Contents

		Page No.
Foreword		
List of Sel	lect Abbreviations	i-iii
Overview		1
Chapter I	: Macro-Financial Risks	3-17
	Global backdrop	3
	Domestic economy	7
	Corporate sector	14
Chapter II	: Financial Institutions: Soundness and Resilience	18-39
	Scheduled commercial banks	18
	Performance	18
	Risks	23
	Resilience – Stress tests	23
	Scheduled urban co-operative banks	32
	Performance	32
	Resilience – Stress tests	32
	Non-banking financial companies	33
	Performance	33
	Resilience – Stress tests	34
	Interconnectedness	34
Chapter II	II : Financial Sector Regulation	40-58
	International and domestic regulatory developments	40
	Other developments	
	The Financial Stability and Development Council	48
	The banking sector	48
	Payment and settlement systems	50
	Evolving insolvency and resolution framework	53
	Capital markets	55
	The insurance sector	56
	The pension sector	57
	Consumer protection	57
Annex 1: Systemic Risk Survey		59
Annex 2: Methodologies		63

		Page No.			
LIST	LIST OF BOXES				
1.1	Countercyclical Thinking	6			
1.2	System D	8			
3.1	TBTF – Who is benefitting?	41			
3.2	Reg Tech	52			
3.3	Financial Resolution and Deposit Insurance (FRDI) Bill 2016	54			
LIST	OF CHARTS				
1.1	Policy uncertainty index – global trends	3			
1.2	Trends in expectations about changes in US Fed fund rates	4			
1.3	Trends in risk appetite Global High Yield Index	4			
1.4	Productivity slowdown in advanced economies	5			
1.5	Trends in world trade	5			
1.6	Corporate savings in select major economies	6			
1.7	Economic policy uncertainty index – India	7			
1.8	Trends in growth of exports and imports	9			
1.9	Trends in inflation	9			
1.10	India's external sector indicators	10			
1.11	Trends in India's remittance inflows	11			
1.12	Resource mobilisation from bank and non-bank sources	11			
1.13	Funds raised through the primary market	12			
1.14	Comparative returns and volatility of the Indian equity market	12			
1.15	Trends in India's bond markets and currency markets	13			
1.16	FPI flows and USD-INR	13			
1.17	Trends in residential property prices	13			
1.18	NGNF listed companies: 'Weak' companies – current trend	15			
1.19	Debt of select industries	16			
1.20	Risk profiles of select industries	16			
1.21	Trends in credit ratings of debt instruments	17			
1.22	Corporate sector stability indicator and map	17			
2.1	Select performance indicators of SCBs	19			
2.2	Select asset quality indicators of SCBs	20			
2.3	Select asset quality indicators of large borrowers	22			
2.4	Banking stability indicator	23			

		Page No.
2.5	Banking stability map	23
2.6	Macroeconomic scenario assumptions	23
2.7	Projection of system level GNPAs and CRAR of SCBs	24
2.8	Projection of bank group-wise GNPA ratio and CRAR	24
2.9	Projected Sectoral NPAs under various scenarios	25
2.10	Estimated losses-Bank group wise	25
2.11	Estimation of losses: Bank-wise:September 2016	26
2.12	Credit risk – Shocks and Impacts	27
2.13	CRAR-wise distribution of banks	27
2.14	Credit concentration risk: Individual borrowers – Stressed advances	28
2.15	Credit concentration risk: Individual borrowers – Exposure	28
2.16	Sectoral credit risk: Infrastructure – Shocks and Impacts	29
2.17	Liquidity risk – Shocks and impacts using HQLAs	31
2.18	Liquidity risk – Shocks and Impacts	31
2.19	MTM of Total Derivatives- September 2016	32
2.20	Stress Tests – Impact of shocks on derivative portfolio of select banks	32
2.21	Asset quality and capital adequacy of the NBFC sector	34
2.22	Size (turnover) of the interbank market	35
2.23	Share of different bank groups in the interbank market	35
2.24	Long-term and short-term exposures in fund-based interbank market	35
2.25	Composition of short-term fund-based interbank market	36
2.26	Composition of long-term fund-based interbank market	36
2.27	Network structure of the Indian banking system – September 2016	36
2.28	Connectivity statistics of the banking system	37
2.29	Network plot of the financial system	37
2.30	Net lending (+ve)/ borrowing (-ve) by the institutions – March versus September 2016	38
2.31	Pattern of AMC-MFs' and insurance companies' exposure (gross fund based receivables) to banks	38
2.32	Gross exposure (receivable) of pension funds	39
2.33	Top 5 banks with maximum contagion impact	39
3.1	Select capital and liquidity ratios for group 1 banks	42
3.2	Share of various categories of payment systems	50
3.3	Trends in usage of credit cards and debit cards	51
3.4	Mutual funds' mobilisation and redemption	55

		Page No.			
LIST OF TABLES					
1.1	Select financial ratios of performance of NGNF listed companies	14			
1.2	NGNF listed companies: Change in corporate debt	14			
1.3	NGNF listed companies: Tail risk in corporate leverage	15			
2.1	Credit concentration risk: Group borrowers – Exposure	29			
2.2	Interest rate risk – Bank groups – Shocks and Impacts	30			
2.3	Consolidated balance sheet of the NBFC sector: Y-o-Y growth	33			
2.4	Select ratios of the NBFC sector	33			
3.1	Important prudential and consumer protection measures & rationale thereof July – December 201	6 43			
3.2	Interim and final orders passed by SEBI	58			