

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

Press Release

Fifteenth Meeting of the Financial Stability and Development Council (FSDC) held under the Chairmanship of the Union Finance Minister on 5th July, 2016.

The Fifteenth 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 Ashok Lavasa, Finance Secretary, Shri Shaktikanta Das, Secretary, Department of Economic Affairs, Ms. Anjuly Chib Duggal, Secretary, Department of Financial Services, Dr. Arvind Subramanian, Chief Economic Adviser, Shri U.K. Sinha, Chairman, SEBI; Shri T.S. Vijayan, Chairman, IRDA; 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). The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies. However, India appears to be much better placed today on the back of improvement in its macro-economic fundamentals, recent financial sector reforms by Government and large forex reserves, which provides cushion against financial market volatility. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth in India. Members agreed on the need to continue to be in a state of full preparedness of 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 wherein it noted the measures taken by Government & RBI for handling the stressed assets and discussed the way forward to manage the situation.

5. The Council also discussed issues relating to developing a robust regulatory frame-work for various Credit Guarantee Schemes of the Government for an effective supervision and regulation of such schemes.

6. Developing a comprehensive framework for identification of SIFIs across all sub-sectors of financial sector was also discussed.

7. On the issue of possible stress in the financial markets on account of maturity of concessional swaps in 2013 against FCNR deposits, the Finance Ministry and RBI are addressing the situation to minimise the pressure on forex reserves and domestic liquidity conditions.


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

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

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Press Information Bureau,
New Delhi