Digital Personal Data Protection Act 2023) can be challenging for AI systems handling large-scale data. Over-regulation might stifle innovation in AI for financial inclusion.

Advancing sustainable financial inclusion – Role of banks and financial institutions

AI-enabled financial inclusion

- AI and ML technologies have significantly transformed the financial services sector by enhancing accessibility, financial inclusion, and the efficiency of services such as mobile banking, ATMs, and loan management.
- Innovations in AI allow for better customer service through chatbots and voice bots, more accurate credit scoring, and fraud prevention, contributing to the empowerment and poverty alleviation of underserved communities.
- The adoption and scaling of AI in financial services face challenges, including data security, ethical concerns, regulatory hurdles, and the need for workforce adaptation, highlighting the importance of balanced oversight and capacity building.
- Despite the challenges, AI-driven services hold the potential for accelerating financial inclusion, particularly in countries like India, by leveraging robust DPI and adhering to best practices in data protection and ethical algorithms.

NBFC lending: Bridging credit gaps, fostering inclusive finance



NBFCs' continued focus on innovation, technology and strategic flexibility has made them crucial players in financial inclusion, particularly for underserved segments, such as MSMEs and rural areas. Initiatives such as the Jan Dhan Yojana have significantly increased the number of bank accounts, thus integrating more people into the formal financial system.

Advancing sustainable financial inclusion – Role of banks and financial institutions

To enhance financial inclusion and sustainability, the sector should continue to focus on the following areas:

Addressing MSME credit and operational challenges

Funding has always been a key challenge for MSMEs. In addition, MSMEs face challenges beyond credit, including talent acquisition, infrastructure and financial discipline. Addressing these challenges requires a focus on skill development, financial discipline and funding.

Product and delivery differentiation

NBFCs are tailoring their products and services and experimenting with innovative delivery mechanisms to meet the specific needs of different industries and customers. Products are customised for industry, customers, geography and fund usage.

Using data and technology

The easy availability of data, such as credit histories and behavioural data (from GST and banking data aggregators), is transforming how NBFCs assess creditworthiness. Advanced data analytics and triangulation of various data points (collateral, customer behaviour, transaction data) are becoming central to improving underwriting accuracy and decision-making.

Awareness and use of government schemes

Government initiatives, such as the Emergency Credit Line Guarantee Scheme (ECLGS), have been effective due to high-level monitoring and push from the finance ministry. However, increasing awareness and improving delivery mechanisms are crucial to maximising the impact of government schemes, especially in underpenetrated regions such as the Northeast. Numerous government schemes support MSMEs and promote financial inclusion. However, greater awareness and better delivery mechanisms are needed to ensure these benefits reach their intended recipients. Associations and industry bodies are encouraged to take an active role in educating and supporting MSMEs.

Considering the government schemes, agencies should be encouraged to take up refinancing for midsize and small NBFCs.

Financial products and innovation

NBFCs offer innovative solutions, such as order financing and working capital requirements, to meet MSMEs' short-term and long-term financing needs. The spotlight is on creating financially viable products supporting sustainable business growth.

Regulations focusing on borrowers

The NBFC sector can benefit from some borrower-centric regulations, addressing the fragility of cash flow and providing necessary flexibility to borrowers. The current regulatory environment has supported innovations in lending, including used vehicle financing and personalised loan products. Policies such as one-time restructuring during COVID-19 have highlighted the importance of regulatory flexibility in supporting small borrowers in challenging times.

Liability management and funding

NBFCs face challenges in managing their liabilities and diversifying funding sources. Institutional frameworks providing stable and diversified funding options would help address these challenges. The discussion touches on the need for a more robust system to support midsize and small NBFCs, particularly in accessing capital markets and government-backed funding schemes.

Rural market and digital push

Increased digital penetration in rural markets is improving access to credit, with NBFCs using digital platforms to serve these areas.

Sustainability and green finance

NBFCs are placing a special focus on green financing, including affordable housing, vehicle financing, electric vehicles and renewable energy projects. Climate change disproportionately affects certain demographics, so they aim to support those groups through targeted financial products. Using IoT and other technologies for data collection aids in underwriting and providing early warning signals for potential defaults. While banking and GST data are available, other data, such as equipment utilisation and electricity bills, is also important and centralising some of these data points would be useful.

