

FI- Regulators

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Introduction

The Indian financial system operates within a regulatory framework designed to ensure **stability, transparency, and efficiency** across diverse market segments. Understanding the regulatory architecture is crucial, as it forms the backbone of financial governance in India.

Why Do We Need Financial Regulation?

Financial markets don't work perfectly on their own. They face several problems:

- **Information gaps:** Customers often don't know enough about financial products or the true health of banks and companies they're dealing with.
- **Moral hazard:** When institutions know they might be rescued by the government, they may take excessive risks.
- **Systemic risk:** Problems in one financial institution can quickly spread to others, affecting the entire economy.
- **Market manipulation:** Without oversight, some players might cheat or mislead investors.

Banks and financial institutions play a critical role. They collect money from savers and lend it to borrowers. They also create new money through credit. If a major bank fails, it doesn't just hurt that bank. The damage spreads like falling dominoes throughout the economy.

The 2008 global financial crisis is a clear example. Weak regulation allowed banks to take dangerous risks. When these risks backfired, major banks collapsed, millions lost their jobs, and economies worldwide suffered. This crisis proved why strong financial regulation isn't optional, it's essential to protect the economy and ordinary people.

I. Reserve Bank of India [RBI]

Establishment

The Reserve Bank of India was established on **April 1, 1935** in accordance with the provisions of the **Reserve Bank of India Act, 1934**.

- The **Central Office** of the Reserve Bank was initially established in **Kolkata** but was **permanently moved to Mumbai in 1937**. The Central Office is where the Governor sits and where policies are formulated.
- Though **originally privately owned**, since **nationalisation in 1949**, the Reserve Bank is fully owned by the Government of India.

Preamble

"To regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage;

To have a modern monetary policy framework to meet the challenge of an increasingly complex economy, to maintain price stability while keeping in mind the objective of growth."

Central Board

The Reserve Bank's affairs are governed by a **central board of directors**.

- **Appointment:** The board is appointed by the Government of India in keeping with the Reserve Bank of India Act.
- **Tenure:** Appointed/nominated for a period of **four years**
- **Constitution**
 - **Official Directors**
 - **Full-time:** Governor and not more than four Deputy Governors [5]
 - **Non-Official Directors**
 - **Nominated by Government:** ten Directors from various fields and two government officials [10,2]
 - **Others:** four Directors - one each from four local boards [4]

Functions: General superintendence and direction of the Bank's affairs.

Central Board of Director appointed/nominated under RBI Act, 1934		
Section of RBI Act	Sr. No.	Name
8 (1) (a)	1.	Shri Sanjay Malhotra Governor
	2.	Shri T. Rabi Sankar Deputy Governor
	3.	Shri Swaminathan J Deputy Governor
	4.	Dr. Poonam Gupta Deputy Governor
	5.	Shri Shirish Chandra Murmu Deputy Governor
8 (1) (b)	6.	Ms. Revathy Iyer
	7.	Prof. Sachin Chaturvedi
8 (1) (c)	8.	Shri Satish Kashinath Marathe
	9.	Shri Swaminathan Gurumurthy

	10.	Shri Anand Gopal Mahindra
	11.	Shri Venu Srinivasan
	12.	Shri Pankaj Ramanbhai Patel
	13.	Dr. Ravindra H. Dholakia
	14.	Shri Nagaraju Maddirala
8 (1) (d)	15.	Ms. Anuradha Thakur

Section 8 of RBI Act, 1934

8. Composition of the Central Board, and term of office of Directors: The Central Board shall consist of the following Directors, namely:

- a) a Governor and 2 [not more than four] Deputy Governors to be appointed by the Central Government;
- b) four Directors to be nominated by the Central Government, one from each of the four Local Boards as constituted by section 9;
- c) 3 [ten] Directors to be nominated by the Central Government; and
- d) 4 [two Government officials] to be nominated by the Central Government;]

LOCAL BOARDS

Local Boards are constituted for **Western Area, Eastern Area, Northern Area and Southern Area.**

- Consist of five members each.
- Members appointed by the Central Government.
- Member shall hold office for a term of four years.

Functions: To advise the Central Board on local matters and to represent territorial and economic interests of local cooperative and indigenous banks; to perform such other functions as delegated by Central Board from time to time.

BOARD FOR FINANCIAL SUPERVISION

The Board for Financial Supervision (BFS) was constituted in **November 1994** as a committee of the Central Board of Directors of the Reserve Bank of India under the Reserve Bank of India (Board for Financial Supervision) Regulations, 1994.

The BFS was set up to strengthen **supervision and surveillance over the financial system** and providing sharper focus to supervisory policy and skills.

The BFS exercises **integrated supervision** over commercial banks, financial institutions and non-banking financial intermediaries. The Department of Supervision assists and provides secretarial support to BFS.

