

## Total overhaul of existing financial system needed

India needs a drastic and complete overhaul of the existing financial regulatory structure if it wants to achieve \$30-40 trillion economy by 2025, Chairman of the Financial Sector Legislative Reforms Commission (FSLRC) and former Supreme Court judge B N Srikrishna today said.

"By the year 2020-25, we hope to achieve \$30-40 trillion economy. Ambition can not be achieved unless there are steps taken towards it. Therefore, you need something that is drastic, something that is total overhaul of the existing financial system," Srikrishna said while addressing an event organised here.

There is urgent need of merging oversight functions of market, commodity, insurance and pension regulators, he added.

Srikrishna also pitched for making Reserve Bank more accountable.

"Regulators like RBI are to aide the government in administering and governing...No single central bank in the world can say, I am autonomous, therefore, I will decide what I will do," he said.

The FSLRC was set up to rewrite financial sector laws and to bring them in tune with current requirements.

The commission had recommended the creation of an Monetary Policy Committee (MPC) that would determine the policy interest rate.

The FSLRC committee had also suggested creation of the Unified Financial Agency (UFA) that would subsume the functions of key agencies such as the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority, the Pension Fund Regulatory and Development Authority and the Forward Markets Commission.

It had also suggested doing away with the multiple agency architecture for scanning foreign capital inflows.

Besides, it had also suggested setting up of a debt management office (DMO) for raising resources for the government expense.

At present, the government raises funds by issuing bonds through the RBI.

Recently, Finance Minister P Chidambaram had said there are regulatory gaps and efforts are being made to frame a new law to oversee financial sector.

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