

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

FM: ASKS REGULATORS TO TAKE ALL POSSIBLE CONCRETE MEASURES TO AVOID ANY ADVERSE IMPACT OF TAPERING OFF OF THE QUANTITATIVE EASING (QE) IN THE USA ON THE INDIAN ECONOMY; TO FINALISE AN ACTION PLAN FOR IMPLEMENTATION OF ALL THE FSLRC PRINCIPLES RELATING TO REGULATORY GOVERNANCE, TRANSPARENCY AND IMPROVED OPERATIONAL EFFICIENCY THAT DO NOT REQUIRE LEGISLATIVE ACTION

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The Union Finance Minister Shri P.Chidambaram emphasized that as tapering off of Quantitative Easing (QE) in the US is likely to happen sooner or later and, as such, regulators must take all possible concrete measures to avoid any adverse impact on the Indian economy. The Finance Minister was speaking at the Eighth (8th) Meeting of the Financial Stability and Development Council (FSDC) which was held here today under his Chairmanship. Shri Chidambaram said that the opportunity available due to the postponement of the reversal of the monetary policies in advanced economies should be utilized to further address the macroeconomic imbalances.

The meeting was attended among others by Dr. Raghuram G. Rajan, Governor, RBI; Shri R.S.Gujral, Finance Secretary; Dr. Arvind Mayaram, Secretary, Department of Economic Affairs; Shri Rajiv Takru, Secretary, Department of Financial Services; Shri Sumit Bose, Secretary, Department of Revenue; Shri Naved Masood, Secretary, Ministry of Corporate Affairs; Shri U.K.Sinha, Chairman, SEBI; Shri T.S.Vijayan, Chairman, IRDA; Shri Yogesh Agarwal, Chairman, PFRDA; Shri Ramesh Abhishek, Chairman, FMC and other senior officers of the Government.

The Council deliberated on the implementation of the recommendations of the Financial Sector Legislative Reforms Commission (FSLRC); impact of tapering off of the Quantitative Easing (QE) in the US and preventive measures to be taken; Steps to be taken by Regulators/Government to facilitate the “Corporate Distress Resolution Mechanism” as laid-out in the Companies Act, 2013. RBI apprised the Council of the report of FSDC Sub-Committee, the last meeting of which was held on August 07, 2013.

The Council took stock of the progress in examining the Report of the FSLRC, in pursuance to the decisions taken in the Seventh Meeting of the FSDC held on June 03, 2013. Based on the deliberations made today, it has been decided that all the financial sector regulators (including FMC) will finalise an action plan for implementation of all the FSLRC principles relating to regulatory governance, transparency and improved operational efficiency that do not require legislative action. As regards legislative recommendations, it was decided to analyze the public comments and feedback to further fine tune the draft Indian Financial Code. It was also decided that action should be taken

for finalizing the roadmap for creation of new institutions such as Resolution Corporation, PDMA, FSAT and FDMC.

The Council also discussed the corporate distress redressal mechanism laid out under the Companies Act, 2013 and identified the role of Regulators/Government to implement these provisions to prevent, as also to take remedial measures on, corporate distress.

The Council was apprised of the progress made by the FSDC Sub-Committee and its Technical Groups also in a number of areas like drawing up a consolidated template for a bird's eye view of financial inclusion across different segments of the financial sector, remedial measures to address the deteriorating asset quality of public sector banks, and formation of State Level Coordination Committees to curb the menace of unregulated companies collecting public funds.