Legal Framework

I. Acts administered by Reserve Bank of India

- 1) Reserve Bank of India Act, 1934
- 2) Public Debt Act, 1944/Government Securities Act, 2006
- 3) Government Securities Regulations, 2007
- 4) Banking Regulation Act, 1949
- 5) Foreign Exchange Management Act, 1999
- 6) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Chapter II)
- 7) Credit Information Companies (Regulation) Act, 2005
- 8) Payment and Settlement Systems Act, 2007
- 9) Factoring Regulation Act, 2011

II. Other relevant Acts

- 1) Negotiable Instruments Act, 1881
- 2) Bankers' Books Evidence Act, 1891
- 3) State Bank of India Act, 1955
- 4) Companies Act, 1956/ Companies Act, 2013
- 5) Securities Contract (Regulation) Act, 1956
- 6) State Bank of India (Subsidiary Banks) Act, 1959
- 7) Deposit Insurance and Credit Guarantee Corporation Act, 1961
- 8) Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
- 9) Regional Rural Banks Act, 1976
- 10) Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980
- 11) National Bank for Agriculture and Rural Development Act, 1981
- 12) National Housing Bank Act, 1987
- 13) Recovery of Debts Due to Banks and Financial Institutions Act, 1993
- 14) Competition Act, 2002
- 15) Indian Coinage Act, 2011: Governs currency and coins
- 16) Banking Secrecy Act
- 17) The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003
- 18) The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993

Main Functions

1) Monetary Authority:

- Formulates, implements and monitors the monetary policy.
- Objective: maintaining price stability while keeping in mind the objective of growth.

2) Regulator and supervisor of the financial system:

- Prescribes broad parameters of banking operations within which the country's banking and financial system functions.
- Objective: maintain public confidence in the system, protect depositors' interest and provide cost-effective banking services to the public.

3) Manager of Foreign Exchange

- Manages the Foreign Exchange Management Act, 1999.
- Objective: to facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India.

4) Issuer of currency:

- Issues, exchanges and destroys currency notes as well as puts into circulation coins minted by Government of India.
- Objective: to give the public adequate quantity of supplies of currency notes and coins and in good quality.

5) Developmental role

- Performs a wide range of promotional functions to support national objectives.

6) Regulator and Supervisor of Payment and Settlement Systems:

- Introduces and upgrades safe and efficient modes of payment systems in the country to meet the requirements of the public at large.
- Objective: maintain public confidence in payment and settlement system

7) Related Functions

- Banker to the Government: performs merchant banking function for the central and the state governments; also acts as their banker.
- Banker to banks: maintains banking accounts of all scheduled banks.

Offices

The Reserve Bank of India has **offices** at 34 locations.

Training Establishments: Has five training establishments

- **Four**, namely, RBI Academy, College of Agricultural Banking, Reserve Bank of India Staff College and College of Supervisors are part of the Reserve Bank.
- Other autonomous, such as, **Institute for Development and Research in Banking Technology (IDRBT)**

Institutes Funded by the Bank

Sl. No.	Institutes	Description

1	Centre for Advanced Financial Research and Learning (CAFRAL)	Fully funded by RBI
2	Indira Gandhi Institute of Development Research (IGIDR)	Fully funded by RBI
3	Indian Institute of Bank Management (IIBM)	RBI is a sponsor bank along with other banks and Financial Institutions.
4	National Institute of Bank Management (NIBM)	RBI is an ordinary member along with other banks and Financial Institutions.

Subsidiaries

Fully owned:

- 1) Deposit Insurance and Credit Guarantee Corporation of India (DICGC),
- 2) Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL),
- 3) Reserve Bank Information Technology Private Limited (ReBIT),
- 4) Indian Financial Technology and Allied Services (IFTAS),
- 5) Reserve Bank Innovation Hub (RBIH).

1A. Deposit Insurance and Credit Guarantee Corporation of India (DICGC)

It was established on January 1, 1962 in accordance with the provisions of The Deposit Insurance and Credit Guarantee Corporation Act, 1961.

Authorised capital of the Corporation: ₹50 crore (₹500 million).

Head Office: Mumbai.

Preamble: To provide for the establishment of a corporation for the purpose of insurance of deposits and guaranteeing of credit facilities and for other matters connected therewith or incidental thereto.

Main Functions

The two principal public policy objectives of the deposit insurance system are to protect depositors and contribute to financial stability. The main functions of DICGC are to formulate, implement and monitor the deposit insurance policy.

Mission: To contribute to financial stability by securing public confidence in the banking system through provision of deposit insurance, particularly for the benefit of the small depositors.

Vision: To be recognised as one of the most efficient and effective deposit insurance providers, responsive to the needs of its stakeholders.

Membership

The Deposit Insurance Scheme was initially extended to commercial banks including branches of foreign banks operating in India. Since 1968, the scheme was extended to cooperative banks.

- Commercial banks include Small Finance Banks (SFBs), Payment Banks (PBs), Regional Rural Banks (RRBs), and Local Area Banks (LABs).
- Co-operative banks covered under the Deposit Insurance Scheme include State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs) and Primary Cooperative Banks/Urban Cooperative Banks (UCBs).

Excluded: Land development banks and NBFCs are not covered under DICGC insurance cover mandated under DICGC Act, 1961.

Coverage

Scope: The Corporation insures all bank deposits except

- 1) deposits of Union/State Governments;
- 2) deposits of foreign governments;
- 3) inter-bank deposits;
- 4) deposits received outside India, and
- 5) deposits specifically exempted by the Corporation with the prior approval of RBI.

