

Government of India
Ministry of Finance
Department of Economic Affairs
(Capital Market Division)
Press Release

Subject: Financial Sector Legislative Reforms Commission (FSLRC)

The Resolution notifying the FSLRC was issued by the Government today. This is in pursuance to the announcement made by the Finance Minister in the budget of 2010-11 to rewrite and harmonise financial sector legislations, rules and regulations. This had become necessary as the institutional framework governing India's financial sector was built over a century.

There are over 60 Acts and multiple Rules/Regulations in the sector and many of them date back decades when the financial landscape was very different from what is obtaining today. Large number of amendments made in these Acts over time has increased the ambiguity and complexity of the system.

The budget announcement was made with a view to rewriting and streamlining the financial sector Laws, Rules and Regulations to bring them in harmony with the requirements of India's fast growing financial sector.

The Commission would simplify and rewrite financial sector legislations, including subordinate legislations, to achieve harmony and synergy among them. This will remove ambiguity, regulatory gaps and overlaps among the various legislations making them more coherent and dynamic and help cater to the requirements of a large and fast growing economy in tune with the changing financial landscape in an inter-connected financial world. In the long-term, it would help usher in the next generation of reforms, contribute to efficient financial intermediation enhancing the growth potential of the nation.

The **composition** of the Commission is as follows:

Justice (Retd.) B. N. Srikrishna	Chairman
Justice (Retd.) Debi Prasad Pal	Member
Dr. P.J. Nayak	-do-
Smt. K.J. Udeshi	-do-
Shri Yezdi H. Malegam	-do-
Prof. Jayant Varma	-do-
Prof. M. Govinda Rao	-do-
Shri C. Achutan	-do-
Shri Dhirendra Swarup	Member Convenor
Joint Secretary, Capital Markets	Nominee Member
Shri C K G Nair is Secretary to the Commission.	

2. The **Terms of Reference** of the Commission include the following:

- (i) Examining the architecture of the legislative and regulatory system governing the Financial sector in India,
- (ii) Examine if legislation should mandate statement of principles of legislative intent behind every piece of subordinate legislation in order to make the

purposive intent of the legislation clear and transparent to users of the law and to the Courts.

- (iii) Examine if public feedback for draft subordinate legislation should be made mandatory, with exception for emergency measures.
- (iv) Examine prescription of parameters for invocation of emergency powers where regulatory action may be taken on *ex parte* basis.
- (v) Examine the interplay of exchange controls under FEMA and FDI Policy with other regulatory regimes within the financial sector.
- (vi) Examine the most appropriate means of oversight over regulators and their autonomy from government.
- (vii) Examine the need for re-statement of the law and immediate repeal of any out-dated legislation on the basis of judicial decisions and policy shifts in the last two decades of the financial sector post-liberalisation.
- (viii) Examination of issues of data privacy and protection of consumer of financial services in the Indian market.
- (ix) Examination of legislation relating to the role of information technology in the delivery of financial services in India, and their effectiveness.
- (x) Examination of all recommendations already made by various expert committees set up by the government and by regulators and to implement measures that can be easily accepted.
- (xi) Examine the role of state governments and legislatures in ensuring a smooth inter-state financial services infrastructure in India.
- (xii) Examination of any other related issues.

4. The Commission is headquartered in Delhi and will submit its report to the Finance Minister within 24 months. Thereafter the Department of Economic Affairs will process the Report for implementation.

5. The first meeting of the Commission would be held on 5th April 2011.

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New Delhi, dated 24th March, 2011

The Press Information Bureau is requested to give wide publicity to this Press Release.

(Thomas Mathew)
Joint Secretary to the Government of India

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