

## FINANCIAL SERVICES IN INDIA

India has a growing diversified financial sector, both in terms of strong growth of existing financial services firms and new market entrants.

### Financial Services in India Includes :

- Commercial Banks
- Insurance Companies
- Non-Bank Financial Companies
- Cooperatives Pension Funds
- Mutual Funds
- Other Small Financial Institutions

However, the financial sector in India is predominantly banking with commercial banks accounting for more than 64% of total assets held by the financial system.

The government and the RBI altogether have taken various measures to facilitate access to finance for Micro, Small and Medium Enterprises (MSMEs).

### The Measures Are :

1. Implementing credit guarantee fund program for MSMEs.
  2. Issuing guidance to banks on collateral requirement .
  3. Establishing a micro -unit development and refinance agency (MUDRA).
- India is undoubtedly one of the fastest growing capital markets in the world.

- As of July 2022, the AUM managed by the mutual fund industry stands at Rs.37.75 trillion.(\$474.87 billion)
- Capital inflows into India's mutual fund schemes through the systematic investment plan (SIP) stood at Rs. 48,565 (\$6.10 billion).
- Equity mutual funds recorded a net inflow of Rs.22.16 trillion at the end of December 2021.
- According to Goldman Sachs, investors have poured money into the Indian stock market, which is expected to grow to more than \$5 trillion, overtaking the UK and becoming the world's fifth largest stock market by the end of the year. Year 2024.
- The insurance sector is another important part of the Indian financial sector.
- The insurance industry has grown at breakneck speed.
- Total first-year premiums by life insurers reached US \$40.1 billion in FY 22. In FY 2023 (to May 2022), the industry's non-life premiums life insurance reached 36,680.69 rupees (US \$4.68 billion).
- Additionally, India's leading stock exchange, Bombay Stock Exchange (BSE), will form a joint venture with "Ebix Inc." to build a strong insurance distribution network in the country through an exchange platform.
- During fiscal year 22, \$14.55 billion was raised through 127 initial public offerings (IPOs).

- India's financial services industry has experienced huge growth in the past few years.
- This momentum is expected to continue. India's private wealth management Industry shows huge potential.
- India is expected to have 6.11 lakh HNWIs by 2025. This will indeed lead India to be the fourth largest private wealth market globally by 2028.
- The Indian insurance market is also expected to reach US\$250 billion by 2025. This will further give India an opportunity to collect US\$78 billion in additional life insurance premiums from this year.
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India is currently one of the fastest growing economies in the world thanks to the strong development of the banking and insurance sectors.

The relaxation of regulations on foreign investment has received a positive response from the insurance industry, with many companies announcing their intention to increase stakes in joint ventures with Indian companies.



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