

Contents

	Page No.
Foreword	
List of Select Abbreviations	i-iv
Overview	1
Chapter I : Macroeconomic Risks	3
Global Backdrop	4
Macroeconomic Developments and Outlook	4
Other Global Macroeconomic Risks	8
Domestic Macroeconomic Risks	19
Corporate Sector	21
Government Securities and Corporate Bond Markets	22
External Sector Developments and Foreign Exchange Markets	25
Domestic Equity Market	31
Commodity Derivatives	33
Mutual Funds	34
Banking Stability Indicator	36
Banking Credit	36
Interest-rate Risk in Banking Book	38
Wholesale Bank Credit	39
Non-Banking Financial Companies (NBFCs)	40
Credit Flows to the MSME Sector	42
Microfinance Segment	44
Consumer Credit	45
Housing Market	47
Systemic Risk Survey	48
Chapter II : Financial Institutions: Soundness and Resilience	50
Scheduled Commercial Banks (SCBs)	50
Asset Quality	52
Sectoral Asset Quality	53
Credit Quality of Large Borrowers	55
Capital Adequacy	56
Earnings and Profitability	56
Resilience – Macro Stress Tests	57
Sensitivity Analysis	61
Bottom-up Stress Tests: Credit, Market and Liquidity Risk	68
Bottom-up Stress Tests: Derivatives Portfolio	69
Small Finance Banks	70
Primary (Urban) Cooperative Banks	71
Stress Testing	73
Non-Banking Financial Companies (NBFCs)	73
Stress Test - Credit Risk	76
Stress Test - Liquidity Risk	76
Interconnectedness	77
Financial System Network	77
Contagion Analysis	84

	Page No.
Chapter III: Regulatory Initiatives in the Financial Sector	88
Global Regulatory Developments and Assessments	89
Crypto Ecosystem and Financial Stability	90
Debt and Financial Stability	90
Markets and Financial Stability	91
Cyber Risk and Financial Stability	91
Climate-related Risks and Financial Stability	91
Domestic Regulatory Developments	91
Initiatives from Regulators/Authorities	92
Regulatory Framework for Microfinance Loans	92
Digital Banking Units (DBUs)	92
Framework for Facilitating Small Value Digital Payments in Offline Mode	93
Master Direction – Reserve Bank of India (Credit Derivatives) Directions	93
Legal Entity Identifier for Borrowers	93
Retail Direct Scheme	93
Cyber-Security Risks	94
FinTech Developments	94
Customer Protection	96
Enforcement	97
Variation Margin for Non-centrally Cleared OTC Derivatives	97
Payments Infrastructure Development Fund Scheme	97
Individual Housing loans – Cooperative Banks	97
Cross Margin in Commodity Index Futures	98
Tightening Framework for Public Issues	98
Retail Investor Protection	99
Capacity Building for Investors	99
Framework for FinTech Entity in the International Financial Service Centre (IFSC)	99
Fund Management Regulations at IFSCA	100
Other Developments	100
Deposit Insurance	100
Corporate Insolvency Resolution Process (CIRP)	101
Mutual Funds	102
Capital Market	104
Credit Ratings	105
Insurance	106
Pension Funds	107
Annex 1: Systemic Risk Survey	108
Annex 2: Methodologies	113
Annex 3: Important Regulatory Measures	132
Reserve Bank of India	132
Securities and Exchange Board of India	135
Insurance Regulatory and Development Authority of India	137
Pension Fund Regulatory and Development Authority	138
Insolvency and Bankruptcy Board of India	138
International Financial Service Centres Authority	141

LIST OF BOXES

2.1	Housing Price and Financial Stability – Sensitivity Analysis	60
2.2	Determinants of solvency contagion loss due to bank failure	84
3.1	Pandemic-proofing Financial Systems	88
3.2	'BigTechs': A Survey of International Regulatory and Supervisory practices	95

LIST OF CHARTS**Chapter I**

1.1	IMF Forecasts for Growth and Inflation	5
1.2	Consensus Expectations of Global GDP Growth and CPI Inflation	5
1.3	Potential GDP: IMF Projections for AEs and EMDEs	5
1.4	World Uncertainty Index	5
1.5	G-Sec Yields	6
1.6	Equity and Bond Indices	6
1.7	Impact of QT in 2017-18	7
1.8	Spreads in Funding Markets	7
1.9	FX-implied Dollar Funding Spreads	8
1.10	Credit Spreads	8
1.11	Emerging Markets Debt	9
1.12	Public Debt and Banks' Exposure	9
1.13	Banks' Capital and Provisions	10
1.14	Equity Prices and Credit Default Swap (CDS) Spreads	11
1.15	Movement in US Dollar	11
1.16	Spillovers to Emerging Markets	12
1.17	EMEs External Debt	13
1.18	Portfolio Outflows	14
1.19	Russian Equity and Debt	15
1.20	Global Supply Chain Pressure Index	15
1.21	Commodity Prices	16
1.22	Crude Oil – Prices and Volatility	16
1.23	Investment in Commodity Linked Investment Funds	17
1.24	Crypto Market Capitalisation	18
1.25	Nominal and Real Sales Growth of Listed Non-Financial Private Companies	21
1.26	Operating Profit Margin - Listed Non-Financial Private Companies	21
1.27	Leverage, Fixed Assets and Cash Holdings of Listed Private Manufacturing Companies	22
1.28	Government Securities Yield	22
1.29	Yield Curve Movement	23

