

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3307

ANSWERED ON:12.12.2014

SHADOW BANKING

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government / RBI constituted any committee to monitor the development in the area of shadow banking across the country;
- (b) if so, the details thereof along with the terms and reference of the said committee; and
- (c) the time by which the committee is expected to submit its report to the Government?

Answer

Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a) & (b): Reserve Bank of India (RBI) has constituted Shadow Banking Implementation Group (SBIG) to undertake micro mapping of shadow banks and to assess the risks posed by such entities to the formal financial sector. SBIG is chaired by RBI and constitutes of members from Ministry of Finance, Stock Exchange Board of India, Ministry of Agriculture and Cooperation, National Housing Bank, National Bank for Agriculture & Rural Development, Insurance Regulatory Development Authority, Ministry of Corporate Affairs, Registrar of Agriculture and Cooperatives. Terms of references are as follows:

As a first Step, the Group will undertake an assessment of the position of compliance of the regulatory framework in the country vis-à-vis the Financial Stability Board policy guidelines;

The Group will then carry out gap, analysis to identify the reform measures that can be implemented and those where implementation may not be desirable given the specific domestic conditions;

Where it may not be desirable to initiate the reform measures, the Group will document the same setting out the reasons within an overall "comply or explain" framework;

The Group will set out a roadmap indicating the timelines for implementation of the reform area concerned together with the regulatory / agency which will implement the reforms and the framework for monitoring;

The Group will also recommend whether publishing of a formal approach to implementation of reform measures, as being done by several jurisdictions for some of the reform areas, would be appropriate in the Indian context; and

Setting up a data repository for the shadow banking sector.

(c): The Committee on shadow banking in its initial stages is an ongoing assessment process being monitored by Inter Regulatory Technical Group comprising of RBI, Securities and Exchange Board of India, Pension Fund Regulatory and Development Authority, Forward Markets Commission and Insurance Regulatory and Development Authority. The Committee will not submit its report to the Government.