Future directions and technology integration

Advanced technologies, including AI and digital platforms, are crucial in transforming the financial services landscape and enhancing customer experience and operational efficiency. The effective use of DPI can further support the financial ecosystem, particularly regarding data sharing and integration for better underwriting and service delivery.

Digitalisation and green finance: NBFCs expanding financial access

- Innovation, technology and flexibility drive the NBFCs' role in financial inclusion, especially in underserved sectors such as MSMEs and rural areas.
- Addressing MSMEs' broad challenges, including credit, skills and financial discipline, is crucial for enhancing their operational capabilities.
- NBFCs use data and technology to improve credit assessment, customise products and tailor services to meet diverse customer needs.
- Regulatory support and borrower-centric policies foster innovation and provide flexibility during economic downturns.
- The push towards digitalisation and sustainability, focusing on green finance and using government schemes, is critical for expanding access and ensuring the sector's future growth.

Financial institutions' path to sustainable finance goals

Since 2015, financial services the world over have aligned their financing strategies and policies with the Sustainable Development Goals (SDGs), propelling a notable expansion in the sustainable finance sector.

For financial institutions, the way forward involves redefining SDG-related financing from an additional aspect to a central element of their business model. Addressing the challenges presented by many SDG endeavours, which often are characterised by high risks and low returns, necessitates the creation of innovative financial structures. These include:

Grants and philanthropy

The crucial first layer of funding for high-risk initiatives

Government subsidies

Key in reducing investment risks and ensuring projects are economically feasible

Equity investments

Mainly target climate technology rather than broader SDG initiatives

Debt financing

Banks and NBFCs seek to balance risk with return, requiring innovative strategies to deploy capital optimally

Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs) are crucial in offering credit enhancements over direct lending, thus using greater private sector involvement. For their part, NBFCs, acting as crucial conduits to the last mile, need sufficient capital and appropriate loan durations to effectively execute their role.

Additionally, it is imperative for financial institutions to acknowledge the interconnectivity of SDGs, blending social elements such as equitable transition with environmental goals. Adopting this comprehensive approach assures that the pursuit of SDGs encompasses various sustainability dimensions, resonating with the requirements of developing economies.

An Indian banker's perspective on sustainable finance and emerging avenues

Like many other countries, India tracks progress towards the 17 SDGs through various frameworks and reports. These reports track advancements in poverty reduction, hunger alleviation, clean energy, etc. Although improvements have been noted in certain areas, challenges remain in other sectors.

Financial institutions are key drivers of sustainable development. They use ESG principles in their operations and investment decisions. They foster progress through initiatives in financial inclusion, MSME support, green energy financing and digital innovation. Financial institutions are increasingly focusing on sustainable finance to support the achievement of environmental and social goals.

This emphasis has led to the Green Deposit Framework and the rise of green bonds. For example, India's Green Bond Framework highlights specific end uses such as renewable energy and healthcare, creating clear distinctions between green and conventional borrowings.

Some key instruments in sustainable finance are as follows:

Green bonds and loans

These are issued for projects with defined environmental benefits that adhere to specific end-use requirements

Sustainability-linked loans and bonds

These tie financial terms to the borrower's sustainability performance, incentivising progress towards sustainability goals

Securitisation of green receivables

This involves pooling receivables from sustainable projects and issuing securities against them, providing a new avenue for raising green capital

Blended finance

This combines public and private funding to support sustainable projects, sharing risks and enhancing financial flows

Challenges and momentum in green finance

Indian banks have shown a growing interest in green finance, including green bonds, sustainability-linked loans and green deposits. However, implementation remains limited due to the lack of a "greenium" – favourable terms or premiums for green financial products – hindering alignment with economic realities. The cancellation of India's green sovereign bond issuance highlights this challenge. While financial institutions are eager to support sustainability, they often lack the economic incentives or patient capital to effectively finance and pass on benefits to green projects.

Blended finance solutions and government incentives are crucial in addressing this gap. Furthermore, the push towards net-zero targets and the RBI's climate risk guidelines are expected to drive greater adoption of sustainable finance in the coming years.

The EU leads in sustainable finance, driven by strong regulations such as the Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD), which encourage banks and investors to prioritise green investments. Robust ESG reporting and monitoring mechanisms further support deployment. In developing its sustainable finance ecosystem, India can draw insights from global best practices to enhance adoption and impact.

