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May 26, 2016

SAARCFINANCE Governors' Symposium, 2016

A two-day SAARCFINANCE Governors' Symposium on "Impact of Chinese Slowdown on SAARC Region and Policy Options" started at the Reserve Bank today. The symposium is being attended by Governors/ Deputy Governors of central banks of eight SAARC countries, experts from International Monetary Fund (IMF) and Bank for International Settlement (BIS) and several other dignitaries.

Delivering his [inaugural address](#), Governor, Reserve Bank of India, Dr. Raghuram Rajan, called for, among other things, greater cooperation among the SAARC countries with rising global uncertainties particularly emanating from the slowdown in China. He said that the macro-economic stability in India compared with other emerging market peers, has served as a public good in the SAARC region and was hopeful that this region will be an island of relative stability in this turbulent world going forward.

Mr. Arjuna Mahendran, Governor, Central Bank of Sri Lanka and Chairperson of the SAARCFINANCE Group, launched the SAARCFINANCE Database, developed by the Reserve Bank, in collaboration with other SAARC central banks. Developing this database was identified as one of the five important areas of cooperation at the SAARCFINANCE Meeting at Dhaka in June 2015. Other areas included, reducing transaction costs of cross-border remittances, cross-border trade, capacity building and collaborative research studies, where too notable progress has been achieved. Mr. Mahendran hoped that this database would emerge as a repository of information of the SAARC region in the medium term and would be very useful in promoting research studies among member central banks and general public. The database has been made available at: <http://dbie.rbi.org.in/DBIE/dbie.rbi?site=saarcHome>

In his presentation, on "State of Global Economy", Dr. Gian Maria Milesi Ferretti from the International Monetary Fund, among other things, said that world growth outlook remains moderate and uneven and emphasised the possible need for coordinated policy actions and well sequenced structural reforms to avoid a synchronised slow down as well as to extend global safety nets and financial reform agenda. In another presentation, Mr. Madhusudan Mohanty, from Bank for International Settlements, highlighted the changing nature of risks faced by the banking systems in emerging markets and said that the funding models were likely to play a critical role. While some of the risks were derived from a globally integrated debt market, a larger part may be coming from very low or negative global interest rates.

Papers on the theme of the seminar were also presented by SAARC member countries in the Symposium. A common thread running through all these presentations was that the direct impact of Chinese slow down through trade channel in the SAARC region was rather limited attributed to their low shares. However, indirect impact through weaker global growth and financial market volatility could pose a major challenge.