

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

LOK SABHA

**UNSTARRED QUESTION NO. 202
ANSWERED ON JULY 22, 2024/ ASHADHA 31, 1946 (SAKA)**

REGULATORY REFORMS

202. Dr. Pradeep Kumar Panigrahy:

Will the Minister of Finance be pleased to state:

- (a) whether India's financial sector can strategically leverage regulatory reforms, innovative financial products, and sustainable finance initiatives to drive economic growth, increase per capita income and expenditure, enhance stock market performance, and promote wealth creation for the population, while ensuring financial inclusion, market stability, and longterm investment practices; and
- (b) if so, the details thereof?

ANSWER

**MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)**

- (a) and (b): Yes Sir. The financial sector is one of the important drivers of economic growth. The financial sector regulators have undertaken various steps to provide a conducive regulatory environment to encourage innovation, competition, stability and sustainable growth.

Some of the key initiatives taken by the regulators are as follows:

- i. Reserve Bank of India (RBI) has undertaken various measures to strengthen the balance sheet of banks which, inter alia, includes the Prudential Framework for Resolution of Stressed Assets which is a principle-based framework and provides for early recognition and resolution of default in respect of large borrowers within a time bound manner. It has promoted the development of a digital payment infrastructure to extend the coverage for digital payments and improve efficiency of payments.
- ii. The shortening of settlement cycles in securities market in India by Securities and Exchange Board of India (SEBI), from T+2 to T+1 in 2023, has been instrumental in reducing the time for trade settlements, enhancing liquidity and reducing counterparty settlement risk.

- iii. Insurance Regulatory and Development Authority of India (IRDAI) has simplified the registration requirements and regulatory processes for insurance and re-insurance companies. A comprehensive regulatory review has been undertaken, transitioning from a rule-based approach to a principle-based architecture while also establishing a resilient and robust risk management framework.
- iv. Pension Fund Regulatory and Development Authority (PFRDA) has rationalised regulatory compliance requirements by bringing in enhanced disclosures and has laid down provisions related to compensation/indemnification to the subscribers that have strengthened the governance of the intermediaries.
- v. International Financial Services Centres Authority (IFSCA) has instituted an enabling framework in GIFT-IFSC to offer a holistic ecosystem for financial services with a globally harmonized regulatory structure, competitive tax structure and ease of doing business.
- vi. All the financial sector regulators have established their regulatory sandboxes to facilitate the testing of innovative financial products and services in a controlled environment, promoting adoption of fintech.
