



Ashish Kumar Chauhan, CEO, BSE

## A long way to go on the path of inclusion

Bihar is a state for the future

## Bihar is a laggard in stock market investments

Financial literacy a must to dispel people's doubts

**B**ihar is lagging behind in terms of investments in the stock markets. “Bihar has 2.63 lakh investors who have opened dematerialised accounts, as against two crore accounts in India. It captures 1.3 percent of total accounts opened with depositaries while the population of Bihar is eight percent of India,” said Ashish Kumar Chauhan, chief executive officer, Bombay Stock Exchange. Around two percent of Indians invest in stock market.

Chauhan said investment in stock market serves as hedge against inflation because it gives more returns than the fixed income schemes. In the last few years, the BSE has been working with state governments, including Bihar, to make people aware of transacting in the markets.

He stressed on the importance of financial literacy in the state. “For a young population, which can invest in stock

market in shares, mutual and pension funds will give them long term returns than other fixed income,” the CEO added. India’s 50 percent of population is below the age of 25. “They are getting urbanised. They need to invest in long-term asset creations, for which stock markets are a good option,” the CEO said.

Clearing the air about the mistrust regarding investing in stock markets, he said that we are the market for trust. The BSE and SEBI are there to take care of the investments of their hard-earned money, he said. “If you invest in stock markets and keep shares for more than a year, the capital gain is exempted from tax. Investment in stock market not only helps in getting higher returns but it is also good for the country as a whole because that money is invested in new greenfield projects that help in creating jobs. We need to create 1.5 crore jobs for every year in next 20 years.”

**B**ihar for the last five years is on the path of inclusion but still has a long way to go. “Bihar got included in the mainstream India, world economics and politics in last few years. e-Governance has started at village-level in the state. In four years, we have invested ₹60 crore on e-governance in the state. We haven’t got returns from our investment but have not lost hope from the state. This is the state for tomorrow as there is a huge potential here. However, in the path of inclusion there is a long way to go,” said Hemant Kanoria, chairman, SREI Group, which has an asset of ₹50,000 crore in infrastructure.

However, Kanoria was happy that Bihar finally got included in the mindset of policymakers. When SREI Group got opportunity to work here, it started from villages, not from the cities. He sees huge potential in people here. “Bihar has a dream and it can dare to dream too,” he said.

He said that the state needs to focus in three areas – agriculture,



Hemant Kanoria, chairman, SREI Group

infrastructure and electricity generation. “There is huge scope in the state which is dependent on agriculture. It can truly become inclusive...Bihar can become leader in organic farming. The state can create a model for other states.”

“Electricity is very important for growth to happen. The large population is boon for the state not the bane,” said Kanoria.

He also said that through e-connectivity, several facilities can be created for the rural areas. Four thousand common service centres have been established in the rural areas.

“Now the convergence is needed where a lot of information in terms of banking, insurance and mutual funds can be brought to the doorsteps of the rural population that hasn’t got such facilities in the past,” he told the gathering.

He said that Bihar started late in terms of development works and embracing technology, but it can learn from mistakes made by other states. “We can create a trajectory which we want to and which is not forced upon us.”



Alok Prasad, CEO, MFIN

## ‘We need constructive participation and collaboration’

Let’s hope the microfinance law will address the challenges faced by microfinancial institutions, says Alok Prasad, CEO, MFIN

**S**peaking on the ills that plague microfinance institutions, which ranged from a crisis of funding and high cost of operation to the need for social strengthening, taking education and healthcare to the underprivileged sections of society for the idea of inclusive growth to be sustainable and meaningful, Alok Prasad, CEO of Microfinance Institutions Network (MFIN), said, “We need constructive participation and collaboration.”

A veteran banker with over 30 years of experience, Prasad explained that the mission of his organisation is to promote financial inclusion and that he puts all his efforts and energy in realising this dream of the central government and the Reserve Bank of India.

Elaborating on the progress MFIN has made in a short span in Bihar, Prasad said, “Across the country, we have a 10,000-branch network of NBFCs and

microfinancial institutions competing with banking presence in rural areas. In Bihar, we started working three years ago and we already have 11 NBFCs and 600 branches operating here. As per the deputy chief minister’s speech, in 50 years there are only about 2,500 bank branches in rural areas of Bihar. So our growth in a short span of time is remarkable.” He said the total number of microfinance borrowers in the state is one million.

Prasad ended his speech by saying that he is waiting for the outcome of the microfinance bill tabled in parliament. Standing committee on finance is reviewing it. “We are hoping to have the microfinance law soon in the country with the hope that it will address the challenges faced by microfinancial institutions,” he said. ■

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