

COVID-19 Pandemic crisis poses a serious threat to the stability of the global financial system

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Union Minister for Finance & Corporate Affairs Smt. **Nirmala Sitharaman chaired the 22nd Meeting of the Financial Stability and Development Council (FSDC)** here today.

The meeting was attended by Minister of State for Finance & Corporate Affairs Shri Anurag Thakur, Shri Shaktikanta Das, Governor, Reserve Bank of India; Shri Ajay Bhushan Pandey, Finance Secretary/Secretary, Department of Revenue; Shri Tarun Bajaj, Secretary, Department of Economic Affairs; Shri Debasish Panda, Secretary, Department of Financial Services; Shri Ajay Prakash Sawhney, Secretary, Ministry of Electronics and Information Technology; Shri Injeti Srinivas, Secretary, Ministry of Corporate Affairs; Dr. Krishnamurthy V. Subramanian, Chief Economic Adviser; Shri Ajay Tyagi, Chairperson, Securities and Exchange Board of India (SEBI); Shri Subhash Chandra Khuntia, Chairperson, Insurance Regulatory and Development Authority of India (IRDAI); Shri Supratim Bandyopadhyay, Chairperson, Pension Fund Regulatory and Development Authority (PFRDA); and Dr. M. S. Sahoo, Chairperson, Insolvency and Bankruptcy Board of India (IBBI) and other senior officers of the Government of India and Financial Sector Regulators.

The meeting reviewed the current global and domestic macro-economic situation, financial stability and vulnerabilities issues, major issues likely to be faced by banks and other financial institutions as also regulatory and policy responses, Liquidity / Solvency of NBFCs/HFCs/MFIs and other related issues. Besides, market volatility, domestic resource mobilisation and capital flows issues were also discussed by the Council.

The Council noted that the COVID-19 Pandemic crisis poses a serious threat to the stability of the global financial system as the ultimate impact of the crisis and the timing of recovery, is uncertain at this point of time. While, decisive monetary and fiscal policy actions aimed at containing the fallout from the pandemic, have stabilised investor sentiment in the short-run, there is a need to keep a continuous vigil by Government and all regulators on the financial conditions that could expose financial vulnerabilities in the medium and long-term. The efforts of the Government and regulators are focused on avoiding a prolonged period of dislocation in financial markets.

The Council took note of the initiatives taken by the Government and the regulators in the recent months to help revive the economy. Government and the RBI have announced various fiscal and monetary measures to pre-emptively limit the economic damage and would continue to address the liquidity and capital requirements of the financial institutions.

The Council also reviewed the action taken by members on the decision taken by FSDC earlier.

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