

## Highlights of Learning Programs

### CAFRAL Virtual Program on Lending to Agro - MSMEs: September 23, 2022.



Indrani Banerjee



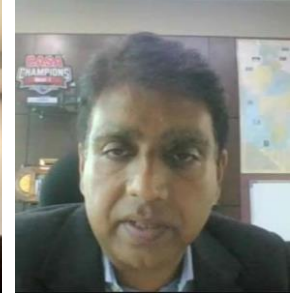
Anil Sharma



Hemendra Mathur



S G Anil Kumar



Anil Bhavnani



S S Bhat



Michael Andrade



Pramod Kumar Panda

CAFRAL had organised the captioned virtual program (VP) on Lending to Agro MSMEs on September 23, 2022.

During the VP, speakers discussed and explored the business case for lending profitably to Agro-MSMEs as they hold promise for the development of the rural, semi urban and even urban economies in an

integrated, sustainable and impactful manner, while significantly contributing to the bottom lines of financial intermediaries. The program also covered policy & regulatory developments and innovation in the Agro-MSME sector with inputs on the technical aspects of Agro-MSME financing.

Anil Sharma, Executive Director, Reserve Bank of India delivered the keynote address and Indrani Banerjee, Additional Director, CAFRAL made the opening remarks.

Topics covered in this VP were Financing Agro-MSMEs: Agri Business Models and Regulatory Developments; Financing Super Value Chains: Linkages with Agri-entrepreneurs, Agritechs and Fintechs/ Agri-fintech; Lending to Agro-MSMEs Linked to Urban Farming, Impact Agriculture and Social Enterprises; Bank Lending to FPOs; Green & Climate Smart Finance Strategy and Lending to Agro-MSMEs; Co-lending Model for Agro-MSME Financing.

Speakers in this VP were Hemendra Mathur, Co-founder, ThinkAg & Venture Partner, Bharat Innovation Fund; S G Anil Kumar, Founder & CEO, Samunnati Financial Intermediation & Services Private Ltd; S S Bhat, Chief Executive Officer, Friends of Women's World Banking (FWWB); Michael Andrade, MD & CEO, Samaaru Finance Pvt. Ltd. and Anil Bhavnani, Sr Executive Vice President and National Rural Banking Head, HDFC Bank.

### CAFRAL Virtual Conference on Climate Change Risk and Regulatory Developments: October 14, 2022, Online.

Indrani Banerjee  
(Cohost)

Saurav Sinha



Dhruva Purkayastha



Neha Khanna



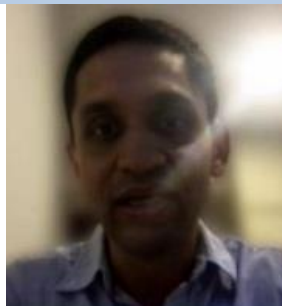
Venugopal Patnaik



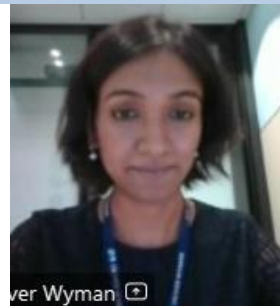
Roopa Satish



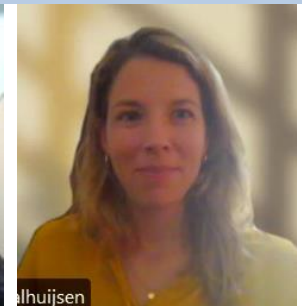
Rama Patel



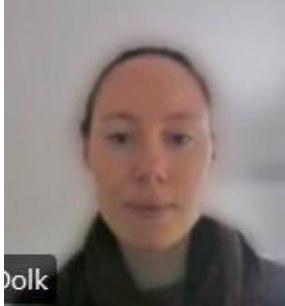
Gaurav Kwatra



Nidhi Agarwal



Emma Renu Dalhuijsen



Michaela Mei Dolk



Pramod Kumar Panda

CAFRAL had organised a one-day Virtual Conference (VC) on Climate Change Risk and Regulatory Developments on October 14, 2022.

This one day long VC sought to dive deeper into climate risk related financial risks and their management, more particularly in the context of the recent RBI Discussion Paper on Climate Risk and Sustainable Finance. It sought to contribute more substantively towards capacity building among senior and top executives of all

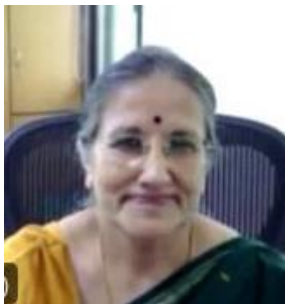
RBI Regulated Entities in the matter of climate risk management within their current risk management framework.

