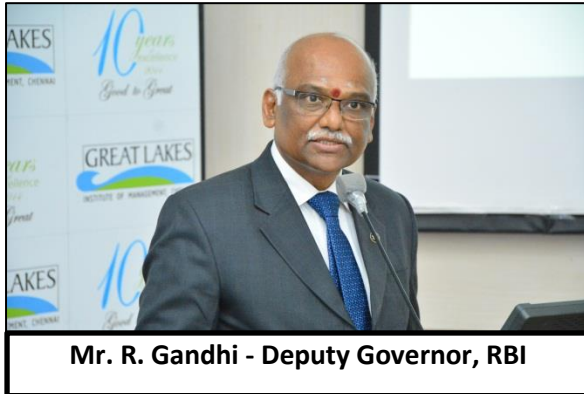


6th Annual Great Lakes-Union Bank of India Conference

February 5, Chennai: Delivering an inaugural address today at the 6th Annual Great Lakes-Union Bank Conference on the theme 'Financial Stability, Credit Distress, and Economic Growth: The Way Forward', held at the Great Lakes Institute of Management, Chennai, Mr. R. Gandhi shared his views on financial instability, system regulation, challenges and the way forward.



Mr. R. Gandhi - Deputy Governor, RBI

Talking about the global financial crisis, the deputy RBI Governor said, “the global financial crisis had brought in paradigm shifts in many areas viz., regulation, governance and mind-set, amongst others, all in pursuance of a sustainable financial system and a system that should be subserving the real sector rather than self-serving.” I am not sure whether we are done with the post crisis learning curve or are still somewhere on it, he added.

Expressing his opinion on system regulation, Mr. Gandhi said that the regulators cannot afford to miss the woods for the trees. Effective regulation thus aims at understanding and guarding against the big risks, going beyond mere compliance with increasingly detailed and complex rules. The challenge to all of us is how do we establish an implementable framework to deal with the emerging systemic risks at their incipient stages, he concluded.

Dr. Bala V Balachandran, Founder & Dean of the Institute had earlier set the tone of the conference by cautioning the investors against irrational exuberance seen in the financial markets prior to the 2008 crisis.

Speaking at the conference, Mr. Arun Tiwari, Chairman and MD of Union Bank of India stressed the need to expand the reach of financial markets in the India and said, ‘If one takes two indicators for level of financial deepening in India, viz. credit-to- GDP ratio and stock market capitalisation to GDP ratio, India has still a long way to go with the ratios at 55% and 76% respectively’. Mr. Tiwari also noted that there is however a serious constraint in terms of banks staying capitalized enough to meet the 8-9% growth imperatives for economy. The 2008 crisis has reminded us of importance of prudence over ideological adventurism of free markets, he concluded.



Mr. Arun Tiwari - CMD, Union Bank of India

The conference also witnessed a presentation on corporate credit distress by Professor. N. Prabhala, Chief mentor and Head of Research, CAFRAL and Professor of Finance at University of Maryland.



Panel Discussion: (L to R): Dr. N. Kamakodi, Managing Director and CEO, City Union Bank, Dr. Rupa Rege Nitsure, Group Chief Economist - L&T Financial Holdings Ltd , Prof R. L Shankar, Professor of Finance - Great Lakes Institute of Management and Mr. Pawan Aarwal. Chief Ratings Officer – CRISIL

The inaugural session was followed by a Panel Discussion on “How to Repair the credit market, the equity market, the Rupee.” The panel had industry experts from various fields - Dr. N. Kamakodi, Managing Director and CEO, City Union Bank, Mr. Pawan Agarwal, Chief Ratings Officer – CRISIL, Dr. Rupa Rege Nitsure, Group Chief Economist - L&T Financial Holdings Ltd and Prof R. L Shankar, Professor of Finance - Great Lakes Institute of Management. The panellists discussed about issues and factors affecting the financial stability and suggested way forward methods to achieve potential economic growth.