

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2342
ANSWERED ON:23.08.2013
MORE POWERS TO RBI AND SEBI
Dhruvanarayana Shri R.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is satisfied with powers presently assigned to the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI);
- (b) if so, the details thereof;
- (c) whether the Government proposes to give more powers to the RBI and SEBI; and
- (d) if so, the details thereof and the time by which the same is likely to be finalised?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (d): The powers to Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) are enshrined in the statutes passed by the Parliament. In order to strengthen the regulatory powers of RBI and to further develop the Indian banking sector, the Banking Regulation Act, 1949 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 have been amended in December, 2012. The amended Act empowers RBI to remove any director or other directors of a banking company and to supersede the Board of Directors of a company for a total period not exceeding 12 months and appoint an administrator to manage the banking company during the said period and also confer power upon the RBI to order a special audit of co-operative banks in public interest for a more effective supervision.

Further, The SEBI Act was enacted for the establishment of the SEBI with the object of protecting the interest of investors in the securities market, to promote the development of and regulate the securities market and for matters connected therewith or incidental thereto. The SEBI Act was amended in the years 1995, 1999, 2002 and 2010 to meet the requirements of the changing needs of the securities market. Further, consequent to the approval of the Cabinet, the Securities Laws (Amendment) Ordinance, 2013 was promulgated by the President on 18.07.2013. The Ordinance seeks to amend SEBI Act and related Acts for providing more powers to the capital markets regulator for enforcement against illegal Collective Investment Schemes and to curb insider trading.