Coverage Limit: The current deposit insurance coverage limit with effect from February 4, 2020 is **₹5,00,000/-** (approx. USD 6,000) per depositor for deposits held in “the same capacity and in the same right” at all the branches of a bank taken together.

Premium

The Corporation currently charges premium at a flat rate of **12 paisa (₹ 0.12) for ₹100 assessable deposit per annum** with effect from April 1, 2020.

1B. Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)

Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) was established by Reserve Bank of India (RBI) as its wholly owned subsidiary on 3rd February 1995 with a view to augmenting the production of bank notes in India to enable the RBI to bridge the gap between the supply and demand for bank notes in the country.

- The BRBNMPL has been registered as a Private Limited Company under the Companies Act 1956 with its Registered and **Corporate Office situated at Bengaluru.**
- The company manages **2 Presses one at Mysore in Karnataka and the other at Salboni in West Bengal.**
- The present capacity for both the presses is **16 billion note pieces per year on a 2-shift basis.**

1C. Indian Financial Technology & Allied Services (IFTAS)

Indian Financial Technology & Allied Services (IFTAS) is a wholly-owned subsidiary of the **Reserve Bank of India**. It is responsible for **designing, deploying, and delivering IT-related services** for RBI, Banks, Financial institutions

IFTAS plays a **critical role in India's financial infrastructure**, ensuring:

- Secure connectivity among institutions
- Reliable payment systems
- Nationwide financial integration

Its systems enable **24×7 uninterrupted banking services throughout the year**.

Core Functional Role

IFTAS acts as a **technology backbone for India's banking ecosystem**, focusing on:

- Payment systems infrastructure
- Secure financial messaging
- Network connectivity across institutions
- Digital financial innovation

Key Products & Services

- 1) **Indian Financial Network (INFINET)**: A **closed user group network** that connects financial institutions across India. It forms the **base layer of secure communication**
- 2) **Structured Financial Messaging System (SFMS)**: It serves as the **standard inter-bank messaging platform in India**. Backbone for centralized payment systems like: **National Electronic Fund Transfer (NEFT)**; **Real-Time Gross Settlement (RTGS)**. It ensures secure message transmission and standardization of financial communication
- 3) **Global Interchange for Financial Transactions (GIFT)**: An **integrated payment and settlement system**. It enables **Straight Through Processing (STP)** for inter-bank transactions

Institutional Background & Evolution

IFTAS was established in February 2015 by the Institute for Development and Research in Banking Technology (IDRBT), an autonomous organization funded by the Reserve Bank of India, in pursuance of the recommendation of the Rangarajan Committee (2009).

Considering the nature, scope & object of services offered, it was incorporated as a "Not-for-profit" company, under the provisions of Section 8 of Indian Companies Act, 2013. IFTAS was wholly acquired by the Reserve Bank of India through its authorized representatives in March 2019.

1D. Reserve Bank Information Technology Private Limited (ReBIT)

Reserve Bank Information Technology Private Limited (ReBIT) has been set up by the Reserve Bank of India to serve its IT and cybersecurity needs and to improve the cyber resilience of the Indian banking industry.

1E. RBI Innovation Hub

The Reserve Bank Innovation Hub (RBIH) is a wholly-owned subsidiary of the Reserve Bank of India (RBI), and was set up to solve for India's intricate problems in the financial sector.

Our work brings together the best of technology, policy research, and ecosystem collaboration to push the boundaries of what's possible in finance.

Principles for India's financial foundations

- **Secure:** Trust is the bedrock of finance. We build systems that protect before problems arise, embedding resilience at every layer of India's financial infrastructure.
- **AI-Enabled:** Intelligence transforms possibility. AI lets India leapfrog decades-old constraints, creating financial solutions that understand and adapt to a billion unique needs.
- **Frictionless:** Financial services should disappear into daily life. No barriers, no complexity—just tools that work exactly when and how people need them.
- **Empathetic:** Technology without humanity is incomplete. We design for the full spectrum of Indian realities, ensuring finance serves people, not the other way around.

Platform being built by RBI Innovation Hub

- 1) **Unified Lending Interface:** A universal API gateway for seamless credit delivery
- 2) **Digital Payments Intelligence Platform:** Real-time fraud scoring for all digital transactions in India
- 3) **MuleHunter.ai™:** Enabling banks to spot and lock mule accounts

2. Securities and Exchange Board of India

Establishment

The Securities and Exchange Board of India passed through two distinct phases of existence:

Non-statutory phase: SEBI was constituted as a non-statutory body on **April 12, 1988** through a resolution of the Government of India.

Statutory phase: SEBI was established as a statutory body when the provisions of the **Securities and Exchange Board of India Act, 1992 (No. 15 of 1992)** came into force on **January 30, 1992**. The Act received Presidential assent on **4th April 1992** and is deemed in force from January 30, 1992.

Before SEBI's statutory establishment, the **Controller of Capital Issues (CCI)**, empowered by the Capital Issues (Control) Act, 1947, was the regulatory authority for the securities market. With the SEBI Act, the CCI was abolished and SEBI became the principal capital markets regulator.