Enhancing sustainability reporting: Challenges and recommendations

Despite the significant efforts made by companies and financial institutions in sustainability initiatives, there is often a lack of proper articulation and visibility of these achievements. This gap in effective communication arises from three main challenges:

Missing narrative

Many organisations struggle to convey impactful sustainability narratives, as CSR efforts often appear promotional rather than meaningful, resulting in weak stakeholder engagement.

Inconsistent reporting

Organisations often lack consistency in reporting sustainability impact, which leads to ineffective communication of the positive outcomes of sustainability initiatives.

Data gaps

A key challenge is the absence of robust data collection and analysis on sustainability efforts. This makes it difficult to measure impact, provide accurate information and maintain effective communication with stakeholders.

To overcome these challenges, companies should consistently collect and analyse sustainability data, maintain a coherent narrative and regularly communicate with stakeholders. This will improve transparency, engagement and the perception of CSR as a genuine contribution to sustainability.

Using technology for effective sustainability data management

Capturing and reporting on sustainability data poses a myriad of complexities for organisations worldwide. To navigate these challenges effectively, using advanced technology in tandem with strategic methodologies is paramount.

Automated data flow: Many clients seek automated systems in the quest for efficiency. However, the absence of robust data management practices often hampers their efforts. Innovations like GenAI are transforming the landscape by automating the data extraction process. This significantly diminishes operational overheads and streamlines the data flow, making it seamless and more manageable. Organisations can allocate their resources to more critical analytical and strategic functions by automating repetitive and time-consuming tasks.

Enhancing data visibility: Financial institutions, particularly banks, increasingly acknowledge the importance of measuring financed emissions to better understand their environmental impact. Further, assessing physical and transition risks becomes paramount in mitigating potential financial losses associated with climate change. Improving data visibility in these areas enables these institutions to make more informed decisions and align their investment and lending portfolios with environmental sustainability goals.

Innovative data capture technologies: The limitations of traditional OCR (Optical Character Recognition) systems, including their fragility and high costs, are well-documented. Emerging technologies such as GenAI represent a significant leap forward, offering smarter and more adaptable data capture capabilities. These advancements enhance the efficiency and accuracy of data platforms and ensure that organisations can keep pace with the rapidly evolving data management landscape. The adaptability of such technologies allows for more substantial data interpretation and integration capabilities, leading to richer, more actionable insights.

Ensuring data integrity: Maintaining the integrity of sustainability data is a multifaceted challenge requiring an equally complex solution. To achieve this, platforms are employing a combination of strategies, including automated data capture from ERP (Enterprise Resource Planning) systems, direct evidence collection from providers, and AI-driven assurance workflows. These initiatives pre-audit data, enhancing its accuracy and greatly reducing the reliance on time-consuming manual audits. By ensuring the reliability and preciseness of the data, organisations can confidently use this information to make critical sustainability decisions, report to stakeholders, and meet regulatory requirements.

This holistic approach, combining technology with strategic methodologies, is key to overcoming the challenges of sustainability data management. It optimises the process and ensures that the data collected serves its intended purpose of guiding organisations towards more sustainable practices.

Prioritising credit risk over ESG in lending

Despite the growing prominence of ESG factors in the financial sector, banks continue to place credit risk assessment at the forefront of their lending decision processes. This prioritisation underscores the evolving landscape of credit evaluation, wherein ESG considerations are increasingly integrated, yet the fundamental emphasis remains on evaluating a borrower's creditworthiness.

Credit-first approach: Financial institutions prioritise assessing the potential financial risk of lending to borrowers. This includes a detailed analysis of the borrower's credit history, repayment capacity and financial health. The primary focus remains on safeguarding the bank's financial interests by minimising the risk of loan defaults. This approach underscores the traditional banking model, which hinges on the security and profitability of investments, ensuring that lending practices are sustainable and risk-averse.

Parallel ESG assessment: While ESG factors are increasingly recognised for their potential impact on financial performance and risk, their assessment typically occurs alongside traditional credit evaluations rather than as a primary consideration. This parallel assessment allows banks to incorporate ESG factors into their decision-making process, albeit in a secondary role. Factors such as environmental sustainability practices, social responsibility, and corporate governance are scrutinised to ascertain their potential impact on the borrower's long-term sustainability and ethical standing. However, these considerations are yet to become as influential as traditional credit risk assessments in the final lending decisions.

