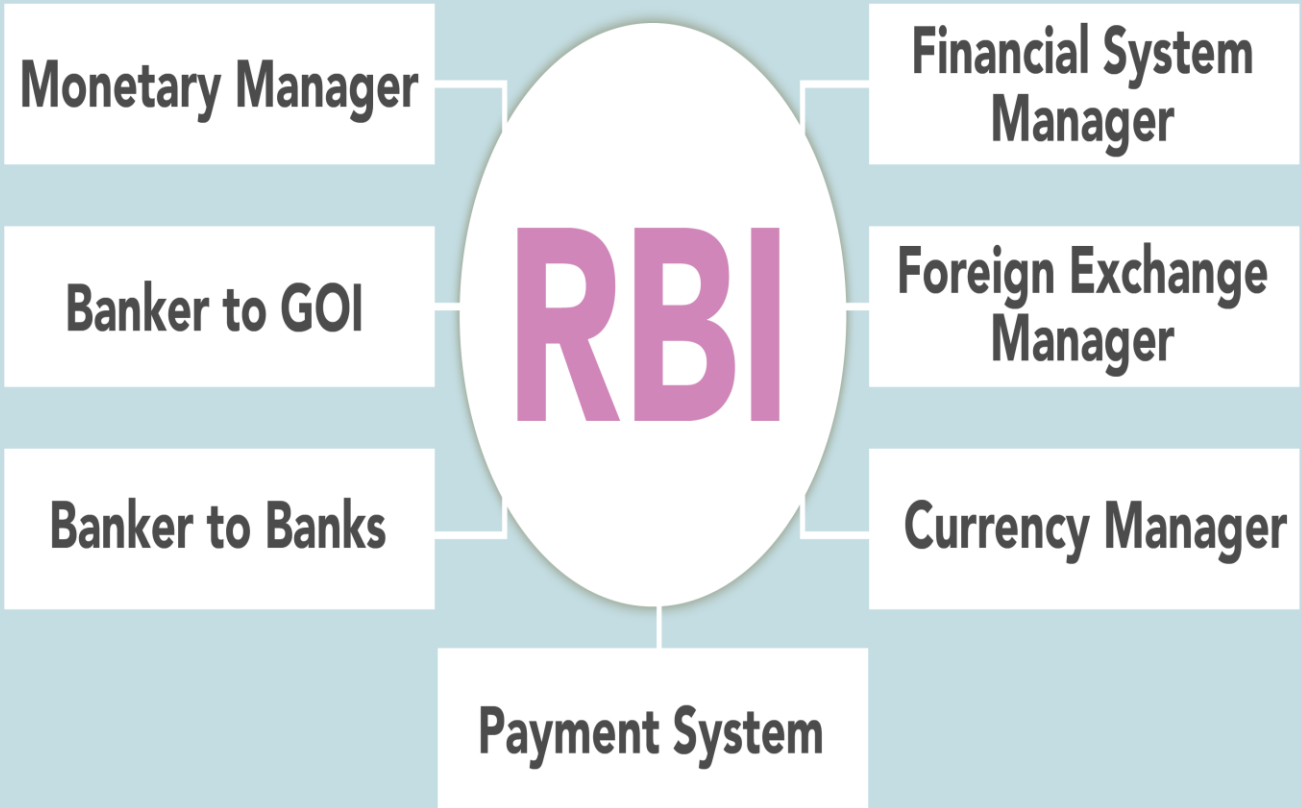
FINANCIAL INSTITUTIONS MARKET AND SERVICES

Unit-3

DR. RUPSA MAHAPATRA

Financial Regulations and Regulatory

HOW RBI MANAGES THE ECONOMY?



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RESERVE BANK OF INDIA

- The Reserve Bank of India (RBI) takes its name from the Banking Regulation Act, 1949, formerly known as the Banking Companies Act, 1949.
- Regional rural banks, cooperative banks, Commercial banks, local area banks, non-banking financial companies and development financial institutions (DFIs) make up India’s financial system.
- In this article, we attempt to understand the role of RBI as a regulator and how it safeguards public trust in the national financial system.
- The aim of the Reserve Bank of India is to provide the best facilities to all banks of India.
- It settled with the National Payments Corporation of India for settling the payment system throughout the country.