	Page No.	
1.30	Repayment Obligations of Central Government Dated Securities	24
1.31	FPI Holdings in Debt Instruments	24
1.32	Activity in Government Securities and Overnight-Indexed Swap Market	25
1.33	AAA Corporate Bond Spreads (vis-à-vis Government Securities)	25
1.34	Drivers of Trade Deficit	26
1.35	Decomposition of India's Trade Growth (2021-22) over Pre-Covid (2019-20)	26
1.36	India's Balance of Payments	26
1.37	Trends in FPI net Investments	27
1.38	Quarterly Accretion to NRI Deposits	27
1.39	External Sector Vulnerability Indicators	28
1.40	USD-INR Exchange Rate Movement	28
1.41	EMEs – 3 Month Historical Volatility	28
1.42	USD-INR Long Term Trend	29
1.43	USD-INR Implied Volatility	29
1.44	Forward Premia Curve	30
1.45	Movements in Nifty 50 and Global Stock Market Indices	31
1.46	BSE Sensex and Foreign Institutional Flows	31
1.47	Trends in Foreign and Domestic Investments in Cash Segment	31
1.48	Equity Market Valuation Indicators	32
1.49	Demat Accounts with Depositories	33
1.50	Trend of Number of Retail Investors Trading in the Exchanges	33
1.51	Domestic and International Commodity Futures Indices	33
1.52	Movement in select Sectoral Indices in Commodity Derivatives	34
1.53	AUMs of Open-ended Debt and Equity Funds	34
1.54	MFs' Investment in G-Sec/T-Bills/CBLO and Spread Products	34
1.55	Trends in Overnight Funds	35
1.56	Investor Profile of Debt Schemes	35
1.57	Investor Profile of Equity Schemes	35
1.58	Corporate Bond Holdings of Mutual Funds	35
1.59	Investor Profile of Equity Schemes up to one year	36
1.60	Investor Profile of Equity Schemes above one year	36
1.61	Banking Stability Map	36
1.62	Credit Growth - SCBs	37
1.63	Credit Growth	37
1.64	Asset Quality, Capital Adequacy and Risk Weights	38
1.65	Movement in Interest Rates	39
1.66	Exposure Distribution of Non-PSU Non-Financial Obligors	40

	Page No.
1.67 Bank Credit to NBFCs/HFCs	40
1.68 Long Term Ratings	40
1.69 NBFC CP Issuances	41
1.70 Credit to MSME Sector	42
1.71 ECLGS Guarantee Disbursed	42
1.72 Bank Group-wise ECLGS Guarantee	43
1.73 Lending to the Microfinance Segment	44
1.74 Stress in the Microfinance Segment	45
1.75 Inquiry Volumes by Product Category	45
1.76 Inquiry Volumes by Lender Category	45
1.77 Growth in Credit Active Consumers	46
1.78 Inquiry Volumes by Risk Tier	46
1.79 Approval Rates by Lender Category	47
1.80 House Sales, Launches and Unsold Inventory	47
1.81 Unsold Inventory and Inventory Overhang	48
 Chapter II	
2.1 Deposit and Credit Profile of SCBs	51
2.2 Select Asset Quality Indicators	53
2.3 Sectoral Asset Quality Indicators	54
2.4 Select Asset Quality Indicators of Large Borrowers	55
2.5 Capital Adequacy	56
2.6 Select Performance Indicators of SCBs	57
2.7 Macro Scenario Assumptions for 2022-23	58
2.8 CRAR Projections	58
2.9 Projection of CET 1 Capital Ratio	59
2.10 Projection of SCBs' GNPA Ratios	59
2.11 Credit Risk - Shocks and Outcomes	62
2.12 Credit Concentration Risk: Individual Borrowers – Exposure	63
2.13 Credit Concentration Risk: Group Borrowers – Exposure	63
2.14 Credit Concentration Risk: Individual Borrowers – Stressed Advances	64
2.15 Trading Book Portfolio: Bank-group wise	65
2.16 Yield Curves and Shift in Yields across Tenors since December 2021	65
2.17 HTM Portfolio – Composition	66
2.18 HTM Portfolio – Unrealised Gain/Loss as on March 31, 2022	67
2.19 Equity Price Risk	67
2.20 Liquidity Risk – Shocks and Outcomes	68

