The 2007-2008 crisis spread to various countries including India, which felt impact significantly, with the GDP falling from 9% in 2007 to 6.1% in 2008. The stock market indices declined by almost 60% between January and October 2008. During such a time, it was observed that correlations grew stronger between financial firms, and this led to the idea of systemic risk. Conceptually, this risk is viewed as a fragility of the overall financial markets due to which a shock may trigger a chain of detrimental economic and/or financial consequences. The debate has emphasised the multi-faceted nature of systemic risk. While the regulators concentrate on tracking market indicators of systemic risk, the academics have focused on identifying pathways through which shocks may propagate and lead to a systemic event. Multiple measures exist which are not necessarily directly comparable.

The work presented in this roundtable will attempt to coalesce these multiple perspectives into a useful subset of metrics. One set identifies a systemic episode. The second set identify firms that are likely to be more vulnerable during such an episode, or more importantly, whose behaviour during these episodes can help escalate the potential losses of other firms during the episode. The purpose of this roundtable is to bring together regulators and market participants to discuss:

1. The global debate and practices in monitoring systemic risk.
2. How regulators approach systemic risk in India.
3. Identifying systemic risk and systemically important firms in India.
Agenda for the roundtable

10:00 – 10:05 Introduction
Susan Thomas, IGIDR Finance Research Group

10:05 – 10:25 Systemically important Indian firms
Rohini Grover, IGIDR Finance Research Group

10:45 – 11:05 Currency market signals of systemic risk
Anuradha Guru, JNU

11:25 – 11:45 Learnings from the Financial Stability Report
Dimple Bhandia, FSU, RBI

12:00 – 13:00 Panel and Floor discussion
Saugata Bhattacharya, Axis Bank
G. Subramaniam, NSE
K. N. Vaidyanathan, Mahindra & Mahindra

13:00 – 14:00 Lunch