Headquarters

The **head office of SEBI is at Mumbai** (Bandra Kurla Complex). SEBI may establish offices at other places in India. It currently has four **regional offices** at New Delhi (Northern Region), Kolkata (Eastern Region), Chennai (Southern Region), and Ahmedabad (Western Region).

Preamble and Triple Mandate

The **Preamble of the SEBI Act, 1992** defines SEBI's mandate as:

"...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto."

This preamble encapsulates SEBI's three inseparable objectives:

- 1) **Protect:** the interests of investors in securities.
- 2) **Promote:** the development of the securities market.
- 3) **Regulate:** the securities market.

SEBI exercises its mandate as a **quasi-legislative, quasi-judicial, and quasi-executive** body:

- 1) **Quasi-legislative:** Frames rules, regulations, guidelines, and circulars under the SEBI Act and other delegated legislation.
- 2) **Quasi-judicial:** Conducts hearings, adjudicates disputes, and issues orders; appeals lie to the Securities Appellate Tribunal (SAT).
- 3) **Quasi-executive:** Enforces regulations, conducts inspections and investigations, and initiates enforcement action.

Governing Legislation

SEBI exercises powers under three principal statutes, supplemented by other Acts:

Statute	Year	Scope
SEBI Act, 1992	1992	Establishes SEBI; defines its composition, powers, functions, penalties, and the Securities Appellate Tribunal
Securities Contracts (Regulation) Act, 1956 (SCRA)	1956	Governs recognition of stock exchanges, contracts in securities, and regulation of listed securities
Depositories Act, 1996	1996	Governs depositories holding securities in dematerialised form and the rights of beneficial owners

Companies Act, 2013	2013	Corporate disclosures, listed company obligations; SEBI coordinates with the Ministry of Corporate Affairs
Prevention of Money Laundering Act, 2002	2002	KYC and AML obligations for securities market intermediaries

Composition of the SEBI Board

Section 4(1) mandates that the SEBI Board shall consist of the following **nine members**:

Category	Section	How appointed/nominated	Number
Chairman	4(1)(a)	Appointed by the Central Government	1
Members from the Ministry of the Central Government dealing with Finance and administration of the Companies Act	4(1)(b)	Nominated by the Central Government	2
Member from amongst the officials of the Reserve Bank of India	4(1)(c)	Nominated by the Reserve Bank	1
Other members of whom at least three shall be whole-time members	4(1)(d)	Appointed by the Central Government	5
Total: 9 members			

Current Board composition [As of April 2026]

Name	Designation	Statutory Provision
Shri Tuhin Kanta Pandey	Chairman, SEBI (from March 1, 2025)	Section 4(1)(a)
Shri Amarjeet Singh	Whole-Time Member	Section 4(1)(d)
Shri Kamlesh Chandra Varshney	Whole-Time Member	Section 4(1)(d)
Shri Sandip Pradhan	Whole-Time Member	Section 4(1)(d)
Ms. Deepti Gaur Mukerjee (Secretary, Ministry of Corporate Affairs)	Part-Time Member	Section 4(1)(b)
Ms. Anuradha Thakur (Secretary, Department of Economic Affairs, MoF)	Part-Time Member	Section 4(1)(b)

Shri Shirish Chandra Murmu (Deputy Governor, RBI)	Part-Time Member	Section 4(1)(c)
Shri N. Venkatram	Part-Time Member	Section 4(1)(d)

Appellate Mechanism

Appeals against SEBI's orders lie before the **Securities Appellate Tribunal (SAT)** — an independent statutory body. Further appeals from SAT on questions of law lie to the **Supreme Court of India**.

Key Functions

Section 11(1) states the **foundational duty**:

*"Subject to the provisions of this Act, it shall be the duty of the Board to **protect the interests of investors in securities** and to **promote the development of, and to regulate the securities market**, by such measures as it thinks fit."*

1) Regulation of Stock Exchanges and Securities Markets: Recognised stock exchanges in India subject to SEBI regulation include the **National Stock Exchange of India (NSE)**, **BSE Limited (BSE)**, **Metropolitan Stock Exchange of India (MSEI)**, and others.

2) Registration and Regulation of Intermediaries: SEBI registers and regulates the working of:

- Stock brokers and sub-brokers
- Share transfer agents
- Bankers to an issue
- Trustees of trust deeds
- Registrars to an issue
- Merchant bankers
- Underwriters
- Portfolio managers
- Investment advisers

SEBI also registers and regulates:

- Depositories (NSDL and CDSL)
- Depository participants
- Custodians of securities
- Foreign institutional investors / Foreign Portfolio Investors (FPIs)
- Credit rating agencies

3) Collective Investment Schemes and Mutual Funds: SEBI registers and regulates the working of **venture capital funds** and **collective investment schemes, including mutual funds**.

4) Promoting and Regulating Self-Regulatory Organisations

5) Prohibition of Fraudulent and Unfair Trade Practices, including market manipulation, price rigging, spreading false information to induce transactions, front-running, and other unfair trade practices.

6) Investor Education and Training of Intermediaries: SEBI discharges this function through multiple mechanisms:

- 1) **SCORES (SEBI Complaints Redressal System)**: Online portal for investor complaint registration, tracking, and resolution.
- 2) **National Institute of Securities Markets (NISM)**: Established by SEBI as a public trust in 2006; conducts mandatory certification examinations for market intermediaries.
- 3) **Office of Investor Assistance and Education (OIAE)**: In-house SEBI office managing investor grievances and education.

