

Country sheet: India

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India Facts



Capital:	New Delhi
Population:	1,147,995,898 (July 2008 est.)
Language:	Hindi
GDP per capita:	\$2,900 (2008 est.)
GDP total:	\$1.237 trillion (2008 est.)
GDP - real growth rate:	7.3% (2008 est.)
Currency:	Indian rupee (INR)

Economic outlook

India has a diverse economy that consists of traditional village farming, modern agriculture, handicraft, a wide range of modern industries and a variety of services.

India is capitalising on its large number of English speaking, well-educated skilled people, to become a major exporter of software services and manpower. Information technology (IT) and IT-enabled services (ITES) output has been growing rapidly, owing to India's cost advantages in these sectors. The services industry accounted for over 54% of India's GDP in 2008.

India's economy has posted an average growth rate of more than 7% in the decade since 1997, reducing poverty by about 10 percentage points. The potential output growth of India is estimated to be 8.5% annually and that makes India now the third largest economy in the world.

Strong growth was fuelled by a good performance of the agricultural sector and continued strength of industrial output.

The government has reduced controls on foreign trade and investment. In the first half of 2007, investment remained buoyant, leading to improvements in the supply potential of the economy. However, the huge and growing population is the fundamental social, economic, and environmental problem.

Supervisory framework

The Reserve Bank of India is the apex bank (central bank for India) that regulates the financial system to ensure monetary stability and compliance. It was established on April 1, 1935 in accordance with the provisions of the

Reserve Bank of India Act, 1934. Though originally privately owned, since nationalisation in 1949, the RBI is the Central Bank of India and is governing all major financial matters of the country.

In its role of monetary authority, the RBI is responsible for implementing, formulation and monitoring the monetary policy of India, The Reserve Bank are to regulate the issue of Bank Notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency.

The RBI performs the financial supervision under the guidance of the Board for Financial Supervision (BFS).

The other regulators are additional supervisory bodies with specialisation in certain area of interest such as Taxation, Foreign Exchange, Fixed Income etc.

Securities and Exchange board of India (SEBI), established on April 12, 1992, is the regulatory authority for capital markets in India. Its functions are to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

The Insurance regulatory and development authority (IRDA) is in charge of regulating, promoting and ensuring orderly growth of the insurance business and re-insurance business.

Regulatory reporting

FRSGlobal's reporting solution for India is designed to satisfy the reporting requirements of the Reserve Bank of India (RBI).

The number of returns to be submitted by Scheduled Commercial Banks (excluding Regional Rural Banks) to

RBI is now reduced to 223 from 291. As part of the first phase of development, reports required to be submitted to RBI by foreign banks in India are being developed, which will be ready by the first quarter of 2009.

The reports include an in depth coverage of the main areas of banking supervision and all financial products/modules handled by banks. The reports developed by FRS, so far, cover the following areas :

- DSB – BSA : Yearly Return on Balance Sheet Analysis
- FORM X : Monthly report on Assets and Liabilities
- BSR 7 : Statistical Return on Deposits and Advances
- DSB III : Quarterly return of Operating Results
- Form VIA : Special Quarterly Return – Interest Rates
- Form VIAC : Special Quarterly Return – Interest Rates
- DSB I : Report on Asset, liability and off balance sheet exposure
- Special Fortnightly Return – II – CRR maintenance
- Special Fortnightly Return – VIAB – Interest Rates on Advances
- Special Fortnightly Return – VIB – Interest rates on Term Deposits

Legal reporting

The RBI has issued the guidelines for the new capital adequacy framework in regard to Pillar 1 and Pillar 3 under Basel II on April 27, 2007. As for Pillar 2, the banks have been advised to put in place an ICAAP, with the approval of the Board.

The foreign banks operating in India and the Indian banks having operational presence outside India have migrated to the Standardised Approach for credit risk and the Basic Indicator Approach for operational risk from March 31, 2008. All other Scheduled commercial banks are required to migrate to these approaches from March 31, 2009.

As regards the market risk, under Basel II also, the banks will continue to follow the Standardised-Duration Method as already adopted under the Basel I framework (as slightly amended under Basel II framework). For migration to the advanced approaches available under the framework, prior approval of the RBI would be required.

FRSGlobal's reporting solution caters to the bank's capital adequacy, credit risk and Basel II requirement. which is supported through its Risk Measurement module.

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