Saurav Sinha, Executive Director at RBI delivered the keynote address. Indrani Banerjee, Additional Director, CAFRAL made the opening remarks.

Topics deliberated in the Conference were Climate-Related Financial Risk: Evolving Situation; Climate Risk for Banks, NBFCs and FIs: An Overview; Managing Climate Related Financial Risk; Climate Risk and Financial Risk Management in Financial Institutions; Climate Risk Regulation: What the Future Holds; Climate Credit Analytics; Mainstreaming Climate Action within Financial Institutions: Cross Country Good Practices

Speakers were Dhruva Purkayastha, Director (India), Climate Policy Initiative & Director, US-India Clean Energy Finance Facility; Neha Khanna, Manager, Climate Policy Initiative; Venugopal Patnaik, Chief General Manager, SBI; Roopa Satish, Country Head Sustainable Banking and CSR, IndusInd Bank; Rama Patel, Director-Criteria, CRISIL; Sunil Nair, Chief General Manager, Sustainable Finance Group, Reserve Bank of India; Gaurav Kwatra, Partner, Oliver Wyman; Nidhi Agarwal, Principal, Oliver Wyman; Emma Renu Dalhuijsen, Green & Climate Risk Specialist, World Bank; Michaela Mei Dolk, Financial Sector Specialist, World Bank.

**CAFRAL Virtual Conference on Financial Markets in India: What the Future Holds: October 19, 2022, Online.**



Indrani Banerjee



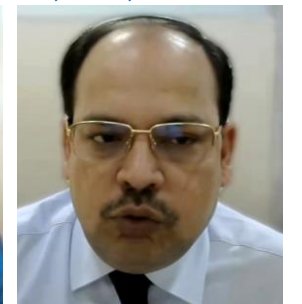
R S Ratho



Neeraj Gambhir



Latha Radhakrishnan



Sreekanta Chatterjee



Dr. Barendra Kumar Bhoi



Pramod Kumar Panda

CAFRAL had organised the captioned half-day virtual conference (VC) on Financial Markets in India: What the Future Holds, on October 19, 2022.

The objective of this VC was to provide updates to the delegates on the emerging trends in financial markets and regulations. It sought to provide a platform to the top executives of banks, NBFCs and FIs to interact with speakers and amongst themselves to discuss possible policy measures/initiatives which could potentially make

the markets more resilient and efficient, particularly in the current volatile and uncertain global situation. R S Ratho, Executive Director, Reserve Bank of India delivered the keynote address and Indrani Banerjee, Additional Director, CAFRAL made the opening remarks.

Topics covered in the VC were Recent Regulatory Developments in Financial Markets – Challenges and Opportunities; Contemporary Trends and Issues in Financial Markets – Practitioner’s Perspective; Hedging of Financial Risks: Credit Default Swaps; Rupee Trade: Recent RBI Measures and Rupee Trade – Way forward. Speakers in this VC were Neeraj Gambhir, Group Executive – Treasury, Markets & Wholesale Banking Products, Axis Bank; Latha Radhakrishnan, General Manager, Foreign Exchange Department, Reserve Bank of India; Dr. Barendra Kumar Bhoi, RBI Chair Professor, Utkal University and Sreekanta Chatterjee, Deputy Head, Debt Capital Markets, ICICI Bank Ltd.

### Highlights of Research Activities

Dr. Gautham Udupa presented his paper titled “Food, Fuel, and Facts: Distributional Effects of External Shocks” at the Indira Gandhi Institute for Development Research (IGIDR), Bombay on September 21, 2022. The paper, coauthored with Saroj Bhattarai (UT Austin) and Arpita Chatterjee (IIM-B), looks at how global oil price shocks and food price shocks impact household consumption across the income distribution in India.

### Highlights of CAFRAL Research Seminars

CAFRAL invited speakers from leading academic institutions and other central banks. A sampling of the abstracts of papers presented are given below:

**Bank Information Production Over the Business Cycle** by Dr. Cooper Howes, Federal Reserve Board of Governors on September 14, 2022

#### **Paper Abstract**

The information banks have about borrowers drives their lending decisions and macroeconomic outcomes, but this information is inherently difficult to analyse because it is private. We construct a novel measure of bank information quality from confidential regulatory data that include banks' private risk assessments for US corporate loans. We show that our measure of information quality improves as local economic conditions deteriorate, particularly for newly originated loans and loans with greater information sensitivity. Our results provide empirical support for theories of countercyclical information production in credit markets, and suggest that policies designed to stimulate macroeconomic activity through the banking sector may be less effective in recessions.