7) Prohibition of Insider Trading

8) Regulation of Substantial Acquisitions and Takeovers

9) Inspection, Inquiry, and Audit Powers

10) Primary Market Regulation, Capital Issuance

For the protection of investors, SEBI may specify by regulations

- 1) matters relating to **issue of capital, transfer of securities**, and matters incidental thereto; and
- 2) the manner in which such matters shall be disclosed by companies.

SEBI may by general or special orders

- **prohibit any company** from issuing a prospectus, offer document, or advertisement soliciting money from the public for the issue of securities; and
- specify conditions subject to which prospectus or offer document, if not prohibited, may be issued.

SEBI may specify requirements for **listing and transfer of securities** and matters incidental thereto.

12) Interim and Protective Powers

13) Regulation of Depositories and Dematerialisation

Depository

A depository holds securities in **dematerialised (electronic) form** on behalf of beneficial owners and facilitates their transfer through book-entry without physical movement of certificates.

India's two SEBI-registered depositories are:

- **NSDL**: National Securities Depository Limited (1996)
- **CDSL**: Central Depository Services (India) Limited (1999)

14) Fee-Levying, Research, and Information-Sharing

SEBI is a member of **IOSCO (International Organisation of Securities Commissions)** and a signatory to the **IOSCO Multilateral Memorandum of Understanding (MMOU)**, enabling cross-border regulatory cooperation and information exchange with foreign securities regulators. The **Office of International Affairs (OIA)** manages these engagements.

3. Pension Fund Regulatory and Development Authority

History

In 1999, the Government of India launched a national project called "**OASIS**" (**Old Age Social and Income Security**) to review policies related to old age income security. Following the recommendations from the OASIS report, the Government introduced a new **Defined Contribution Pension System**. This system applies to new employees joining Central and State Government services, except for the Armed Forces, replacing the previous Defined Benefit Pension System.

The **Interim Pension Fund Regulatory and Development Authority (PFRDA)** was established by the Government of India on **23rd August 2003** to promote, develop, and regulate the pension sector in India. Initially set up as an interim body, it became a statutory entity following the enactment of the **PFRDA Act, on 19th September 2013**, which came into effect on 1st February 2014.

The authority ensures the **orderly growth and regulation of the National Pension System (NPS)**, which was introduced on 1st January 2004 as a contributory pension scheme for new government employees (except the Armed Forces). On 1st May 2009, NPS was expanded to include all citizens of India, including self-employed professionals and individuals in the unorganized sector on a voluntary basis.

Preamble of PFRDA Act, 2013

The Preamble of the PFRDA Act, 2013, defines the authority's primary function as:

"... to promote old age income security by establishing, developing, and regulating pension funds, to protect the interests of subscribers to schemes of pension funds and for matters connected therewith or incidental thereto."

Our Vision

To be a model Regulator for promotion and development of an organized pension system to serve the old age income needs of people on a sustainable basis.

Present Composition of the Authority

As per Section 4 of the PFRDA Act, 2013, the Authority consists of:

- Chairperson
- Three Whole-Time Members
- Three Part-Time Members

These members are appointed by the Central Government and are selected based on their expertise in economics, finance, or law, ensuring leadership with integrity and professional standing.

Chairperson: Sivasubramanian Ramann

4. Insurance Regulatory and Development Authority of India (IRDAI)

Establishment and Legal Basis

The **Insurance Regulatory and Development Authority of India (IRDAI)** was established as a statutory body under the **Insurance Regulatory and Development Authority Act, 1999**, enacted by Parliament on **29th December 1999**.

The Act came into force on **19th April 2000**.

Before IRDAI, an **Interim Insurance Regulatory Authority** had been set up by the Central Government, dated 23rd January 1996. Upon IRDAI's establishment, all assets and liabilities of the Interim Authority were transferred to IRDAI.

IRDAI is an **autonomous statutory body** under the administrative domain of the **Ministry of Finance, Government of India**.

Governing legislation

IRDAI's powers and functions derive from two principal statutes:

- 1) The **IRDAI Act, 1999** (which establishes IRDAI and defines its composition, powers, and duties).
- 2) The **Insurance Act, 1938** (the principal Act governing the insurance sector provides the framework for registration, investment, solvency, and Section 114A empowers IRDAI to make regulations).

Headquarters

IRDAI is currently headquartered at **Hyderabad, Telangana** (moved from Delhi in 2001). It may establish offices at other places in India.

Mission and Mandate

The **mission of IRDAI** as stated in the IRDAI Act, 1999:

"...to protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto..."

Section 14(1) states the **foundational duty**:

"the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and re-insurance business."

This mandate encompasses **four key objectives**:

- 1) **Protecting the interest of policyholders** including speedy settlement of genuine claims.
- 2) **Speedy and orderly growth of the insurance industry.**

- 3) **Effective grievance redressal mechanism** for policyholders.
- 4) **Prudential regulation** ensuring financial security of the insurance market — with fairness, transparency, and orderly conduct.

