

STRUCTURE OF FINANCIAL STABILITY AND DEVELOPMENT COUNCIL

The present structure of FSDC along with its Sub-Committee and various Working Groups/Technical Groups constituted under the aegis of the FSDC and its Sub-Committee is listed below.

1. Financial Stability and Development Council (FSDC):

- With a view of strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010. The Chairman of the Council is the Finance Minister and its members include Minister of State, in charge of Department of Economic Affairs (DEA), the heads of all Financial Sector Regulators [Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA), Insurance Regulatory and Development Authority (IRDAI), Insolvency and Bankruptcy Board of India (IBBI) and International Financial Services Centres Authority (IFSCA)], Finance Secretary and/or Secretary, Department of Economic Affairs (DEA), Secretary, Department of Revenue (DoR), Secretary, Department of Financial Services (DFS), Secretary, Ministry of Corporate Affairs (MCA), Secretary, Ministry of Electronics and Information Technology (MeitY) and Chief Economic Adviser. The Division-Head, in-charge of the Financial Stability and Cyber Security Division, Ministry of Finance, Department of Economic Affairs, will be the Secretary of the Council. The Council can invite experts to its meeting if required.
- Without prejudice to the autonomy of Regulators, the Council monitors macro prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial sector development issues. It also focuses on financial literacy and financial inclusion.
- The Council has had 22 meetings so far and the last meeting was held on 28th May, 2020. The FSDC Secretariat in DEA is the Secretariat for the Council.

2. FSDC Sub-Committee:

- The FSDC Sub-Committee has been set up under the chairmanship of Governor, RBI and meets more often than the full Council. All members of the FSDC are also the members of the Sub-Committee. Additionally, all four Deputy Governors (DG) of the RBI and Additional Secretary, DEA, who is in charge of FSDC, are also the members of the Sub-Committee.
- Executive Director (ED), RBI (in-charge-of Financial Stability) is the Member Secretary, while the Financial Stability Unit (FSU) of RBI is the Secretariat for the Sub-Committee.
- The Sub-committee has met 25 times so far and the last meeting was held on 31st August, 2020.

3. Working Groups/Technical Groups under FSDC Sub-Committee.

3.1. *Inter Regulatory Technical Group (IR-TG):*

- The Inter-Regulatory Technical Group was set up in September 2011, as per the terms of the decision of the 3rd meeting of the FSDC Sub-Committee held on 16th August 2011, for the purpose of inter-regulatory coordination among the financial sector regulators. The Group is headed by ED, who is in charge of Financial Stability, RBI and represented by Executive Director /Chief General Manager (CGM) level officers of the other Regulators. The working of this Group is routinely apprised to the FSDC Sub-Committee.
- The Group generally meets once in every two to three months and discusses issues relating to risks to systemic financial stability and inter-regulatory coordination and provides inputs to the Sub-Committee.
- The Group has held 27 meetings so far.

3.2. *Technical Group on Financial Inclusion and Financial Literacy (TGFIFL):*

- The Technical Group on Financial Inclusion and Financial Literacy was set up in November 2011 as per the terms of the decision of the 3rd meeting of the FSDC Sub-Committee meeting held on 16th August 2011. The Group is chaired by Deputy Governor, RBI who is in charge of Financial Stability and has representatives from all regulators (at the level of ED/CGM) as well as from DEA and DFS (at the level of Joint Secretary).
- The Group has held 18 meetings so far.

3.3 *Inter Regulatory Forum for monitoring Financial Conglomerates (IRF-FC):*

- Modelled around the 'lead regulator' principle, the Inter-Regulatory Forum for monitoring Financial Conglomerates was set up in August 2012 as approved by the FSDC Sub-Committee in its 6th meeting held in 19th March 2012. The IRF-FC is headed by the Deputy Governor, RBI (in-charge-of the Department of Banking Supervision) and represented by senior representatives of all the Financial Sector Regulators at the level of Executive Directors.
- The Group has held 21 meetings so far.

3.4 *Early Warning Group (EWG):*

- The Early Warning Group was set up by the FSDC Sub-Committee in June 2012 as per decisions taken in the 6th FSDC Sub-Committee Meeting held in 19th March 2012 to coordinate the response of Government & Regulators in the time of a crisis. The Group is chaired by Deputy Governor, RBI, who is in charge of Financial Markets Department. The members of EWG are Joint Secretary level representatives (from DEA & DFS), and Member/ED level officers from Financial Sector Regulators.
- The Group has held 20 meetings so far.

3.5 *Working Group on resolution regime for financial institutions:*

- This Working Group was constituted in January 2013 under the Co-Chairmanship of Shri Anand Sinha, Deputy Governor, RBI, and Secretary (DEA). The financial sector regulators

at the level of Executive Director/General Manager/Joint Director/Principal Legal Adviser are the members of this Group.

- The mandate of the Group is to examine the existing resolution regime/ framework for the entire financial sector as a whole and identify the current gaps in the national resolution regime/ framework vis-à-vis the FSB Key Attributes. With this background, the Group would recommend changes in the legal framework to facilitate the required resolution regime including cross border resolution.
- The Group submitted its report to the FSDC Sub-Committee in January 2014.
- Subsequent to recommendations of FSLRC regarding developing a comprehensive resolution framework, the government had set up Task Force on establishment of Resolution Corporation which submitted its reports on June 2015.
- A Committee on Resolution Corporation was constituted by Government which submitted its Report along with a Draft Bill, 'The Financial Resolution and Deposit Insurance Bill, 2016' which has been hosted on the website of the Ministry of Finance on 28.9.2016 inviting stakeholder and public comments.

4. Macro Financial Monitoring Group (MFMG).

- The Macro Financial Monitoring Group was set up in 16th May 2012, which meets regularly in DEA, to discuss any specific emergent issues. This Group is chaired by Chief Economic Adviser and has representation from all the Departments of the Ministry of Finance. Representative of financial sector regulators i.e. RBI, SEBI, IRDAI, PFRDA are special invitees for the MFMG meetings. It aims at keeping track of the macroeconomic and financial developments, identifying vulnerabilities, and providing early warning signals.
- The Group discusses the macro financial situation essentially based on the information obtained from various "anchor divisions" on important macroeconomic and financial variables. The FSDC Secretariat presents some highlights of global and domestic developments for the information of members.
- The Group has held 23 meetings so far.

5. Crisis Prevention and Monitoring Framework (CPMF)

- Pursuant to the decision in the FSDC Sub-Committee, a Crisis Prevention and Management Framework (CPMF) for Ministry of Finance was prepared by the FSDC Secretariat in consultation with all the Departments of MoF. The CPMF has been operationalized w.e.f. 1st October 2012. It encompasses, inter alia, collaborating with, and assisting, the Regulatory Authorities and the other stakeholders in identifying and mitigating the emerging threats to financial and macroeconomic stability; and in the event of a crisis, taking all the necessary steps to mitigate its impact on the financial markets as well as the real sector. It highlights the 'prevention' aspect apart from the 'management' facet. The 'Anchor' Divisions have been made responsible to monitor, analyze, generate policy options and take action on evolving vulnerabilities in their respective areas.