**FIMMDA 23rd AGM – Chairman Speech**

Good afternoon ladies and gentlemen.

On behalf of the Board of Directors of FIMMDA and myself, I extend a warm welcome to all of you at the 23rd Annual General Meeting of our Association.

Before I commence with the business agenda of this 23rd AGM, on behalf of all of us I pay my homage and acknowledge the sacrifices of all COVID warriors in general and members of BFSI fraternity in particular who have valiantly rendered uninterrupted service during the pandemic to keep the economy running but unfortunately succumbed to the deadly virus.

The Directors Report for the year 2020-21, and the related financial statements were sent to the members, and with your consent, I shall take them as read.

Indian economy is still passing through a difficult spell since the last one and half years and the focus continues to be COVID -19, vaccination to cover citizens across the country. Most of the steps taken by the Government and by RBI have been for containing the impact and working towards normalization.

With second wave behind us expectedly, economic activity is on the path of normalization. However, we should not become complacent and we still need to adhere to the COVID-19 protocols to be maintained to avoid a third wave which will have a negative carry on the economic recovery. The latest variant Omicron is also leading to travel restrictions across the globe.

On the domestic economic front RBI has retained its projection of real GDP growth at 9.5% for 2021-22. India’s retail inflation rate which is measured by CPI rose to 4.48% in the month of October, a marginal increase over 4.35% in the month of September. This increase is primarily due to uptick in food prices. However, the CPI inflation has moderated considerably from 7.61% in October 2020 (Y-o-Y).

Since the onset of the pandemic RBI has maintained ample surplus liquidity in the system to support economic recovery. As the economy shows signs of recovery, RBI has indicated normalization of the surplus liquidity in a calibrated and non-disruptive manner as may be seen from the gradual increase in the Quantum of VRRR. Market is now eagerly waiting for the next bimonthly policy to be announced in the first week of December 2021 and the Central Bank’s stance on system liquidity.

Fiscal deficit is targeted at 6.8% of GDP in 2021-22 down from the revised estimate of 9.5% in 2020-21. The Government aims to steadily bring down the fiscal deficit 4.5% of GDP by 2025-26.

On the global economic front, Central Banks have pledged to keep rates at current historic lows and governments are implementing large fiscal support programmes. US Consumer Price Index climbed 0.4% in the month of October. The pace of inflation over the past year edged upto 5.4% in September which is more than double the Fed’s 2% average target. On US Fed’s taper, we are more prepared this time and do not apprehend repetition of 2013.

Now let me touch upon the activities of FIMMDA during the FY 2020-21. Some of the highlights are:

1. FIMMDA has a Dispute Resolution Committee and during April 2020 to March 2021 we settled 22 cases involving disputed amount of Rs. 8.07 crore.
2. **Pre policy consultations & interaction with RBI and DEA, GOI:** As is the practice, RBI holds pre-policy consultations with FIMMDA to know the views of market participants. Many of our suggestions have been accepted and forms part of different monetary policies.
3. **Development of Financial Markets:** FIMMDA is actively represented by the CEO on key committees such as Pension Advisory Committee, Committee for Uniform Valuation for Corporate Bonds, CII Markets Committee at the national level. FIMMDA is also part of committees of various Educational Institutions engaged in skill building for Financial Markets e.g., NISM, IIBF, NAL.
4. **New Product Committee/Technical committee for Market practices –** New Product Committee and Technical Committee for Market Practices formed as a sequel to achieving the aspirations as envisaged under “Way Forward” for FIMMDA have had meetings and new product “Swaption” guidelines were finalised.

**Product guidelines for “Interest Rate Swaption” have been issued and the product has been launched and is trading in the market w.e.f. 17th August 2021. The first day of trade witnessed volumes of Rs. 700 crore. We thank all our member banks, CCIL and FBIL who contributed towards rolling out the product. We also thank the regulators for their continued guidance and support.**

1. **Interest Rate Options at Exchanges:** We permitted two single bond options in exchanges.
2. **Interest Rate Futures:** We had permitted four new single bond IRFs during the year.
3. **Interest Rate options (OTC)**: We have had discussions with the New Products Committee constituting of market participants regarding devising operational guidelines on various Interest Rate Derivative products.
4. **RBI Draft Guidelines and Market Feedback:**

During the year, FIMMDA as a representative market body, has provided to RBI, feedback and market participants’ views on various regulations issued and proposed to be issued.

1. **Training programmes:** FIMMDA has been holding training programmes regularly even during the lockdown period. This is the first time that we are holding the training program through webinar, keeping in view the prevailing situation as well as the preference of people for online learning.

FIMMDA has reintroduced the Fixed Income Derivatives Programme and we have received good response for this programme also.

1. During the financial year ending 31st March 2021, FIMMDA had conducted online training programmes benefitting 117 participants from member as well as non-members.

FIMMDA conducted a Conference in virtual mode on the Topic-Indian Financial Market – Post COVID era - where RBI Governor was the keynote speaker. Other luminaries from various regulatory organizations / financial world also participated in panel discussions. The event was widely covered by print and electronic media.

**The Way Forward:**

1. FIMMDA will continue to work with the Regulators and Ministry of Finance to find ways and means of stabilizing the currency, Interest rates and Derivatives markets and will encourage ways to bring transparency and depth in the derivatives and corporate bonds market.
2. FIMMDA would continue to have a continuous dialogue with the Regulator and work towards accreditation as an SRO.
3. Learning & Development:The following initiatives are proposed to be undertaken:

1. Uploading short video capsules capturing the key elements / definitions / explanations of the important aspects of Bonds such as Duration, Convexity etc., on FIMMDA website, towards skill development and reinforcement.
2. Introduction of customised / shorter duration courses for senior executives covering areas of Risk Management, Risk Control and Compliance.

Designing customised training courses to suit the specific requirements of entities like Cooperative Banks, Regional Rural Banks, NBFCs etc.

FIMMDA will continue to make the website more user friendly and disseminate more data which will be useful for the market participants.

1. FIMMDA and FBIL would be working jointly to bring forward new Benchmarks.
2. Revising / revisiting documents / Policies / procedures / hand book of market practices / code of conduct etc., where FIMMDA guidelines etc., are in force periodically with a sunset clause wherever required.
3. Widening Horizons: Net working with the global peers such as ISDA, ICMA & ASIFMA for development of Indian Financial Markets.

FIMMDA is working closely with other industry bodies viz., FEDAI, IBA etc., and is taking steps for smooth transition from LIBOR.

I express my sincere thanks to RBI for their continued support and guidance in FIMMDA discharging its designated role in smooth conduct and development of Markets. I also thank SEBI, for their continued guidance.

I am thankful to FEDAI, AMFI and IBA who are associated with our activities.   
I would like to thank and appreciate the services rendered by my colleagues on the Board and all employees of FIMMDA secretariat for the efforts put in by them in keeping the Association strong and responsive to the needs of the market participants.

Last but not the least, I request FIMMDA members to actively participate in all the deliberations so as to exchange ideas and enrich each other and take FIMMDA to greater heights.

Wish all of you the very best.

Thank you.

(S V Sastry)

Chairman