

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO. 62

TO BE ANSWERED ON 15th DECEMBER 2017

QUESTION

Financial Sector Legislative Reforms Commission

62. SHRI MAHEISH GIRRI:

Will the Minister of FINANCE be pleased to state:

- a) whether the Financial Sector Legislative Reforms Commission (FSLRC) had recommended for unified regulator for financial sector in India and if so, the details thereof;
- (b) whether the Government has received several suggestions/complaints regarding multiple regulatory bodies in financial sector causing overlap to each other's jurisdiction, if so, the details thereof;
- (c) whether the Government is considering to merge all regulators into single unified financial regulator, if so, the details thereof; and
- (d) the steps taken by the Government to overcome overlapping jurisdictions of these regulators?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI P. RADHAKRISHNAN)

(a) In its Report submitted in March, 2013, the Financial Sector Legislative Reforms Commission (FSLRC) had recommended a financial regulatory architecture comprising seven agencies. Hence it is not a "unified financial regulator" proposal. FSLRC has instead proposed that the Securities and Exchange Board of India (SEBI), Forward Markets Commission (FMC), Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority may be merged into a Unified Financial Agency. Subsequently, FMC was merged with SEBI in September, 2015.

(b) Before submitting its report, inter alia, on the proposed financial regulatory architecture, FSLRC had studied the Indian regulatory system as well as global best practices.

The FSLRC Report and the draft Indian Financial Code (IFC) recommended by the FSLRC were placed in the public domain. The draft IFC was revised in the light of the comments received in response and the revised draft IFC was hosted on the website of the Ministry of Finance in July 2015 inviting comments of public / stakeholders by 8th August, 2015. Certain responses were received as a result, however, there was no unanimity with regard to the nature of the future financial regulatory agency, whether unified or fragmented. However, it was felt by the stakeholders that regulatory coordination may address the problems of regulatory overlaps.

(c) There is no such proposal under consideration.

(d) The Financial Stability and Development Council (FSDC) was set up in December, 2010, inter alia, with a view to strengthening the mechanism for (i) maintaining financial stability, (ii) developing financial sector and (iii) inter-regulatory coordination. Therefore, FSDC is mandated to look into the issue of overlapping jurisdictions of the regulators.
