

## Brickwork Ratings Chief Economic Advisor, Dr. M Govinda Rao, Delivers Interactive Session on "Indian Economy: Changing Global Economic Environment"

Brickwork Ratings is pleased to announce that the interactive session on "Indian Economy: Changing Global Economic Environment" was very well received. The session was delivered by Dr. M Govinda Rao, Chief Economic Advisor of Brickwork Ratings at the Trident, Nariman Point, Mumbai on 10<sup>th</sup> Feb 2017.

While addressing at the event, Dr. Govinda Rao stated, "Despite being a bright spot in an otherwise dismal global environment, India faces formidable challenges and risks in maintaining high growth". The international environment is peppered with protectionist tendencies, risks of exit from monetary easing, rising interest rates and a possibility of commodity price increase. According to the CSO's quick estimates, even without considering demonetization, economy has slowed down in every sector except agriculture and public administration. The Gross Fixed Capital Formation for the current year is estimated at 26 per cent which is the lowest in the last 20 years. The twin balance sheet problem has created the crisis of confidence. Reviving the economic climate is the key to accelerating growth. The interactive session's focus was on the domestic and international situation, the initiatives in the budget, impact of GST and to explore the policy measures needed to take the economy to higher growth trajectory.

Dr. Govinda Rao further quoted that "The difficulty lies, not in the new ideas, but in escaping from the old ones which ramify ...into every corner of our minds", John Maynard Keynes in The General Theory of Employment Interest and Money.

Mr. Vivek Kulkarni, Founder Managing Director of Brickwork Ratings, said "India continues to be the growth star in the galaxy of world economies. While the brave demonetisation might have resulted in lower growth in the short term, the long-term effects would be highly positive. We expect higher transparency in accounts, relatively higher share of formal economy and increased tax collections in the future. India however faces challenges in job creation with the new Trump administration stand on visas for IT professionals."

Mr. D Ravishankar, Founder Director of Brickwork Ratings, speaking at the sidelines of the event, highlighted that Brickwork Ratings Credit Ratings Behaviour Ratio (BWR CRBR is defined as Rating Upgrades / Rating Downgrades) for the first half of FY 2017 stood at 1.92. CRBR is the lead indicator of the direction of the performance of the economy & the corporate sector. BWR CRBR for first half of FY17 is lower than the previous period, it signifies that the performance is likely to be marginally lower than the previous year. However, when CRBR is higher than one, it indicates that the number of rating upgrades is higher than the rating down-grades and as such the direction of the economic and corporate performance is overall positive.

Mr. K N Suvarna, President-Business Development, Brickwork Ratings, highlighted that the rating requirements for new issuances of Bonds / NCDs was relatively lower in the months of November & December, 2016, the need for rating requirements has gone up from January '17. The increased activities confirm the urgent need for corporates to capitalise on the current lower interest regime and equip them with sufficient funds for meeting the growth opportunities.

The program concluded with vote of thanks to all speakers and participants.