5th

R. K. Talwar Memorial Lecture - 2011

The Future of Finance in India

by

N. Vaghul

7th September, 2011

Indian Institute of Banking & Finance

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About Late Raj Kumar Talwar

Raj Kumar Talwar, born in 1922, joined the Imperial Bank of India at Lahore in November 1943 as probationary assistant, immediately after taking his M.A. degree in Mathematics from Lahore University. He had an outstanding career in the Bank. He was Superintendent of Branches and Superintendent of Advances in the Bengal Circle of the State Bank of India and Inspector of Branches under Central Office. In 1961 he was appointed deputy secretary and treasurer in the Bengal Circle. A year later, he moved to the Madras Circle in the same capacity. He became the first Secretary and Treasurer of the Hyderabad Circle when it was created in 1965. In January 1966, Talwar was appointed as Secretary and Treasurer of the Bombay Circle.

On 1st February, 1968 when he was appointed as one of the two Managing Directors of the State Bank, he became the youngest to adorn that office.

A new chapter in the banking industry began with professional bankers taking positions as bank Chiefs when Talwar became Chairman of the State Bank of India on 1st March 1969. The youngest Chairman ever, he gave a sense of direction and a new orientation to the Bank as never before. Besides expanding the Bank's business manifold by extending its reach, his missionary zeal saw the State Bank take several initiatives in the areas of innovative banking, rehabilitation of sick industries, credit plans for rural development, etc. He ensured simplification of procedures for financing of small-scale industries and launched new schemes for the benefit of smaller enterprises, small businessmen and agriculturists. He also put in place systems to ensure proper end-use of bank funds besides comprehensive analysis of corporate balance sheet much before the Reserve Bank of India prescribed norms for credit analysis of large advances. It was again his rare vision and foresight that initiated the first ever organisational restructuring exercise of the State Bank in 1971, which withstood the test of time for well over three decades.

A highly principled banker, Talwar was known for his values, integrity, dynamism and professionalism. All through his career, he gave his best to nurture a culture of openness, frankness and transparency in the Bank and bitterly opposed arbitrary decisions. A man of exceptional attributes and indomitable spirit, with an abiding faith in the grace of the Divine and honesty and integrity as his guideposts, Talwar commanded respect both within and outside the Bank. To him, principles dear to his heart were above all else and never was he ready to compromise with them. When he left the Bank on 3rd August 1976, he was only 54. By then, hailed as one of the country's most distinguished bankers, Talwar had galvanized the Bank by his vision, dynamism and dedication. His was undoubtedly the golden era of the State Bank.

He decided to settle in Pondicherry but his connections with the corporate world did not cease as he served on boards of companies and headed the Industrial Development Bank of India for a couple of years in the late 1970s. He was by then more focused on spiritual matters. He lived a spartan life and was often seen moving around the town of Pondicherry on a bicycle. Talwar breathed his last on 23rd April 2002 at the age of 80.

Talwar's name is closely linked with the issue of customer service as he was the Chairman of the Committee on Customer Service (1975). Today whenever customer service related issues are discussed and debated, the far reaching recommendations made by the Talwar Committee are often quoted.

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The Future of Finance in India

- N. Vaghul [1]

Ladies and Gentlemen,

I deem it really a privilege and honour to be called upon to deliver the Talwar Memorial Lecture. Mr. Talwar was easily the most outstanding banker of our times and the State Bank of India and the Indian Institute of Banking and Finance deserve to be complimented for organizing the Annual Memorial Lecture to perpetuate his memory. During his tenure in the State Bank of India, Mr. Talwar was responsible for a lot of achievements, but what stands out most, is his strict adherence to values which he refused to compromise under any circumstances. The fearlessness with which he dealt with the political system, which was seeking to micro manage the affairs of the Bank, used to be the talking point of the industry during his time. This fearlessness stemmed from his strong belief that he was only an instrument of God and that in every task he performed he was merely carrying out the dictates of the Divine Will. His life and work inspired a large number of young officers in the Bank, quite a few of whom rose to occupy senior positions in the banking industry with distinction. The State Bank of India faced a serious challenge when large private sector players such as HDFC Bank, Axis Bank and the ICICI Bank emerged on the banking scene in 1993 with state of the art technology. That the Bank could not only take the challenge head-on, but was quick to re-equip itself to protect its market share within a space of a decade, was attributable not only to the quality of its management and manpower, but also to the strong foundation laid by Mr. Talwar during the 1970s.

