

PRACTICE **MOCK**

List of Indian Financial Regulators



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The role of the financial sector in economic development is very critical. In a market economy, the financial sector performs a variety of tasks: it provides payment services that facilitate exchange of goods and services, mobilises savings and makes available credit and other forms of finance. Financial intermediaries evaluate projects and monitor borrowers promoting efficiency in resource use and reducing information costs. The financial system also plays a critical role in allowing for the shifting and diversification of economic risk. In view of its importance and vulnerability, ensuring the stability of the financial sector, various organisations have been established for smooth functioning of different dimensions of the financial sector.

Here, we will study about some of those organisations.

1. Reserve Bank of India (RBI):

- ❖ The Reserve Bank of India was established on **April 1, 1935** in accordance with the provisions of the **Reserve Bank of India Act, 1934** with a paid-up capital of **5 Crore** and nationalised in 1949 on the recommendation of **Hilton Young Commission**.
- ❖ 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.

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2. National Bank for Agriculture and Rural Development (NABARD):

- ❖ NABARD was established on the recommendations of **B. Sivaraman Committee**, (by Act 61, 1981 of Parliament) on **12 July 1982** to

implement the National Bank for Agriculture and Rural Development Act 1981. It is headquartered in Mumbai.

- ❖ Set up with an initial capital of Rs. **100 Crore**, its' paid up capital stood at Rs. 14,080 Crore as on 31 March 2020. Consequent to the revision in the composition of share capital between Government of India and RBI, NABARD today is fully owned by Government of India.
- ❖ Shri **G R Chintala** is the Chairman of National Bank for Agriculture and Rural Development (NABARD) with effect from 27 May 2020. Previously, he was the Managing Director of NABFINS, a subsidiary of NABARD headquartered in Bengaluru.
- ❖ NABARD initiatives are aimed at building an empowered and financially inclusive rural India through specific goal oriented departments which can be categorized broadly into three heads: Financial, Developmental and Supervision.

3. Securities and Exchange Board of India (SEBI):

- ❖ The Securities and Exchange Board of India is the regulator of the securities and commodity market in India owned by the Government of India.
- ❖ It was established on **April 12, 1992** in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.
- ❖ Main functions of SEBI are:
 - SEBI ensures that the **issuance of securities** can take place in a healthy and transparent way.
 - SEBI is responsible for safeguarding the interests of **Traders & Investors** and ensuring that the investors do not become victims of any stock market fraud or manipulation.
 - SEBI acts as a **mediator in the stock market** to ensure that all the market transactions take place in a secure and smooth manner. It monitors every activity of the financial intermediaries, such as broker, sub-broker, NBFCs, etc.

4. Small Industries Development Bank of India (SIDBI):

- ❖ SIDBI was set up on **2nd April 1990** under an Act of Indian Parliament, acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities.
- ❖ It is headquartered in **Lucknow**. SIDBI operates under the Department of Financial Services, Government of India.

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5. Export Credit Guarantee Corporation (ECGC):

- ❖ The ECGC Limited (Formerly Export Credit Guarantee Corporation of India Ltd) is a company wholly owned by the Government of India based in **Mumbai**, Maharashtra.
- ❖ It provides export credit insurance support to Indian exporters and is controlled by the Ministry of Commerce.
- ❖ Important Functions:
 - Provides a range of credit risk insurance covers to exporters against loss in export of goods and services as well.
 - Offers guarantees to banks and financial institutions to enable exporters to obtain better facilities from them.
 - Provides Overseas Investment Insurance to Indian companies investing in joint ventures abroad in the form of equity or loan and advances.

6. National Housing Bank (NHB):

- ❖ National Housing Bank, a Government of India owned entity, was set up on **9 July 1988** under the National Housing Bank Act, 1987 on the

recommendations of High Level Group under the Chairmanship of **Dr. C. Rangarajan**.

- ❖ NHB is the Apex level institution for housing.
- ❖ The Head Office of NHB is at **New Delhi**. It is owned by **Government of India**.
- ❖ NHB registers and supervises Housing Finance Company (HFCs), keeps surveillance through On-site & Off-site Mechanisms and co-ordinates with other Regulators.

7. Competition Commission of India (CCI):

- ❖ Competition Commission of India is a statutory body of the Government of India responsible for enforcing The Competition Act, 2002 throughout India and to prevent activities that have an appreciable adverse effect on competition in India. It was established on **14 October 2003**. It became fully functional in May 2009.
- ❖ CCI consists of a Chairperson and **6 Members** appointed by the Central Government. It is the duty of the Commission to eliminate practices having adverse effect on competition, promote and sustain competition, protect the interests of consumers and ensure freedom of trade in the markets of India.
- ❖ Goal of CCI is to create and sustain fair competition in the economy that will provide a 'level playing field' to the producers and make the markets work for the welfare of the consumers.

8. Indian Banks' Association (IBA):

- ❖ The Indian Banks' Association (IBA) was formed on **September 26, 1946** with 22 members. As on April, 2018 the total Membership of the Association is 246.
- ❖ **IBA** was formed for development, coordination and strengthening of Indian banking, and assist the member banks in various ways including implementation of new systems and adoption of standards among the members

- ❖ On October 18 2019, State Bank of India's Chairman Mr. **Rajnish Kumar** was elected as the new chairman of IBA.



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9. Insurance Regulatory and Development Authority of India (IRDA):

- ❖ The Insurance Regulatory and Development Authority of India (IRDAI) is an autonomous, statutory body tasked with regulating and promoting the insurance and re-insurance industries in India. It was established in accordance with Insurance Regulatory and Development Authority of India Act 1999.
- ❖ Its headquarters is located in **Hyderabad, Telangana.**
- ❖ IRDAI is a **10-member** body including the chairman, five full-time and four part-time members appointed by the government of India.

10. Deposit Insurance and Credit Guarantee Corporation (DICGC):

- ❖ Deposit Insurance and Credit Guarantee Corporation (DICGC) is a subsidiary of Reserve Bank of India. It was established on **15 July 1978** under Deposit Insurance and Credit Guarantee Corporation Act, 1961 for the purpose of providing insurance of deposits and guaranteeing of credit facilities.
- ❖ It is headquarters in **Mumbai.**
- ❖ All commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by the DICGC. All co-operative banks are covered by the DICGC. Primary cooperative societies are not insured by the DICGC.

- ❖ DICGC insures all bank deposits, such as saving, fixed, current, recurring deposit for up to the limit of Rs. **500,000** of each deposits in a bank.

Summary of Financial Regulators in India

Organisation	Established On	Headquarter	Head
RBI	April 1, 1935	Mumbai	Shaktikanta Das
NABARD	12 July 1982	Mumbai	G R Chintala
SEBI	April 12, 1992	Mumbai	Ajay Tyagi
SIDBI	2nd April 1990	Lucknow	Mohammad Mustafa
IRDAI	1999	Hyderabad	Subhash Chandra Khuntia
DICGC	15 July 1978	Mumbai	B. P. Kanungo
NHB	9 July 1988	New Delhi	Sarada Kumar Hota

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