

# Indian banking system is stable, resilient: RBI guv

**SUBRATA PANDA**

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Reserve Bank of India (RBI) Governor Shaktikanta Das said on Friday that the country's banking system continued to be resilient and stable, and the central bank had been engaging with domestic lenders on all fronts for the last few years to prepare them for any future risks. His remarks came against the backdrop of the collapse of three banks in the US.

Das said recent developments in the US banking system had brought to the fore the criticality of banking sector regulations and supervision. "These are areas which have a significant impact on preserving the financial stability of every country," he said while delivering the K P Hormis Comm-

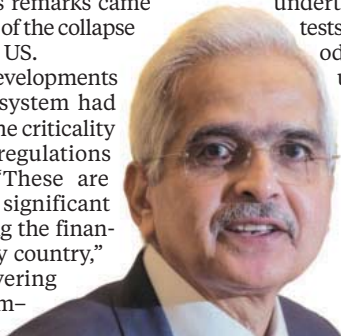
emorative Lecture in Kochi. "I am happy to report that the way the Indian banking system has evolved and the way it is positioned today, it continues to be resilient and stable."

He said the US banking crisis "drives home the importance of prudent asset-liability management, robust risk management and sustainable growth in liabilities and assets, undertaking periodic stress tests and building up periodic buffers for any unanticipated future stress". This also underlined that cryptocurrencies or

assets could be a real danger to banks, whether directly or indirectly, he added.

Das emphasised that the RBI had been taking necessary steps in these areas. "When we see excessive growth in deposits without corresponding increase in credit, then there is a cause for worry. What do you do with the excess deposits that banks are mobilising? That is a call which banks have to take...Here the question of risk management comes in. Every investment, credit when it is given out, should be backed by appropriate risk assessment," Das said.

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**“DEVELOPMENTS IN THE US DRIVE HOME THE IMPORTANCE OF PRUDENT ASSET-LIABILITY MANAGEMENT AND ROBUST RISK MANAGEMENT”**

**Shaktikanta Das**, RBI governor

D) belonging to the Orthomyxoviridae family. H3N2 has been the dominant subtype followed by H1N1.

In 2023 (until 28 February), a total of 955 H1N1 cases were reported. The majority of the H1N1 cases were reported from Tamil Nadu (545), Maharashtra (170), Gujarat (74), Kerala (42), and Punjab (28). A total of 3,038 laboratory-confirmed cases of various subtypes of influenza, including H3N2, were reported until March 9 by states.

The data from health facilities indicate that during January 2023, a total of 397,814 cases of acute respiratory illness/influenza-like illness (ARI/ILI) were reported from the country which increased slightly to 436,523 during February. In the first nine days of March, this number stood at 133,412.

The reason for concern is thus understandable. The problem seems to be that the symptoms persist for days after the primary viral infection heals. Manoj Goel, director, pulmonology, Fortis Memorial Research Institute, said that several patients are complaining of what we call post-viral bronchitis where the symptoms of coughing, breathlessness, and sore throat continue for 15-20 days after the primary infection.

## RBI gov...

He went on to say that risks and likely stress arising out of the interest risk needed to be properly assessed and appropriate stress tests done. "In our engagement with banks over the last few years, we have been driving home this point to do internal stress

tests, have robust internal risk management, and be very careful with asset-liability management," Das said.

"The RBI's supervisory systems have been strengthened significantly in recent years through measures which include a unified and harmonised supervisory approach for commercial banks, NBFCs and UCBs. The frequency and intensity of on-site supervisory engagement is now based on the size as well as riskiness of institutions. Off-site supervision has also become more intense and frequent," Das said. "The focus is now more on identifying the root cause of vulnerabilities rather than dealing with the symptoms alone."

At a time when India has assumed the presidency of G20, Das said globalisation must produce better outcomes for all, and not just a few. "Actually, the backlash against globalisation had started even before the pandemic struck, as globalisation created both winners and losers. The international order could not provide cooperative solutions to make the process win-win for all. This indeed is the biggest challenge for G20 as a multilateral group. Globalisation must produce better and more equitable outcomes for all, including the global south," he said.

Das warned that extreme weather events world over due to climate change could lead to sudden increase in prices, leading to inflationary pressures. "Therefore, it is essential that we take concerted climate action to safeguard the future of our planet and its inhabitants," he added.