Alignment with SDGs through traditional practices: Indian banks, particularly, have a longstanding history of integrating activities that resonate with the SDGs, often through government-mandated priority sector lending directives. These initiatives focus on financial inclusion, poverty eradication and supporting environmental sustainability projects. While these practices have contributed positively towards achieving the SDGs, they were not initially categorised under the ESG framework. Recently, there has been a conscious effort to recognise and articulate this alignment within the broader context of ESG considerations. This demonstrates a gradual shift in how traditional banking activities are perceived considering global sustainability and ethical governance objectives, reflecting a deeper integration of ESG factors into core banking operations without overshadowing the primary emphasis on credit risk assessment.

This expanded perspective acknowledges the dynamic interplay between credit risk and ESG considerations in the lending process and the evolving efforts to embed sustainability and ethical considerations more deeply within traditional banking frameworks.

Advancing sustainable financial inclusion – Role of banks and financial institutions

Shift in impact investing: India's new environmental focus

- Impact investing in India started over 15 years ago, initially focusing on social goals and later incorporating environmental concerns.
- Originally driven by Development Finance Institutions (DFIs), impact investing has shifted towards addressing environmental issues alongside social ones.
- Investors often accept lower financial returns to achieve significant social and environmental outcomes, with credit risk being a major concern.
- Future financing strategies are expected to evaluate both credit and green risks together, particularly in high-emissions sectors, aiming for climate-neutral investments.
- Regulatory and tax structures in India present hurdles for blended finance, especially concerning funds from different geographies and legal frameworks.

Inclusive insurance: Bridging the protection gap

Despite an increase in insurance penetration, several segments remain uninsured. To address this protection gap, insurance players have developed a "phygital" model (combining physical and digital) and appointed local women in tier 2/3 cities to raise awareness. Although COVID-19 has already highlighted the importance of insurance and government schemes (such as PMJJBY) have gained popularity, inertia continues to hamper further penetration.

With a bank present in nearly every corner of India and the industry collaborating with banks, reach is increasing, aided by IRDAI's Bima Vistaar initiative to ensure widespread coverage. Despite progress with PAN, Aadhaar, and mobile integration, data remains challenging and KYC processes need improvement. IRDAI's liberalisation, including the use-and-file system, enables quick product launches and modifications, but flexibility in underwriting and pricing is needed to price products. Group insurance could benefit those just below the poverty line. Innovations in insurance products have been remarkable, although many people find discussing insurance complex. Engaging younger individuals (ages 20–25) is crucial, as they often start too late. The availability of most products in India and the use-and-file system allow companies to launch a product within a month based on market response. Innovations over the past decade, such as PMJDY, ULIPs, and saving products, have made strides in simplifying insurance for the middle segment. Anticipated composite licences combining life and health insurance will provide customers with holistic coverage, and data collected from health insurance can offer insights for better life insurance products. Here are some ways that can help bridge the insurance protection/coverage gap:

Improving persistency

Persistency has improved significantly in the past year, with higher trust and transparency. Consistent experience during both sales and claims processes is essential. Technologies such as follow-ups for renewals and taking multiple contact numbers help enhance engagement and ensure customers understand the product at renewal. This helps build trust through timely claim settlements.

Cyber risk

The industry has matured significantly in managing cyber risks, with substantial investments in risk management and security. Companies now have a sophisticated understanding of cyber risk and data privacy, comparable to the banking sector. Technological advancements have driven improvements in persistency rates.

GenAI integration

GenAI has the potential to revolutionise insurance by providing on-the-go training and assisting with sales pitches. Once GenAI becomes more affordable, it will enable extensive and economical outreach, akin to the impact of telephone sales decades ago. GenAI can improve risk management, underwriting, distribution, and marketing efficiency, enhancing overall customer engagement.

Phygital and AI: Future-proofing insurance

- The "phygital" model, combining physical and digital approaches, demonstrates a promising evolution in closing the insurance protection gap.
- Overcoming data and KYC challenges through enhanced technology integration is essential for broader and faster insurance outreach.
- The potential integration of GenAI holds promise for revolutionising customer engagement and improving risk management in the insurance sector.
- Continued policy and product innovation, driven by regulatory flexibility, can address coverage gaps and cater to evolving consumer needs in the insurance market.