	Page No.
2.21 Bottom-up Stress Tests – Credit and Market Risks – Impact on CRAR	68
2.22 Bottom-up Stress Tests – Liquidity Risk	69
2.23 MTM of Total Derivatives Portfolio, Select Banks – March 2022	69
2.24 Impact of Shocks on Derivatives Portfolio of Select Banks	70
2.25 Select Performance Indicators of SFBs	70
2.26 Select Performance Indicators of UCBs	71
2.27 Stress Test of UCBs	73
2.28 Sectoral Deployment of Credit by NBFCs	73
2.29 Total Credit by NBFCs - Ownership Pattern	73
2.30 Industrial Credit by NBFCs - Ownership Pattern	74
2.31 Share of Different NBFC Categories in Gross Advances	74
2.32 Sectoral GNPA Ratio of NBFCs	74
2.33 Sectoral NNPA Ratio of NBFCs	75
2.34 Capital Adequacy	75
2.35 NBFCs' Sources of Funds	75
2.36 Borrowings by NBFCs	75
2.37 Credit Risk in NBFCs - System Level	76
2.38 Bilateral Exposures between Entities in the Financial System	77
2.39 Network Plot of the Financial System – March 2022	78
2.40 Net Receivables (+ve)/Payables (-ve) by Institutions	78
2.41 Inter-bank Market	79
2.42 Different Bank Groups in the Inter-Bank Market – March 2022	79
2.43 Composition of Fund based Inter-Bank Market	79
2.44 Network Structure of the Indian Banking System (SCBs + SFBs+ SUCBs) – March 2022	80
2.45 Connectivity Statistics of the Banking System (SCBs)	81
2.46 Gross Receivables of AMC-MFs from the Financial System	81
2.47 Gross Receivables of Insurance Companies from the Financial System	82
2.48 Gross Payables of AIFIs to the Financial System	82
2.49 Gross Payables of NBFCs to the Financial System	83
2.50 Gross Payables of HFCs to the Financial System	83
2.51 Contagion Impact of Macroeconomic Shocks (Solvency Contagion)	87
 Chapter III	
3.1 Trends of Average Daily Traded Value	98
3.2 Funds Raised through Primary Market	104
3.3 Issuances of CPs and Listed NCDs - Rating-wise and Issuer-wise	104
3.4 Category-wise Issuers and Subscribers of Corporate Bonds	105

	Page No.	
3.5	Rating Actions across Credit Rating Agencies (CRAs)	105
3.6	Distribution of Rating Downgrades – Sector-wise	105
3.7	Growth in First Year Premium of Life Insurance Business – Life Insurance	106
3.8	Growth in Total Premium (First Year + Renewal) of Life Insurance Business	106
3.9	NPS and APY Subscribers – Sector-wise	107
3.10	NPS and APY AUM – Sector-wise	107

LIST OF TABLES

Chapter I

1.1	Outstanding External Debt	30
1.2	Hedging of ECB Loans	30
1.3	Fund Raising through IPOs	32
1.4	Segment-wise Aggregate Turnover (Futures + Options)	34
1.5	Incremental Growth in Credit by SCBs (excl. RRBs)	37
1.6	Share of Floating Rate Linked Outstanding Rupee Loans of SCBs: Interest Rate Benchmarks	38
1.7	Share of Gross Advances Linked to Tenure of Interest Benchmark	39
1.8	Growth in Wholesale Credit	39
1.9	Growth in Wholesale Credit to Non-PSU Non-Financial Companies	39
1.10	Aggregate Mobilisation of Funds	40
1.11	Asset Quality Ratios across NBFC Categories	41
1.12	MSME Restructuring	43
1.13	MSME Asset Quality Profile	43
1.14	Consumer Distribution by Risk Tier and Lender Category	46
1.15	Delinquency Levels in Aggregate Consumer Credit across all Product Categories	47

Chapter II

2.1	Increase in New Loans by SCBs: Economic Sectors and Organisations	52
2.2	Decline in System Level CRAR	64
2.3	Tenor-wise PV01 Distribution of AFS Portfolio	65
2.4	OOI - Profit/(Loss) on Securities Trading	66
2.5	Tenor-wise PV01 Distribution of HFT portfolio	66
2.6	Interest Rate Risk – Bank-groups - Shocks and Impacts	66
2.7	Liquidity Risk in NBFCs	76
2.8	Contagion Losses due to Bank Failure – March 2022	84
2.9	Contagion Losses due to NBFC Failure – March 2022	86
2.10	Contagion Losses due to HFC Failure – March 2022	86

	Page No.
Chapter III	
3.1 Category of Complaints Received under the RB-IOS, 2021 and the erstwhile BOS, 2006	96
3.2 Distribution of Target across Centres	97
3.3 Deposit Insurance Premium	100
3.4 Deposit Insurance Fund (DIF)	100
3.5 Corporate Insolvency Resolution Process	101
3.6 CIRPs Ending with Orders for Liquidation till March 31, 2022	102
3.7 Outcome of CIRPs, Initiated Stakeholder-wise, as on March 31, 2022	102
3.8 Sectoral Distribution of CIRPs as on March 31, 2022	103
3.9 Trends in Resource Mobilisation by Mutual Funds	103
3.10 Growth in SIPs	103