

**भारतीय रिज़र्व बैंक
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RBI releases the Financial Stability Report, June 2023

Today, the Reserve Bank released the 27th issue of the [Financial Stability Report \(FSR\)](#), which reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and the resilience of the Indian financial system.

Highlights:

- The global economy is facing heightened uncertainty amidst banking system fragility in certain countries, persisting geopolitical tensions and moderating but elevated inflation.
- Despite global headwinds, the Indian economy and the domestic financial system remain resilient, supported by strong macroeconomic fundamentals.
- Continuing growth momentum, moderating inflation, narrowing current account deficit and rising foreign exchange reserves, ongoing fiscal consolidation and a robust financial system are setting the economy on a path of sustained growth.
- Healthy balance sheets of banks and corporates are engendering a new credit and investment cycle and brightening the prospects of the Indian economy.
- The capital to risk-weighted assets ratio (CRAR) and the common equity tier 1 (CET1) ratio of scheduled commercial banks (SCBs) rose to historical highs of 17.1 per cent and 13.9 per cent, respectively, in March 2023.
- SCBs' gross non-performing assets (GNPA) ratio continued its downtrend and fell to a 10-year low of 3.9 per cent in March 2023 and the net non-performing assets (NNPA) ratio declined to 1.0 per cent.
- Macro stress tests for credit risk reveal that SCBs would be able to comply with the minimum capital requirements even under severe stress scenarios. The system-level capital to risk-weighted assets ratio (CRAR) in March 2024, under baseline, medium and severe stress scenarios, is projected at 16.1 per cent, 14.7 per cent and 13.3 per cent, respectively.

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(Yogesh Dayal)
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