Composition of the Authority

Section 4 provides that the Authority shall consist of the following members, **all appointed by the Central Government**:

Category	Number
(a) Chairperson	1
(b) Whole-time members (not more than five)	Up to 5
(c) Part-time members (not more than four)	Up to 4
Total (maximum)	10

Tenure

- **Chairperson and whole-time members: 5 years** from date of assuming office; eligible for re-appointment. Maximum age: **65 years** for Chairperson; **62 years** for whole-time members.
- **Part-time members:** Term not exceeding **5 years** from date of assuming office.
- Any member may relinquish office by giving 3 months' written notice to the Central Government.

Cooling-off period: Chairperson and whole-time members shall not, for **2 years** after ceasing to hold office

Current Chairman (as of April 2026): Shri Ajay Seth

Insurance Advisory Committee

The Authority may establish an **Insurance Advisory Committee (IAC)** with not more than **25 members** (excluding ex officio members) representing commerce, industry, transport, agriculture, consumer fora, surveyors, agents, intermediaries, safety and loss prevention organisations, research bodies, and employee associations in the insurance sector.

- The Chairperson and members of IRDAI are ex officio Chairperson and members of the IAC.
- The IAC advises IRDAI on matters relating to the making of regulations.

Departmental Structure

IRDAI discharges its functions through the following key departments:

Department	Key Mandate
Life Insurance Department	Registration, supervision, and regulation of life insurers
Non-Life (General Insurance) Department	Registration of non-life insurers; approval of liaison offices
Health Department	Regulation and supervision of health insurance business

Re-insurance Department	All reinsurance-related matters; oversight of GIC Re and foreign reinsurers
Actuarial Department	Formulation/amendment of regulations on actuarial matters; coordination with Institute of Actuaries of India
Finance and Accounts Department	Financial management; account finalization; bank reconciliation
Agency Distribution Department	Regulation of insurance agents; training and licensing norms
Enforcement Department	Inspection reports; enforcement action against insurers and intermediaries
Supervision Department	Inspection, enquiry, and investigation of regulated entities
Consumer Affairs Department	Policyholder grievance redressal; Integrated Grievance Management System (IGMS/Bima Bharosa)
Sectoral Development Department	Regulatory cooperation; research; public policy
Information Technology Department	Technology infrastructure; data reporting systems

Key Functions

1) Registration of Insurers: Issue to the applicant a **certificate of registration, renew, modify, withdraw, suspend or cancel** such registration. This covers:

- **Life insurance companies** (e.g., LIC, SBI Life, HDFC Life, ICICI Prudential Life)
- **General (non-life) insurance companies** (e.g., New India Assurance, Bajaj Allianz, ICICI Lombard)
- **Standalone Health Insurance companies** (e.g., Star Health, Niva Bupa)
- **Re-insurers** (e.g., GIC Re, foreign reinsurance branches)

As of 2024–25, there are **25 life insurers, 28 general insurers, 7 standalone health insurers, and 1 national reinsurer (GIC Re)** registered with IRDAI.

2) Protection of Policyholders' Interests: Protection of the interests of policy-holders in matters concerning **assigning of policy, nomination by policy-holders, insurable interest, settlement of insurance claim, surrender value of policy** and other terms and conditions of contracts of insurance.

IRDAI's most visible consumer-facing function. It includes:

- Prescribing regulations on claim settlement procedures and timelines.
- Protecting rights under policy assignment and nomination.
- Ensuring fair treatment in surrender value calculations.
- Regulating terms and conditions of insurance contracts.
- Operating **Bima Bharosa**: the integrated grievance management portal (bimabharosa.irdai.gov.in).
- **IRDAI Grievance Call Centre (IGCC)**
- **Bima Lokpal (Insurance Ombudsman)**: Established under the Insurance Ombudsman Rules; provides a channel for fair disposal of policyholder complaints.

3) Regulation of Insurance Intermediaries: Qualifications and Training: IRDAI prescribes eligibility criteria, minimum qualifications, pre-licensing training requirements, and codes of conduct for:

- Insurance agents
- Insurance brokers and reinsurance brokers
- Corporate agents
- Third Party Administrators (TPAs), who process health insurance claims
- Surveyors and loss assessors
- Insurance marketing firms

4) Code of Conduct for Surveyors and Loss Assessors

5) Promoting Efficiency in Insurance Business

6) Promoting and Regulating Professional Organisations: IRDAI promotes and regulates professional bodies such as:

- **Insurance Institute of India (III):** insurance education and training.
- **Institute of Actuaries of India (IAI):** actuarial profession; IRDAI coordinates for Guidance Notes [per Actuarial Department, irdai.gov.in].

7) Levying Fees and Charges

8) Inspection, Enquiry, Investigation, and Audit: This is IRDAI's supervisory power. The **Supervision Department** and **Enforcement Department** exercise these powers:

- Calling for information from insurers and intermediaries.
- Undertaking on-site inspections.
- Conducting enquiries and investigations into violations of the Insurance Act and regulations.
- Ordering audits.
- The Enforcement Department processes inspection reports and takes enforcement action, including show-cause notices, penalties, and cancellation of registrations

9) Control and Regulation of General Insurance Rates

10) Books of Account and Financial Reporting

11) Regulation of Investment of Funds

12) Regulation of Solvency Margin: IRDAI prescribes and monitors the **solvency margin**, the minimum amount by which the value of an insurer's assets must exceed its liabilities, to ensure financial stability and ability to pay claims. India is transitioning from a factor-based solvency approach to a **risk-based capital (RBC) framework** (in line with international standards).

