**Financial Stability and Development Council (FSDC)**

**Role and Functions of FSDC (source Ministry of Finance, GOI – finmin.nic.in)**

With a view to 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 the heads of financial sector Regulators (RBI, SEBI, PFRDA, IRDAI & FMC) Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and Chief Economic Adviser. 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.

**FSDC Sub-Committee:**

The FSDC Sub-committee has also been set up under the chairmanship of the Governor, RBI. It meets more often than the full Council. All the members of the FSDC are also the members of the Sub-committee. Additionally, all four Deputy Governors of the RBI are also members of the Sub Committee. Executive Director, 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.

**Working Groups/Technical Groups under FSDC Sub-Committee**

***Inter regulatory technical group (IR-TG):***

This is a technical group set up, in September 2011 as per the terms of the decision of the 3rd meeting of the FSDC Subcommittee meeting held on 16th August 2011, for inter-regulatory coordination among the financial sector regulators. The Group is headed by ED in charge of Financial Stability, RBI and members being ED/CGM level officers of the other regulators. The working of this Group is routinely presented, for information, to the FSDC Sub-committee.

The Group generally meets once 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.

***Technical Group on financial inclusion and financial literacy:***

Technical Group on Financial Inclusion and Financial Literacy (TGFIL) has been 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 the DG, RBI 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).

***Inter regulatory forum for monitoring financial conglomerates (IRF-FC):***

The institutional structure for the oversight and monitoring of Financial Conglomerates (FCs) in the form of an Inter Regulatory Forum (IRF) modelled around the “lead regulator” principle has been set up in August 2012 as approved by the FSDC Sub Committee in its 6thmeeting held in 19th March 2012. The IRF-FC is headed by the Deputy Governor, RBI (in-Charge of the Department of Banking Supervision) and other Members are senior representatives of all the sectoral regulators at the level of Executive Directors (RBI, SEBI, IRDAI and PFRDA).

***Early Warning Group:***

A Group was set up by the FSDC Sub-committee in June 2012 as per decisions held

in the 6th FSDC Sub Committee Meeting held in 19th March 2012 to coordinate the

response of GOI/Regulators in the time of a crisis situation. It is chaired by the DG, RBI in-charge of Financial Markets Department. It has Joint Secretary level representative from DEA & DFS as members. It is represented by Member/ED level officers from financial sector regulators.

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

This Working Group was constituted in January 2013 under the Co-Chairmanship of

Shri Anand Sinha, DG, RBI, and Secretary (DEA). The Financial sector regulators at

the level of Executive Director/General Manager/Joint Director/Principal Legal

Adviser are 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.

**4. Macro Financial and Monitoring Group:**

A Macro Financial Monitoring Group (MFMG) chaired the Chief Economic Adviser was set up

in 16th May 2012 which meets regularly in DEA to discuss any specific emergent issues. This

Group has representation from all the Departments of the Ministry of Finance. It aims at

keeping track of the macroeconomic and financial developments, identifying vulnerabilities, and providing early warning signals.

The Group discusses the Macro Financial Monitors, which is essentially information collated

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.