Conclusion: The road to inclusivity in Viksit Bharat

Lessons learnt and the road ahead

The vision for Viksit Bharat represents a transformative goal for India. It aims to integrate modern advancements with the essence of nature, ensuring equal growth opportunities for all citizens. The goal is to create a society where youth, the poor, women, and farmers can thrive together. However, this path presents numerous challenges along with opportunities.

India's progress is hindered by its sovereign ratings, influenced by persistent fiscal challenges such as high debt and interest payments. Despite this, reducing the fiscal deficit to manageable levels is attainable through strategic reforms targeting the expansion of the tax base and enhancing fiscal discipline.

Addressing both economic and structural bottlenecks is critical for inclusive growth. The disparity between GDP growth and general well-being highlights the need for policies that drive economic progress and ensure its benefits reach all sections of society. Dealing with jobless growth requires innovative approaches to employment, drawing inspiration from international best practices in skill development and apprenticeship.

The increasing income inequality requires concentrated efforts to redistribute opportunities and improve access to resources for the disenfranchised. The government plays a crucial role in nurturing talent and bridging gaps.

Overcoming these hurdles demands sweeping reforms across critical sectors such as land acquisition, labour markets, and energy. The collaboration between central and state governments will be essential and will require synchronised efforts towards policy implementation and infrastructure development.

Realising the transformation represented by Viksit Bharat requires contributions from all societal stakeholders. While challenging, bridging the gap between growth and inclusivity is essential for unlocking a future where progress and prosperity are shared by all.

The journey towards achieving this goal involves immediate action to address climate concerns, promoting sustainable practices, and adopting green technologies. Economic growth and environmental stewardship must align to ensure a prosperous and resilient future in harmony with nature.

In summary, the path to an inclusive Viksit Bharat by 2047 is filled with impediments, yet it remains an achievable reality through perseverance, strategic policy-making, and the collective will to forge a future based on equity and sustainability.

About IMC Chamber of Commerce and Industry

IMC Chamber of Commerce and Industry has a rich legacy of over a century of existence. It was founded on September 07, 1907 by few Indian Merchants, who came together to establish a Swadeshi institution to fight for the rights of the swadeshi businesses. The Chamber exclusively served the interests of Indian business community and also took part in several key political movement pre-independence. In recognition of the Chamber's contribution to nation building, Mahatma Gandhi accepted honorary membership in 1931, the only Chamber which has this distinction. After independence, IMC has played a significant role in consolidating Indian business interests and making the Indian economy self-reliant. At its 100th year, a postal stamp was issued by the government of India recognizing the services of the Chamber.

Over the years, a galaxy of leaders, both Indian and International, including Presidents and Prime Ministers, have adorned the Chambers by their visits. The foundation stone of the Chambers' building in Churchgate at Mumbai was laid by first Home Minister of India Sardar Vallabhbhai Patel.

Headquartered in Mumbai, the Chamber has since evolved into an industry body that represents the voice of over 400,000 businesses and industry establishments across India from diverse sectors of industry with its membership base of over 5000 members and over 150 trade associations affiliated to it. The Chamber's core function is to provide policy inputs and to promote interests of industry and economic growth of the country.

Since its inception in 1907, the Chamber has evolved into an institution keeping pace with the time by adapting itself to contemporary trends, while at the same time continuing on the path of its proud legacy of over a century in the service of nation building and simultaneously fulfilling its responsibility towards the welfare and wellbeing of society. The Chamber is now a cradle for nurturing young talents and promoting emancipation of women through Young Leaders' Forum and Ladies' Wing which have become embodiment of youth enterprise, positivism, proactive thought leadership, and movement for women empowerment and entrepreneurship.

The Chamber's expansive global network with formal understanding with over 150 chambers and government agencies, the IMC platform offers its members benefit of this network opportunities to explore and expand their operations. The year round activities of dialogues and discussions with eminent business, political, societal and government leaders on a wide range of issues to create environment for sustainable economic and social development is uniquely enriching, knowledge sharing and relationship building experience.

The Chamber's state-of-the-art International ADR Centre offers institutional arbitration of disputes in international standard facilities and established rules and panel of arbitrators. IMC's Library is equipped with rarest books and manuscripts, latest books on economics, politics, management, laws, banking, taxations, and other to enjoy in modern lounge seating atmosphere, a rarity today.

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