13) Adjudication of Disputes: IRDAI has quasi-judicial powers to adjudicate disputes arising between:

- Insurers and insurance brokers.
- Insurers and TPAs (Third Party Administrators).

- Insurers and other insurance intermediaries.

14) Supervision of the Tariff Advisory Committee: The **Tariff Advisory Committee (TAC)** operates under the Insurance Act, 1938 (Section 64U) and is responsible for setting tariff rates for certain classes of general insurance (such as motor third-party liability). IRDAI supervises the TAC's functioning.

15) Specifying Funding for Professional Organisations: IRDAI may mandate insurers to contribute a specified percentage of premium income towards funding professional organisations in the insurance sector.

16) Rural and Social Sector Obligations: IRDAI mandates that all registered insurers underwrite a minimum percentage of their business in rural areas and social sectors ensuring financial inclusion and insurance access for underserved populations. This is one of IRDAI's key tools for achieving the national goal of "**Insurance for All by 2047**" (*Bima Vistar* vision).

5. International Financial Services Centres Authority (IFSCA)

Establishment and Legal Basis

"An Act to provide for the establishment of an Authority to develop and regulate the financial services market in the International Financial Services Centres in India and for matters connected therewith or incidental thereto."

The **International Financial Services Centres Authority (IFSCA)** was established under the **International Financial Services Centres Authority Act, 2019**, enacted by Parliament on **19th December 2019**. IFSCA became operational on **27th April 2020**.

The Act applies to **International Financial Services Centres set up under Section 18 of the Special Economic Zones Act, 2005**. At present, **GIFT IFSC** (Gujarat International Finance Tec-City, Gandhinagar, Gujarat) is India's **first and only operational IFSC**.

What is an IFSC?

"International Financial Services Centre means an International Financial Services Centre set up, before or after the commencement of this Act, under section 18 of the Special Economic Zones Act, 2005."

An IFSC is a financial centre that caters primarily to customers outside the jurisdiction of the domestic economy, essentially an **offshore financial hub within India**. It deals with the flow of finance, financial products, and services across borders, in **foreign currencies**.

GIFT City was established in December 2015 as India's first IFSC, under the SEZ Act 2005.

Head office: At such place as the Central Government may, by notification, decide. The current headquarters is at **GIFT City, Gandhinagar, Gujarat**

Mandate and Objective

"It shall be the duty of the Authority to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres, by such measures as it deems fit."

IFSCA's mandate as stated on its official website:

"The main objective of the IFSCA is to develop a strong global connect and focus on the needs of the Indian economy as well as to serve as an international financial platform for the entire region and the global economy as a whole."

IFSCA is described as a **unified authority for the development and regulation of financial products, financial services and financial institutions in the IFSC in India.**

Definitions

- 1) **Financial product:** Includes (i) securities; (ii) contracts of insurance; (iii) deposits; (iv) credit arrangements; (v) foreign currency contracts (other than spot exchanges); and (vi) any other product notified by the Central Government.
- 2) **Financial service:** Includes buying, selling, or subscribing to a financial product; acceptance of deposits; safeguarding and administering financial assets; effecting contracts of insurance; offering or managing assets of another person; establishing or operating an investment scheme; maintaining/transferring records of ownership; underwriting; providing creditworthiness information; payment instruments; and advice on any of the above.
- 3) **Financial institution:** A unit set up in an IFSC and engaged in rendering financial services in respect of any financial product.

Composition of the Authority

Section 5(1) provides that the Authority shall consist of the following **nine members**, appointed by the Central Government:

Category	Section	Number
(a) Chairperson	5(1)(a)	1
(b) One Member each nominated by RBI, SEBI, IRDAI, and PFRDA — ex officio	5(1)(b)(i)–(iv)	4
(c) Two Members from officials of the Ministry dealing with Finance — nominated by Central Government, ex officio	5(1)(c)	2
(d) Two other Members on recommendation of a Selection Committee	5(1)(d)	2
Total		9

Tenure: The Chairperson and Members hold office for a **term of 3 years** from date of assuming office; eligible for re-appointment. Maximum age: **65 years** for Chairperson; **62 years** for whole-time members.

Cooling-off period: Non-ex-officio members - **2 years**

Current Chairperson (as of April 2026): Shri K. Rajaraman (Kalyanaraman Rajaraman) assumed the role of Chairperson IFSCA on **1 August 2023**

First Chairperson: Shri Injeti Srinivas (April 2020).

Performance Review Committee

A unique governance feature of IFSCA is the mandatory **Performance Review Committee (PRC)**:

- Consists of at least **two Members** of the Authority.
- Reviews the Authority's functioning at least **once per financial year** on three dimensions: (a) adherence to applicable laws; (b) whether regulations promote transparency and best practices; (c) whether the Authority is managing operational risks reasonably.
- Submits report to the Authority, which forwards a copy with action taken to the **Central Government within 3 months**.
- Maintains a system for any person to submit incidences of: non-adherence to applicable law; misappropriation of resources; abuse of powers; or non-compliance of Authority decisions by members/employees.