The global economy is in a state of turmoil following the global financial crisis in 2008. It was widely expected that the prompt measures initiated

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1. Former Chairman, ICICI Bank Ltd.

by the various Governments in the developed markets in the aftermath of the crisis, would not only prevent a recessionary situation but would trigger a speedy recovery. Three years down the road, there are considerable fears and anxieties in the principal markets, more particularly, United States and Europe, where there are as yet no signs of recovery. In this context the performance of the Indian economy during this period was indeed commendable. Despite severe bottlenecks in physical infrastructure and lack of political support necessary to push through the economic reform process, the economy continues to grow at close to 8-9%. Equally impressive was the stability witnessed in the Indian financial system during this period. It is true that the Indian financial system was not fully integrated with the global economy and this to some extent insulated it from the crisis which enveloped the global financial markets. But, credit should also be given to the Reserve Bank of India which had kept a watchful eye on the financial system and ring-fenced it from getting contaminated by the global crisis. Some of the measures of the Reserve Bank of India might, on the face of it, have appeared overly conservative, but the situation demanded that the bankers did not go overboard in pursuing their growth objectives. Amongst the global financial systems, the Indian financial system is perhaps the most closely regulated one, but there can be no doubt that this is one of the major factors contributing to the stability of the system.

It is not as though that the financial system did not at all have to face shocks, but these shocks took place much before the present global crisis. During the late 1990s and the early decade of this century, there was significant increase in the non-performing assets not only in the priority sector but also in the conventional lending to the corporate sector. The non-performing assets in the priority sector were a continuation of the trend that was noticeable since the nationalization of the banks in 1969, but the deterioration in the quality of the assets of the corporate sector was principally due to stagnation in the industrial growth in the post 1995 period. More particularly, the Development Financial Institutions, which were engaged in long term project lending, faced serious difficulties, affecting their solvency and liquidity. Quite a few state owned banks also were pushed to a position of negative net worth necessitating recapitalization of such banks by the Government. The Government had also to come out with farm loan waivers of significant dimensions, principally to provide relief to the farming community but this also helped to rescue the banks from growing non-performing assets in the priority sector. After these measures by the Government, the banking system acquired a measure of stability and when the growth momentum picked up in the early part of this century they were adequately equipped to reap the dividends of the growth.

The seeming stability of the Indian financial system, however, masks some serious deficiencies, which if not resolved within a reasonable time frame, could prevent it from catering to the growing needs of the economy, including households, firms and infrastructure. Banks and debt markets in India are not large enough to fulfill the needs of the real economy adequately. A number of our largest companies are unable to access an adequate amount of local currency finance even though much of their revenues are local currency denominated. Banks are reaching exposure limits both in terms of their exposure to large corporate houses as also to specific sectors like power. A comparison of the asset size of the top 10 corporates and the capital base of the top 10 banks would reveal that banks in India are unable to meet the scale or sophistication of even the current needs of large corporate India. Studies comparing the financial systems of India and China show that the financial depth in India's economy measured by the ratio of stock of the financial assets to GDP was just 137%, far below China's 323%. This reflects the much lower degree of monetization in the Indian economy and its supply of intermediated capital.

The Isher Ahluwalia Committee on Urban Infrastructure and Services, has recently estimated the total long term investments for urban infrastructure in India for the 20 year period from 2012-13 to 2031-32 to be in the range of US $ 1 trillion. It is not clear where these resources will come from. The fact that we have so far not faced any heat on this issue can largely be attributed to the slow pace of growth of infrastructure. The policy environment for the growth of infrastructure continues to remain weak. The Government has not been able to make up its mind clearly on the role of the private sector in the various segments of infrastructure. Land acquisition continues to be a major problem and there are as yet no indications, when a comprehensive Land Acquisition Bill would be brought to the Statute book. Similarly, the issue of access to natural resources like coal which is critical for development has also become fraught with concerns, both environmental and social, thereby slowing down investment in sectors like power. But this sort of negative comfort is unlikely to last long. Past experience has shown that the Indian political and administrative system responds effectively to crisis situations and in the sphere of infrastructure the crisis is waiting to happen. When the policy bottlenecks are removed, the demands on the financial system would be overwhelming and the system would find it difficult to respond to the needs of the situation.

