

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1691
ANSWERED ON:19.11.2010
FINANCIAL STABILITY AND DEVELOPMENT COUNCIL
Kumar Shri P.;Singh Shri Ganesh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has created the Financial Stability and Development Council (FSDC) to resolve inter-regulatory coordination issues;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether Securities and Exchange Board of India (SEBI) has raised objections to the structure and powers of the FSDC; and
- (d) if so, the details thereof and the reaction of the Union Government thereto?

Answer

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a): No Sir.

(b)to (d) ; With a view to strengthening and institutionalising the mechanism of maintaining financial stability and development, the Finance Minister in his budget speech in 2010-11, announced the creation of Financial Stability and Development Council (FSDC). A discussion paper on FSDC was circulated by the Government among the financial sector regulators for their comments. The regulators including SEBI gave their comments inter alia on the structure and powers of the FSDC. Their comments were considered and it was finally agreed to constitute the FSDC. As proposed, FSDC would function without prejudice to the autonomy of regulators. This Council would engage in macro prudential supervision of the economy, including the functioning of large financial conglomerates and address inter-regulatory coordination issues. It will also focus on financial literacy and financial inclusion. The Council shall also look into issues relating to financial development. The Council would have one Sub-Committee which would be headed by Governor, RBI. The Secretariat of the said Council would be in the Department of Economic Affairs, Ministry of Finance.