**'Foreign Inputs, Import Intermediaries and Aggregate Productivity** by Dr. Kunal Dasgupta, Associate professor, IIM Bangalore on October 12, 2022



Dr. Kunal Dasgupta, Associate professor, IIM Bangalore during Research Seminar, Mumbai.

#### **Paper Abstract**

Access to foreign intermediate inputs raises firm and aggregate productivity. This paper documents that domestic wholesalers provide such access by importing almost half of the foreign inputs used by Chilean firms. A calibrated model of trade and distribution shows that relative to the case where domestic firms can only buy directly from foreign suppliers, aggregate productivity under wholesaler importers is 7.5 percent higher. Wholesaler importers play such a large role because they allow medium and small domestic producers to buy from large (efficient) foreign suppliers. Moreover,

increases in the efficiency of the wholesaler importing sector have a larger effect on aggregate productivity than similar reductions in tariffs or in the fixed cost of importing an intermediate input. Also, the presence of wholesaler importers doubles the effect of a trade liberalization on aggregate productivity.

**'Productivity and Output Quality of Multi-Product Firms** by Dr. Arpita Chatterjee, Associate professor, IIM Bangalore on October 19, 2022



Dr. Arpita Chatterjee, Associate professor, IIM Bangalore during Research Seminar, Mumbai.

## Paper Abstract

How do productivity and output quality associate within a firm and contribute to firm growth? The literature usually implicitly assumes that firms produce a single product and masks the heterogeneity within firms. This paper proposes a novel method to estimate plant-product level productivity and quality along with demand and production function parameters for multi-product firms. Our method allows us to decompose the sources of within- and across-firm heterogeneity. The method is based on estimating equations formed from the firm's profit maximization conditions. We apply the method to a dataset of

manufacturing industries in Mexico during 1994 to 2007. The result highlights a trade-off between productivity and output quality within firms, which we define as the cost of quality. Once accounting for (the cost of quality), products closer to the core competency of a firm have both higher quantity-based productivity and quality. The cost of quality is higher for products with higher markup, and it decreases with product age. In a counterfactual exercise, we show that a reduction in the cost of quality can lead to substantial aggregate productivity gains, especially due to within and across-firm reallocation.

If you wish to be included in the mailer list of CAFRAL Research Seminars [please click here](#)

## Upcoming Learning Program

**Program on Financial Frauds & Forensic Audit** December 21-22, 2022 | Forum & Capitol, Taj President, Cuffe Parade, Mumbai

### Background:

Increasing incidences of financial frauds in the loan portfolio of banks, both in terms of number and value, have been a major concern. Additionally, frauds on account of small value card / internet based transactions have also seen a spurt. Besides financial loss implications, such incidences evoke reputational and systemic concerns. It renders the security and control systems inadequate, besides putting a question mark on the ability of an institution to maintain the requisite standards to prevent money laundering and fraudulent transactions. An analysis of the vintage of frauds reported during 2020-21 and 2021-22 also shows a significant time-lag between the date of occurrence of a fraud and its detection.

### Program Objective:

It is thus imperative for Banks, Financial Institutions and NBFCs to enhance their fraud risk management systems including their framework for Early Warning Signals; strengthen their fraud governance and response systems and have a dedicated Market Intelligence Unit for frauds. It is important to identify control failures, uncover trails and gather legally tenable evidence, trace the funds and achieve financial resolution and prosecution. A sound forensic audit, which is a complex and specialized function often undertaken by external intermediaries, helps in attaining such multiple objectives. The senior staff of the financial sector need to have an understanding of the processes intricately, enabling implementation of effective measures.

### Participants' Profile

Senior officials working in the areas of Fraud Monitoring, Vigilance, Operational Risk Management, Fraud Risk Management, Financial Crime Risk Management, Enterprise Risk Management, Internal Audit and Compliance in Banks, Financial Institutions and NBFCs

[Nominate Now](#)

## Upcoming Research Annual Conference

**CAFRAL Annual Conference: The Financial System and Macroeconomy in Emerging Economies** December 12-13, 2022 | Rendezvous, The Taj Mahal Palace, Colaba, Mumbai

CAFRAL is hosting a conference on "CAFRAL Annual Conference: The Financial System and Macroeconomy in Emerging Economies" on December 12-13, 2022 in Mumbai.

The conference will feature academic presentations on topics such as macroeconomics and finance, with a focus on India and emerging economies. The keynote speaker is Alan M Taylor, Distinguished Professor of Economics and Finance, University of California at Davis.

If you wish to attend the conference, please register using the register now button. There is no cost to attend, but registration is required. We will accept registrations until the conference capacity is reached.

#### **Participants' Profile**

Researchers, Faculty Members and Doctoral students from India and outside

[Register now](#)

If you do not wish to receive these emails from us in future, [please click here](#)