

Financial Sector Policy Framework of RBI - Data Gaps and Research Issues*

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Statistical system of the Reserve Bank of India (RBI), contains data gaps requiring efforts to bridge them. Accordingly, some research issues can be taken up for analysis by the academics and professionals of monetary, banking, financial and commercial sectors.

Introduction

The present financial sector policy framework of RBI is based on a Five Pillar Approach as below:

1. Strengthening the monetary policy framework;
2. Strengthening the banking structure through new entry, branch expansion, encouraging new varieties of banks and moving foreign banks into better regulated entities;
3. Broadening and deepening financial markets and increasing their liquidity and resilience;
4. Furthering financial inclusion by expanding access of financial services to SME and unorganized sector, poor and remote areas of the country; and,
5. Improving the system's ability to deal with corporate distress and financial institutions' distress by strengthening real and financial restructuring as well as debt recovers.

The evolving monetary policy framework of RBI has to be seen in the context of recommendations of the Expert Committee to Revise and Strengthen the Monetary Policy Framework (Chairman: Dr. Urjit R. Patel).

Monetary Policy: Major Recommendations of the Report of the Expert Committee:

1. New consumer price index (CPI) will be the nominal anchor.
2. Numerical Targets CPI Inflation 4 percent +/- 2 per cent.
3. Time horizon:

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