Key Functions

1) Develop and Regulate Financial Products, Services and Institutions in IFSCs: This is a **dual mandate of development and regulation**, distinguishing IFSCA from purely regulatory bodies. Development is an explicit statutory duty, reflecting India's ambition to build GIFT City as a world-class global financial hub competing with Singapore, Dubai, and London.

2) Regulation of Already-Permitted Financial Products and Services: This provision gave IFSCA regulatory continuity over all products and services that RBI, SEBI, IRDAI, and PFRDA had already permitted for IFSC operations before April 2020, without disruption to existing businesses.

3) Regulation of Notified Additional Financial Products and Services: This is an expandable mandate. The Central Government may notify additional categories of financial products and services for IFSCA regulation, allowing the IFSC regime to evolve with emerging global financial innovations (e.g., aircraft leasing, ship leasing, FinTech, global in-house centres).

4) Recommending New Products and Services for the IFSC: IFSCA has a proactive recommendation role. It may propose new activities for the IFSC to the Central Government, supporting the evolution of the IFSC's regulatory perimeter. This reflects IFSCA's developmental mandate and positions it as a co-architect of India's global financial strategy.

5) Exercise of All Powers of Appropriate Regulators within the IFSC: This is IFSCA's most consequential power, the **consolidation of all regulatory authority** within the IFSC under a single window. The **First Schedule** to the IFSCA Act lists the "appropriate regulators" and the laws they administer:

Appropriate Regulator	Legislation Administered
Reserve Bank of India (RBI)	RBI Act, 1934; Banking Regulation Act, 1949; Foreign Exchange Management Act, 1999; and other laws
Securities and Exchange Board of India (SEBI)	SEBI Act, 1992; Securities Contracts (Regulation) Act, 1956; Depositories Act, 1996
Insurance Regulatory and Development Authority of India (IRDAI)	IRDAI Act, 1999; Insurance Act, 1938
Pension Fund Regulatory and Development Authority (PFRDA)	PFRDA Act, 2013

All powers of RBI, SEBI, IRDAI, and PFRDA under their respective parent legislation are exercisable by IFSCA within the IFSC. This means IFSCA is simultaneously:

- The banking regulator for IFSC Banking Units (IBUs).
- The capital market regulator for IFSC exchanges, intermediaries, and investment funds.
- The insurance regulator for IFSC Insurance Offices (IIOs) and intermediaries.
- The pension regulator for pension-related products in the IFSC.

6) Expanding the First Schedule: This provision allows IFSCA's unified regulatory ambit to be extended to additional sectors (e.g., commodity market regulation, FinTech entities) as the IFSC regime evolves.

7) Application of Procedural Provisions of Parent Acts: This ensures IFSCA benefits from the detailed procedural frameworks already developed by RBI, SEBI, IRDAI, and PFRDA, without IFSCA needing to replicate the entire regulatory machinery from scratch.

8) Penalties and Fines in Foreign Currency: All penalties, fines, fees, and settlement amounts within the IFSC shall be collected or realised in the **foreign currency equivalent** of the penalty imposed. The rate of exchange is as notified by RBI on the date of the penalty order. All sums realised shall be credited to the **Consolidated Fund of India in Indian Rupees**.

9) Foreign Exchange Transactions: This provision underpins the offshore character of the IFSC. All business is conducted in foreign currencies, making IFSC transactions ring-fenced from the domestic financial system and exempt from domestic monetary policy constraints.

10) Power to Modify Provisions of Other Central Acts for IFSCs: This provision gives IFSCA/Government the flexibility to create a tailored regulatory environment for the IFSC, including tax concessions and procedural modifications under the Income Tax Act, Companies Act, and other legislation.

11) Power to Make Regulations: IFSCA may by notification make **regulations** consistent with the Act and rules made thereunder. Key regulations include:

Regulation	Year	Subject
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IFSCA (Banking) Regulations	2020 (first set; consolidated 2023)	IFSC Banking Units; Finance Companies
IFSCA (Capital Market Intermediaries) Regulations	2021	Brokers, advisers, depositories in IFSC
IFSCA (Fund Management) Regulations	2022	Fund Management Entities (FMEs); AIFs; ETFs in IFSC
IFSCA (Insurance) Regulations	2021	IFSC Insurance Offices (IIOs); Intermediary Offices
IFSCA (Issuance and Listing of Securities) Regulations	2021	Listing of debt, equity, GDRs on IFSC exchanges
IFSCA (Regulatory Sandbox) Regulations	2021	FinTech sandbox in IFSC
IFSCA (Aircraft Leasing) Regulations	2021	Aircraft asset leasing framework
IFSCA (Ship Leasing) Regulations	2022	Ship asset leasing framework
IFSCA (Global In-House Centres) Regulations	2022	GIC operations in IFSC
IFSCA (TechFin and Ancillary Services) Regulations	2025	FinTech and technology service providers