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March 27, 2012

Benchmarking Indian Regulatory Practices to the G20 Financial Reforms Agenda: RBI Working Paper Series

The Reserve Bank of India today placed a Working Paper Series No 03 titled "[Benchmarking Indian Regulatory Practices to the G20 Financial Reforms Agenda](#)" by Anupam Prakash and Rajiv Ranjan.

Based on lessons from the recent global financial crisis (2007-2009), a regulatory reforms agenda has been adopted by the G20 which is being carried forward with crucial inputs from the Financial Stability Board (FSB), the Basel Committee on Banking Supervision (BCBS) and the International Monetary Fund (IMF). Although the G20 has made significant progress in implementing the agenda to update the global financial regulatory framework, it is still working towards the design and implementation of some of the other complementary measures to support financial stability. While India emerged relatively unscathed from the crisis, as a member of the FSB, BCBS and IMF, India is actively participating in post crisis reforms of the international regulatory and supervisory framework under the aegis of the G20. Alongside, India is also carrying forward its second generation financial sector reforms aimed at meeting the requirements of a fast growing economy.

With lessons from the crisis as the background, this paper brings out the salient features of the G20 regulatory reforms agenda. The progress of the international financial reforms is also presented in the format presented by the FSB at the G20 Cannes Summit of November 2011. The paper presents the core indicators of financial soundness for G20 countries including India with a view to assessing the soundness of G20 financial systems since the initiation of the financial sector reforms in 2009. The paper then examines the progress in India on financial regulation since 2009, in an attempt to benchmark the Indian regulatory practices vis-à-vis the G20 agenda.

The major findings of the paper are:

- G20 agenda on global regulatory standards which is progressing well has to adapt to the emerging conditions, especially in the light of the Euro area problems.
- The core indicators of financial soundness reflect that those G20 countries faced with banking sector problems have scaled up their capital and liquidity buffers.
- India's core soundness indicators which displayed strength during the crisis have not changed much since 2009.
- While international norms have been put to review, and the progress remains irregular and uncertain at the global level, financial regulatory reforms in India got a thrust in light of the international reform agenda. Apart from the impressive line of action on issues being pursued under the G20 agenda, India has gone ahead with other structural reforms and financial stability initiatives. Going forward, a proper balance between regulation and liberalisation of the financial sector would become important.