The absence of large banks in the Indian financial system is only one part of the problem. The other equally important aspect is the lack of depth in the financial markets. Despite the fact that for over two decades bankers have been talking about the need to develop a vibrant, large, fully integrated financial markets, this had been only a pipe dream so far. While incremental changes have been made in bond markets like corporate bond repo and so on, the core issue is really the fiscal deficit and consequent huge predominance of the Government securities market, with financial entities like Banks and Insurance companies being mandated to hold such securities. This makes the market both illiquid and distorted. Banks and the markets have been functioning in watertight compartments, with the result that the banks not only originate the loans, but are obliged to hang on to the loans till maturity without attempting any possible diversification of the risks through the mechanism of the markets.

There is, therefore, an imperative need for the banks and markets in India to evolve in size. The issue of the size of the individual banks has been a subject matter of discussion since the time of the Banking Commission in mid 1970s and there have been periodical suggestions for, what used to be called, a consolidation in the banking system to take care of the size factor as also achieve economies of scale. Nothing much has come out of such an exercise during the last thirty years; neither does this seem to be desirable. Large banks are systemically important and this systemic risk must be managed well. The systemic risk will get accentuated, if in addition this also leads to a concentration risk. This is precisely what would happen if there is a forced merger between some of the state owned banks. While the size of the bank is important, this has to be achieved through organic growth and the regulatory environment will have to facilitate such a growth process. Thanks largely to a rigid, banks versus market approach, the organic growth of the banks remains stifled. It is only through a facilitating regulatory environment, which permits the Banks to concentrate on their core strengths without being compelled to move in directions where they are ill-equipped to do so, it would be possible to develop a financial system consisting of very large banks and equally large financial markets which would complement each other in meeting the needs of the economy.

This is not to suggest that the control of the regulator and its oversight of the banks should in any way be compromised. In fact, with the growth in the size of the banks, there has to be a stricter regulatory environment to ensure that the banks do not become adventurous and place themselves at serious risk. They must not be forced into markets and activities that are opaque. Systemically important institutions must be shielded against moral hazard and from becoming "too big to fail". Our current institution-specific regulatory architecture that is already revealing some cracks in terms of regulatory overlaps must evolve to mirror the reality of the financial institutions that will span multiple product markets. Also, we need to exercise due caution in blindly adopting in India the emerging global regulations without checking whether these will be consistent with the requirements of the Indian economy. For instance, the emerging Basel-III norms appear to actively discourage banks from doing lower rated, long term lending - which conflicts with our national need for infrastructure financing. Adoption of such regulatory framework could seriously impede our economic development.

We also need good legal frameworks, particularly for consumer protection so that, as the complexity of the financial system increases which it is bound to, households and corporates are able to meaningfully participate and benefit from financial development. An approach that emphasizes financial literacy of the customer alone is inadequate. There is no substitute for expertise on the part of the financial institution and its staff. Traditionally, our financial system has shifted much of the complexity to the customer leaving him / her to manage the risks. In the future, sophisticated financial institutions will have to absorb complexity through well designed products and contracts, so that the customer's life becomes a lot easier. It is necessary for the Regulator to take care of this.

Another area where there is a glaring deficiency in the financial system, relates to its reach. The financial system is barely able to reach significant numbers among the urban population of the country leave alone the vast rural population. For example one of the issues that constantly hinders the electronic payments from the Central and State Governments to Panchayats, Schools and Hospitals is that it is not possible to guarantee that either these institutions or individuals residing in those parts have bank accounts. The North eastern part of the country continues to be distinctly under - banked relative to other parts of the country. Access to basic financial products such as insurance and equity, have reached only a very small fraction of the country. As per the assessment of the Raghuram Rajan Committee on Financial Sector Reforms, less than 35% of the lowest income quartile have access to savings; only 14% of the lowest income quartile have life insurance; only 1% of the population has medical insurance; and 70% of the lowest income quartile borrows from informal sources such as friends, relatives and moneylenders at interest rates upwards of 24% per annum. Small enterprises also tend to be excluded from the financial system: the share of bank lending to Small Scale Industry in India declined from 17.5% in 1998 to 8.5% in 2006. Therefore, the smaller the firm, the higher its dependence on alternative, informal financing sources, which are considerably costlier than formal sources. Even for large firms, the corporate bond market has failed to reach a scale that is meaningful.

