

UPSC 2021 Preparation

Global Financial Stability Report 2020

The International Monetary Fund (IMF) releases the Global Financial Stability Report twice in a year — April and October. The latest report was published on 23rd October 2020. The Global Financial Stability Report focuses on the financial ramifications of the economic issues that are highlighted in the IMF's [World Economic Outlook Report](#).

In this article, aspirants preparing for the [IAS Exam](#) 2021, will get the relevant information about the Global Financial Stability Report 2020 that is important for both prelims and mains examinations.

Important Facts about Global Financial Stability Report

Who releases the report?	International Monetary Fund (IMF)
When is the report released?	Semi-annually – Spring (April) and Fall (October)
Two reports that were replaced by the Global Financial Stability Report	<ul style="list-style-type: none">• The annual International Capital Markets Report and• The quarterly Emerging Market Financing Report
The main focus of the report	It focuses on the events that can follow the global economic issues and assesses the emerging-market financing

There is a difference between the Global Financial Stability Report and [Financial Stability Report](#). While the former is released by IMF; latter is released by the Reserve Bank of India.

The Global Financial Stability Report is one of the important [international organizations' reports](#). Candidates can read similar important reports from the links provided below:

1. [Human Development Report](#)
2. [World Employment and Social Outlook Report](#)
3. [Global Wage Report](#)
4. [World Investment Report](#)
5. [World Happiness Report](#)
6. [Living Planet Report](#)
7. [World Development Report](#)
8. [Global Competitiveness Report](#)

What is the Global Financial Stability Report?

It is a survey conducted by the IMF and published semi-annually. The main key topics that are covered in the report are:

1. Global Financial Stability

2. Emerging and frontier markets
3. Corporate funding
4. Bank capital
5. Corporate sustainability

What does the Global Financial Stability Report 2020 talk about?

The Global Financial Stability Report published in October 2020 (Bridge to Recovery) figures out:

1. Key market developments
2. A forward-looking analysis of banks, [NBFCs \(Non-banking financial institutions\)](#), non-financial firms
3. Emerging market capital flows
4. Assessment of economic policies
5. Impact of novel COVID-19 pandemic on the economic performance
6. Importance of climate policies and green investment packages to support green recovery and transition to a low-carbon economy

Findings of the Global Financial Stability Report (October 2020)

1. Timely policy response helped to contain the near-term global financial stability risks.
2. Nonfinancial corporate sectors are witnessing the financial vulnerabilities – Due to an increase in the debt-borrowing to meet the cash shortages.
3. Fiscal deficit has widened in many countries.
4. Risk of small and medium-sized enterprises to fall into insolvency if the economic recovery gets delayed.
5. Debt-distress is a challenge to many emerging economies.
6. Focus on post-pandemic financial reform agenda non-financial sectors:
 - Risk-taking in the lower-for-longer interest-rate environment to be contained with effective prudential measures
7. Steps to be taken when the pandemic is under control:
 - Gradually withdrawing liquidity support
 - Banks to implement credit provisions to rebuild capital and liquidity buffers.
 - Recapitalization, restructure or resolve of nonviable firms.
 - Digitalization
 - Focus on green investments
8. Central banks of many emerging markets for the first time used asset purchases to mitigate stress in local bonds and currency markets.
9. The Local Stress Index (LSI) was released with a Global financial stability report that measures the stress in local bonds and currency markets.
10. [G7 countries](#) witnessed a surge in borrowings in the non-financial corporate sector which was supported by the unprecedented policies' interventions.
11. The pandemic can pose risks to banks' capital adequacy if it is long-lasting.

The candidates can learn about Capital Markets, recapitalization and other related topics from the links below:

[Capital Markets](#)

[Financial Markets](#)

[Major Stock Exchanges in India](#)

[Gist of Yojana – Banking Reforms](#)

[Types of Banks in India](#)

[Disinvestment Policy in India](#)

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Complement your UPSC preparation with the help of following links:

1. [NCERT Notes](#)
2. [UPSC Notes](#)
3. [UPSC Mains GS 2 Strategy](#)
4. [Topic-Wise GS 2 Questions of UPSC Mains](#)
5. [Difference Between Articles for UPSC](#)

