

# Fin sector needs more reforms: World Bank

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India needs to give further impetus to financial sector reforms and boost private capital mobilisation to become a \$30-trillion economy by 2047, according to a World Bank report.

The World Bank's Financial Sector Assessment (FSA) report has acknowledged that India's 'world class' digital public infrastructure and government programmes have significantly improved access to a wider range of financial services for men and women.

It has also made suggestions to further boost account usage, especially for women, and to facilitate access to wider range of financial products for individuals and MSMEs.

The Financial Sector Assessment Program (FSAP), a joint programme of the International Monetary Fund (IMF) and the World Bank (WB), undertakes a comprehensive and in-depth analysis of a country's financial sector. Since September 2010, the exercise has become mandatory for jurisdictions with systematically important financial sectors.

Currently, it is mandatory for 32 jurisdictions, including India, to be conducted every five years, and for another 15 jurisdictions every 10 years.

As per practice, as a concluding part of the FSAP, the IMF comes out with Financial System Stability Assessment (FSSA) report and the World

Bank brings out the Financial Sector Assessment (FSA) report.

Last FSAP for India was conducted in 2017. The FSSA report was published by IMF in December 2017 and the FSA report was published by World Bank in December, 2017.

"India welcomes assessment of the financial sector undertaken by the joint IMF-World Bank team," the finance ministry said in a statement.

The FSA report highlights that India's financial system has become more resilient, diversified, and inclusive since the last FSAP in 2017.

It observed that financial sector reforms helped India

recover from various distress episodes of 2010s as well as the pandemic.

It has stressed that "achieving India's vision to become a \$30-trillion economy by

2047 requires further impetus to the financial sector reforms to boost private capital mobilisation".

On regulation and supervision of banks and NBFCs, it said India's expansion of regulatory authority on cooperative banks, tightening of key prudential rules, and reorganisation of regulatory and supervisory departments to enhance effectiveness. The multi-lateral lending agency has also welcomed the scale-based regulation for NBFCs, which recognises the different needs of this diverse industry.

, and recommended further strengthening of the credit risk management framework for better supervision of banks and NBFCs.

**THE WORLD BANK'S  
FSA REPORT MADE  
SUGGESTIONS TO  
FURTHER BOOST  
ACCOUNT USAGE,  
ESPECIALLY FOR  
WOMEN**