The emergence of large private sector banks in the early 1990s saw an upsurge in the coverage of the middle income households in the urban areas. Earlier, the largest non-banking financial institution, HDFC was one of the very few institutions catering to the needs of the home mortgages. The private sector banks emerged as strong competitors in this sphere and this led to a steep growth in the home mortgages. Simultaneously, there was growth in the automobile and two wheeler loans as well as unsecured credit to the middle-class households. Along with the banks, other NBFCs which were either already in place or which were started afresh, catered to the requirements of these sectors, and it is fair to say that the needs of the middle class households in the urban areas were substantially met and their recourse to the informal sources of funding was gradually eliminated. Other non-banking finance companies also came up on the scene to meet the requirements of the infrastructure needs of the country providing support to the banking system. These were primarily sponsored by the Government. Asset reconstruction companies were also set up to relieve the banks of the non-performing assets and ensure speedy recovery taking advantage of a special legislation. While these were indeed welcome developments, the rural and urban poor remained outside the purview of the financial system and the dependence of the farmers on informal channels at much higher interest rates continued to remain high.

The consistent growth at around 9% in the Indian economy, during the last few years, has created a significant improvement in the living conditions of the urban middle class households as well as the rich landholders in the rural areas. The widening disparity at income levels between the various sections of the population is creating a serious political and social problem. This problem gets manifested in a spate of farmers' suicides and disenchantment of the poor with the prevailing situation. While the Government is seeking to address the problem through a set of direct antipoverty measures, there is a clear recognition on the part of all concerned that the solution would really lie in economic improvement of these sections of people and this would call for a significant support from the financial system. The debate on "financial inclusion" has understandably gathered considerable momentum in recent times, and there is growing pressure on the financial system to respond to this demand in a meaningful way. While the underlying rationale behind the "financial inclusion" is no longer a subject matter of debate, the issue boils down to how exactly this could be achieved without damaging the fabric of the financial system. It would be useful in this context to trace the various mechanisms adopted since independence to address this problem and the lessons that have been learnt from these experiences.

The nationalization of the Imperial Bank of India in 1955 by the Reserve Bank of India acquiring controlling interest in that bank leading to the formation of the State Bank of India could be identified as the first major step by the Government to address this problem. The nationalization followed the recommendations of the All India Rural Credit Survey to create a large powerful institution to provide funding support to replace the money lenders whose financing activities were considered responsible for perpetuating the indebtedness of the farmers. The mechanism through which the funds were to be channelized was the co-operative system with the primary co-operative credit societies at the village level being responsible for extending direct credit to agriculture. The District Co-operative Banks and the Apex bank at the State level were responsible for oversight as also to provide funding support to the primary societies. The State Bank's role was to link up the co-operative system with the Bank by taking care of the financial requirements. It was explicitly understood that the State Bank would not provide direct finance to agriculture. The Bank was mandated to go into what was then thought of as an aggressive branch expansion policy but this was more for the purpose of taking over the treasury and sub-treasury operations of the Government than to meet the credit needs of the farmers.

As is now well known the experiment with the co-operative system did not succeed. Except for a couple of States the system was politicised and the intended beneficiaries did not receive any real assistance. The failure of this experiment was one of the factors leading to the nationalization of the private sector banks in 1969. The mandate for the newly nationalized banks was clearly to extend their branch network and engage in direct rural finance including all sections of the society, agriculture, small enterprises and tiny sector. The State Bank of India also was asked to fall in line with the rest of the nationalized banks and change its policy of lending. It soon became obvious that the banks did not have the requisite expertise and knowledge, nor were they in a position to acquire this expertise within a reasonable time frame. The issue got further complicated with political interference in the distribution of loans through what came to be known as Loan Melas. The cost of operations of the banks in the rural areas tended to be very high, supervision very lax, and motivation very low. The combination of these factors led to an alarming increase in the level of non-performing assets of the banks threatening the viability of the system.

In the mid 1970s there was a realization that in order to achieve viability, it was necessary to have a local organization employing local manpower at a much lower cost than the banking industry. Also, to achieve the social objective of catering to the needs of the small and marginal farmers, a large chunk of the finance should go to this sector. The Regional Rural Banks were set up in each of the districts as a result of this strategy. The very structure of the Regional Rural Banks which consisted of ownership by the Central Government, State Government with a state sector Bank functioning as a sponsor Bank with part ownership, was the subject matter of serious debate between the members of the Committee appointed by the Government to examine the proposition. There was a strong feeling that it would be a matter of time before the cost of the manpower in the Regional Rural Banks would converge with that of the sponsor bank given the union dynamics. In the end this prophecy turned out to be right and while a few of the Regional Rural Banks did indeed succeed, on an overall level the scheme did not appear to serve its purpose.

