

**Government of India
Ministry of Finance
Department of Economic Affairs
FSDC Secretariat**

Press Release

Thirteenth Meeting of the Financial Stability and Development Council (FSDC) held under the Chairmanship of the Union Finance Minister on 5th November, 2015

The Thirteenth Meeting of the Financial Stability and Development Council (FSDC) was held in New Delhi today under the Chairmanship of the Union Minister of Finance, Shri Arun Jaitley. The meeting was attended by Shri Jayant Sinha, Minister of State, Dr. Raghuram G. Rajan, Governor, RBI; Shri Ratan P. Watal, Finance Secretary, Shri Shaktikanta Das, Secretary, Department of Economic Affairs, Ms. Anjuly Chib Duggal, Secretary, Department of Financial Services, Shri Hasmukh Adhia, Secretary, Department of Revenue, Dr. Arvind Subramanian, Chief Economic Adviser, Shri U.K.Sinha, Chairman, SEBI; Shri T.S. Vijayan, Chairman, IRDA; Shri Shri Hemant G Contractor, Chairman, PFRDA; and other senior officers of the Government of India and financial sector regulators.

2. On this occasion, Chief Economic Adviser (CEA) gave an overview of the state of macro-economy highlighting important issues. The Council noted that high volatility in the financial markets is one of the most prominent risks confronting the Emerging Market Economies (EMEs). However, India appears to be much better placed today on the back of improvement in its macro-economic fundamentals and large forex reserves, which provides cushion against financial market volatility. Members agreed on the need to continue to be in a state of full preparedness for managing any external sector vulnerabilities.

3. A brief report on the activities undertaken by the FSDC Sub-Committee Chaired by Governor, RBI was placed before the FSDC. The Council also undertook a comprehensive review of the action taken by members on the decisions taken in earlier meetings of the Council.

4. The Council deliberated on the issue of rising bank NPAs and corporate sector balance sheet stress wherein it noted the measures taken by Government & RBI for handling the stressed assets. It also discussed the impact of Bank NPAs and corporate sector balance sheet stress on Bond market.

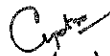
5. FSDC was apprised of further action/proposed action on the recommendations of the task forces set up by DEA on PDMA (Public Debt Management Agency), FSAT (Financial Sector Appellate Tribunal), FDMC (Financial Data Management Centre) and Resolution

Corporation (RC). On PDMA, the process of inter-ministerial consultations is underway. On FSAT, it is proposed to strengthen the tribunal by providing for more benches. On FDMC, to begin with, it is proposed to set up a body which would assist FSDC in decision making. As for Resolution Corporation, it is proposed to set up the body in consultation with all stakeholders.

6. The Government had constituted in December 2014 an Inter-ministerial Group(IMG) under Additional Secretary(Investment), DEA, for identifying gaps in the existing regulatory framework for deposit taking activities and to suggest, measures to address issues relating to deposit taking. The IMG has recently submitted its report to the Government. FSDC was apprised of the salient features of the report. Department of Financial Services is considering the recommendations of the Committee.

7. The Council was updated about the merger of FMC with SEBI and the current status of harmonization and convergence of regulations relating to securities market and commodity derivatives market.

8. FSDC was apprised of the latest developments at the Financial Stability Board (FSB) & Financial Action Task Force (FATF), and about India's participation in these international bodies.


(Dr. C. S. Mohapatra)
Adviser (FS)

File No. 18/15/2015-FSDC

Dated, the 5th November, 2015

Press Information Bureau is requested to give wide publicity to this Press Release.

Press Information Officer,
Press Information Bureau,
New Delhi