



**Financial Markets Program**

**January 25-29, 2015**

## Takeaways from Financial Markets Program Policy- January 25-29, 2016

1. Imparting knowledge and awareness about the functioning and dynamics of financial markets (money, debt, forex & capital) at senior levels of Government officials and senior bank officials is of utmost importance to improve perceptions and ensure better decision making. The interactive program was found to be of immense use by participants in clearing concepts and building awareness of the current issues and challenges which they encounter
2. Interaction with IES officers working in various ministries including MOF revealed that exposure to functioning of the financial markets often needs to be refurbished and gaps need to be bridged. Such comprehensive knowledge will ensure better responses to real life situations in these officials' respective functions.
3. The monetary policy sessions reiterated the importance of revising and developing deeper understanding of building blocks and conceptual basis of monetary policy framework, working of monetary policy, inflation and liquidity management with interaction with regulatory policy makers and senior government officials
4. The knowledge and awareness of role and functions of market facilitators like the Clearing Corporation of India (CCIL) and Fixed Income Money Market and Derivatives Association of India (FIMMDA) and payment systems enhances understanding of various exchange platforms, working of various payment and settlement systems, is necessary for senior officials to ensure better understanding of financial markets dynamics.
5. The session on masala bonds and (lack of depth in) secondary bond market threw up some important learnings like complexity of working out gains restraining participation. Constraints in development of the secondary market bonds market like multiple issuance dates, uneconomical marketable lots and rating differences were thoroughly deliberated.
6. Discussions in the sessions on Mutual Funds were able to develop understanding about the usefulness of MFs as market stabilizers and need of common people of assured returns as against capital market movements. Importance of inculcating financial education for developing interest in MF units as instruments of longer investment horizons to alleviate capital market uncertainties for better average returns were discussed thoroughly.

7. Limitations on the working of MFs like access to limited number of stocks of high ratings and possible repercussions of larger role by MFs in capital markets for benefit of the small investors enlightened the participants.
8. There was active discussion with SEBI experts on need to bridge the gap in legal monitoring and banning of unregistered Ponzi schemes. Limitations of the policing authorities and regulators in taking action on various Ponzi schemes and chit funds due to absence of enough enabling legal teeth and clarity were deliberated. The passive legal regulation of Ponzi schemes and chit funds and constrained of law holding back proceeding and taking action unless investors complain which generally done in the last stage of defrauding was identified as potential area of seeking clarity.

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