The success of the Grameen style micro finance model in Bangladesh led to the development of a similar micro finance industry in India since late 1990s. These micro finance institutions were specialized non-banking finance companies focusing exclusively on financial inclusion. These institutions met the short term liquidity needs of low income households either directly by way of jewel loans or backed by group guarantees by specially formed Self Help Groups. Because of the group guarantee mechanism, the recovery rate of these institutions was close to 100%. They accessed liquidity from the banking industry which preferred this route to direct lending as the micro finance institutions were closer to the customer, which facilitated the recovery process. The micro finance industry started booming with private equity funds willing to provide equity capital to meet their growing capital requirements. The industry also got a boost with an endorsement from the Narasimham Committee in 1998. Even though the micro finance industry appeared to have provided an ideal solution for the problem of financial inclusion, it suffered from some serious draw backs as well. Its ticket sizes were too small; it was narrowly focused on a small segment of the rural poor; and had only a single product to offer to its clients. Further, the interest rates on the loans started climbing up due to a variety of factors even though the total cost of lending still continued to be lower than that of money lenders. Despite these drawbacks, there was no denying the fact that the industry addressed the problems posed by the inequalities of income to a reasonable degree. The industry, however, received a sharp setback because of the challenge posed by the Andhra Pradesh Government to RBI on the regulation of these institutions. The default rate in Andhra Pradesh started rising and the banks which were willing to extend facilities to the industry became nervous about a possible backlash in the other States as well.

The official policy has since become considerably more hawkish towards these specialized NBFCs despite the fact that Narasimham Committee, originally envisioned them as innovators and risk takers that would cushion the banks from credit losses and costs. The official policy seems to have been dictated by difficulties in regulatory oversight and the prevalence of some unhealthy practices in quite a few institutions. As a result of this, rather than encourage the deployment of additional capital by these non-banks and the naturally emerging specialization in roles between banks and non-banks, the official policy would appear to have veered around to be much more supportive of direct efforts by the banks through owned branch networks or agents who do not have capital at risk. In fact there seems to be an element of compulsion requiring the banks to extend their branch network to step up their direct lending efforts. In pursuing this policy, the lessons of the earlier years would not appear to have been kept in mind. The direct effort by the banks to lend through their branches, particularly when they do not feel upto this task can only result in sharp rise in costs and ballooning non-performing assets which had been a feature in the post nationalization period. The lending through the business correspondent model intended even though as a cost effective alternative, may not turn out to be so, as the BCs may demand parity of wages with their banking counterparts as is now being widely reported.

We are thus back to square one and will have to think through this problem afresh to find a solution. It is my firm belief that "one model fits all" approach would not be appropriate given the different characteristics of the rural population in different States. It is also not conducive to growth of innovation in addressing this problem. Financial entrepreneurs could come up with a wide variety of alternatives that would be appropriate in given circumstances and it would be in the larger interests of the country to encourage such innovation, subject however to a strong prudential regulation.

However, all these models would need to have something in common. Firstly, the activity has to be carried out by an institution which has necessarily to be a local institution catering to a defined geographical area. Secondly, the institutions should develop a deep understanding of the needs of the clients which would include all the households and enterprises in their service areas. In addition to providing financial services to these sectors, they could also explore the possibilities of financing local public infrastructure such as village roads, warehouses and sanitation utilities. Thirdly, these local financial institutions must have physical branches that reach into remote pockets and target every last household in its geography. It is this branch network that would provide them with depth of penetration into local areas. And this depth will enable them to develop the kind of granular understanding needed to design the wide range of financial products and services required by households and enterprises. Fourthly, the profitability of these institutions would stem from two factors - multiple products and technology. With the development of local insight about its clients, through the branch network, it should be able to translate this insight into financial products that serve the immediate needs of the clients. Even with smaller-ticket finance, the ability to offer multiple products to each client enables the institutions to capture economies of scope and spread its costs across a much greater spread of products.

