

Wholesale-funded NBFCs relevant in India: Anshu Jain

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Amid reports that he is preparing to set up a non-bank lender in the country, veteran banker Anshu Jain on Tuesday said wholesale-funded NBFCs would be relevant in India, where there is limited credit penetration.

"To me, I think a wholesale-funded NBFC approach is a very important part of the ecosystem," said Jain, who stepped down as co-CEO of Deutsche Bank last year.

Wholesale funding refers to funds borrowed by corporations, in high amounts, through financial institutions.

He was speaking at the 'Gateway of India Dialogue' here.

Jain, who has reportedly teamed up with ex-colleague Bhupinder Singh to start a non-banking finance company (NBFC), said credit penetration in India is very low and banks are not capable of growing as rapidly as they need to.

He said the credit forms only 60% of the country's GDP as against over 100% in other emerging economies in South East Asia. "I don't see bank balance sheets being able to grow as rapidly as they need to," he said.

Speaking about the upcoming referendum in Britain regarding its European Union (EU) membership, Jain said he was surprised by the initial opinion polls indicating that a majority of its citizens favour leaving the 28-nation bloc.

"I'm of the opinion that Britain leaving the EU would be real negative for UK economy, would not be great for Europe and prove a destabilising event for the world. India is part of that globalised world," said Jain.

Britons will be voting in a referendum on June 23 on the critical question of whether the UK should stay in the EU or exit the economic-political group set up in 1993.