

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

PRESS RELEASE

The fifth meeting of the Financial Stability and Development Council (FSDC) was held today in Delhi under the Chairmanship of the Union Finance Minister. The meeting was attended by Dr. D. Subbarao, Governor, RBI, Shri U. K. Sinha, Chairman, SEBI, Shri Yogesh Agarwal, Chairman, PFRDA, Shri R. K. Nair, Member, IRDA, Dr. Arvind Mayaram, Secretary, Department of Economic Affairs, Shri D. K. Mittal, Secretary, Department of Financial Services, and other senior officials of the Ministry of Finance. The following issues were discussed in the meeting:


- i) Addressing External Sector Vulnerabilities
- ii) Development of Corporate Bond Market
- iii) Report of the FSDC Sub- Committee to the Council

2. The Council reviewed the recent global developments, specifically in the Eurozone and the US. It assessed the external sector vulnerabilities as also risks arising out of the same. Recent steps taken by the Government and the financial sector Regulators to address the concerns were briefly discussed. It discussed various policy suggestions on mitigating the vulnerabilities through moderating imports, promoting exports and encouraging capital flows through progressive liberalization.

3. On the development agenda, the steps taken so far towards developing the corporate bond market were reviewed. The need for a roadmap for a structural shift towards a diverse financial system with an adequate emphasis on corporate bond instruments was discussed. The Council also discussed a number of steps to be taken for rationalizing the framework for regulation of corporate debt with an aim to remove regulatory constraints for issuers and protect investors, encourage participation of long term investors, reduce cost of public issuance and increase liquidity through improving the market infrastructure.

4. FSDC was apprised of the progress made by the Sub-Committee on three broad fronts i.e. assessing and addressing risks to financial stability, inter-regulatory coordination issues and issues related to financial inclusion and

financial literacy. Action taken by the Sub-Committee for putting in place an effective mechanism for supervision of the financial conglomerates, a resolution regime for financial institutions and regulation of investment advisers were noted by the Council. The Sub-Committee also informed the Council, inter alia, that a draft National Strategy for Financial Education has been released for wider consultation and that a roadmap for finalization and implementation of the strategy is being drawn.


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o/c Adviser (FSDC)

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File No. 18 / 32/ 2012 - FSDC

Dated 10th November 2012

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

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Press Information Bureau,
New Delhi