The effective use of technology can drive improved efficiencies. For instance, the use of biometric identification, automated customer management, core banking systems and automated payment systems ensures that the branch staff leverages technology to perform their most repetitive day-to-day tasks, freeing up their time to perform their core duty of understanding the needs of clients and recommending appropriate solutions. In addition developments in mobile technology combined with improved authentication through UID could form the basis of new financial services delivery models. While such technologies certainly involve upfront costs, they have the potential to generate tremendous returns over the medium to long term. Because, enabling the branch staff the time to develop deeper insights into the needs of their clients provides the spur to innovative product development and improved customer service. Given the limited geographical coverage of each Bank, one would expect that there would be large number of institutions in the country providing financial services to the remotest parts of the country.

The most critical responsibility of an institution like this will be the financial well-being of the clients it serves. It is essential that it takes responsibility to provide its clients with sound financial advice based on understanding of the client's needs and aspirations and not merely with the objective of pushing its products and services. Such an approach to financial services delivery requires that the institution trains its local branch staff with the approaches required to analyse each client's situation and recommend appropriate solutions. This approach tightly customises a portfolio of financial products for a household, depending on its unique needs and in the process, transfers complexity from the household to the financial services provider, while holding the provider responsible for the quality of guidance and the appropriateness of the products offered to the household on a longer term basis.

These institutions, which will not be allowed to take deposits will link up with the banking system and markets for access to equity as well as funds and will be subject to regulation and oversight by the Reserve Bank of India.

Overall, I believe that an approach to financial inclusion that incorporates branch-based penetration into local areas, developing deep local insight, leveraging technology, designing multiple products to invoke economics of scope, and using a wealth management approach would have a greater chance of success than relying on models, which have not worked in the past.

In conclusion, I would re-iterate that we have a considerable distance to go as a financial system, if one looks at the dimensions of size, scope, depth and innovations. Our approach to financial systems development needs to be characterised by a willingness to try multiple approaches. We must not remain wedded to historical directions. The country is too large and diverse for any one approach to hold sway. While developing large-sized financial institutions and markets that can meet the burgeoning needs of households, firms and infrastructure in India, we also need to ensure that systemic stability is at all times an important concern.

NOTE

About the Speaker

Shri Narayanan Vaghul is the Former Chairman of ICICI Bank Limited, which is the second largest Commercial Bank in the country. He is widely recognized in India for his role in pioneering the concept of the Universal Banking Model that laid the foundation for a new era in Indian Banking.

Born on August 4, 1936, Shri Vaghul received his Bachelor of Commerce (Hons) Degree from the University of Madras (now known as Chennai) in 1956. He joined the State Bank of India in 1957 as a Probationary Officer, became the Director in the National Institute of Bank Management, Mumbai in 1976, before assuming charge as Executive Director in Central Bank of India in 1978. He became Chairman, Bank of India in 1981 and had the distinction of being the youngest ever Chairman in a Public Sector Bank. He joined the ICICI Limited as Chairman & CEO in 1985 and continued to head the group till April 2009.

During his tenure in ICICI Shri Vaghul created several new institutions laying the foundation for the development of the Universal Banking model. He started the first venture capital company in India in 1987 and from a small beginning this has become the leading venture capital company today. He was also instrumental in setting up ICICI Securities, an Investment Banking company. When the banking licence was thrown open to the non state players, he set up a commercial bank with which ICICI was to merge subsequently to become the first major universal financial institution catering to the diverse needs of all segments of customers. He also pioneered the concept of Credit Rating in India by setting up CRISIL. He was the founder Chairman of CRISIL for close to ten years and helped in evolving the best practices of credit rating in the country.

Shri Vaghul was deeply interested in Education, particularly to the under privileged sections of the society. He was the Chairman of "Pratham" a leading NGO in this sector. He is associated with several foundations dedicated to the cause of primary education. He is also deeply committed to the cause of science and technology and was responsible for setting up the first Science and Technology Park in the country known as ICICI Knowledge Park. He is associated with Institute of Technology in Jaipur. He has been the Chairman of IFMR a Business School with an array of research centers engaged in a variety of economic and social research.

Shri Vaghul is the recipient of numerous awards and honours. He was chosen as the Business Man of the Year by Business India in 1992. He was given Lifetime Achievement Award by the Economic Times in 2006. He was given an award for the contribution to the Corporate Governance by the Institute of Company Secretaries in 2007. He was given the Lifetime Achievement Award by the "Ernst & Young Entrepreneur of the Year Award Program" in 2009. He was awarded Padma Bhushan by the Government of India in 2009.

About the Institute

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