Role of RBI

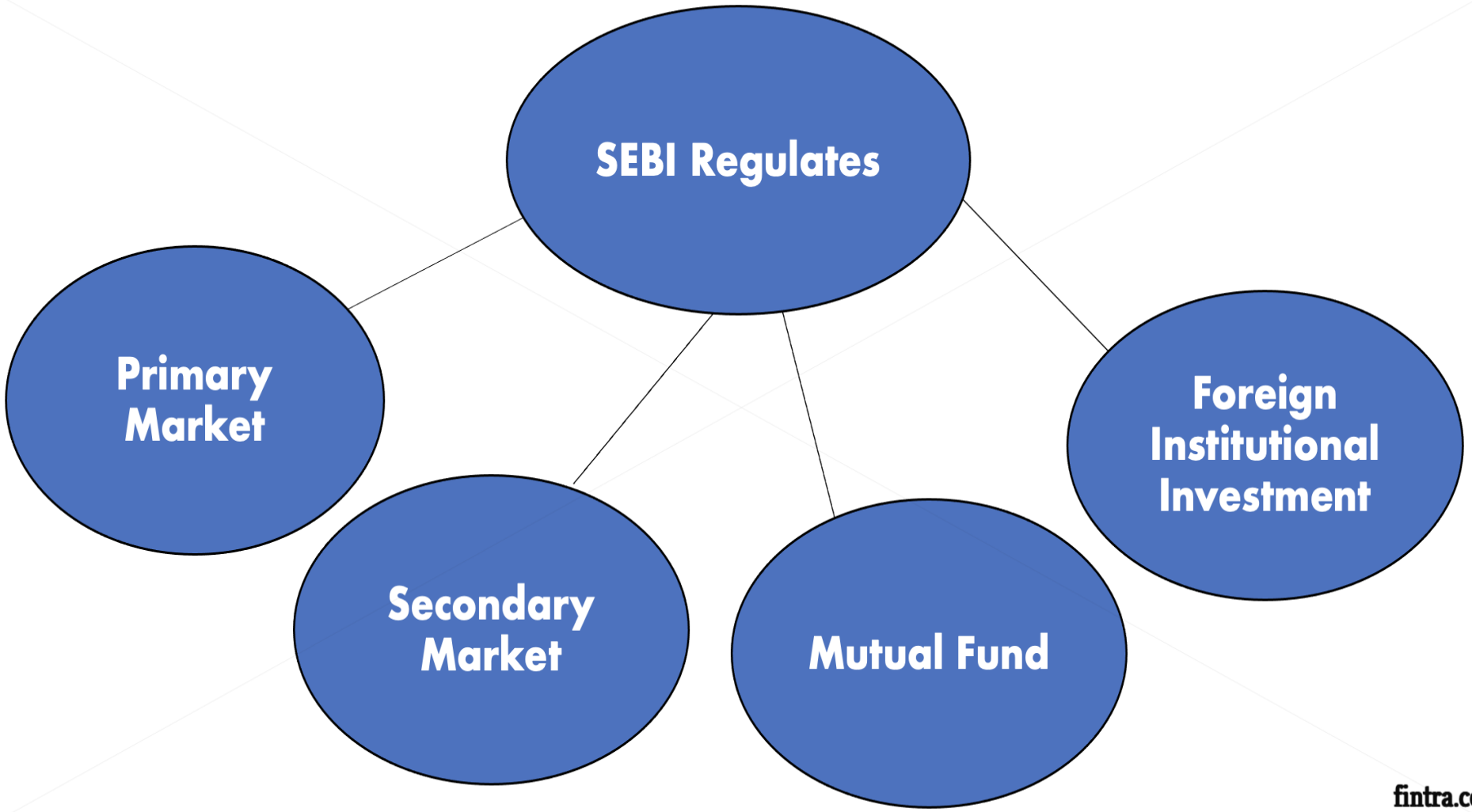
- The primary duty of the RBI is to implement monetary policy
- The Central Government's Monetary Policy Committee (MPC), established under Section 45(B), determines the policy interest rate required to achieve the inflation target
- The RBI also conducts economic research to promote economic growth
- It is in charge of the nation's currency's design, production, and overall management, ensuring an adequate supply of clean and genuine notes
- Section 22 of the RBI Act empowers the bank to issue currency notes, except for one rupee note, which the Ministry of Finance issues
- The Government of India is the coin-issuing authority, and the Reserve Bank receives coins on demand

The Function of RBI as a Regulator of the Money Market

- The function of the RBI as a regulator of the money market is to regulate and manage the country's foreign exchange.
- It is in charge of the country's currency and gold reserves.
- The foreign exchange rate reflects the demand for and supply of foreign exchange resulting from trade and capital transactions on any given day.
- RBI works as a regulator of the money market. It also regulates the Financial Markets Department (FMD).
- It also checks and regulates all the functions which are done under the foreign exchange market.
- It facilitates this foreign regulation by selling and buying foreign currency, which helps in reducing the volatility during the time of excess demand for foreign currency in the market.

SEBI

- SEBI is a statutory body and a market regulator, which controls the securities market in India.
- The basic functions of SEBI is to protect the interests of investors in securities and to promote and regulate the securities market.
- SEBI is run by its board of members. The board consists of a Chairman and several other whole time and part time members.
- The chairman is nominated by the union government.
- The others include two members from the finance ministry, one member from Reserve Bank of India and five other members are also nominated by the Centre.
- The headquarters of SEBI is situated in Mumbai and the regional offices are located in Ahmedabad, Kolkata, Chennai and Delhi.


SEBI Regulates
Primary Market
Secondary Market
Mutual Fund
Foreign Institutional Investment

fintra.co.in

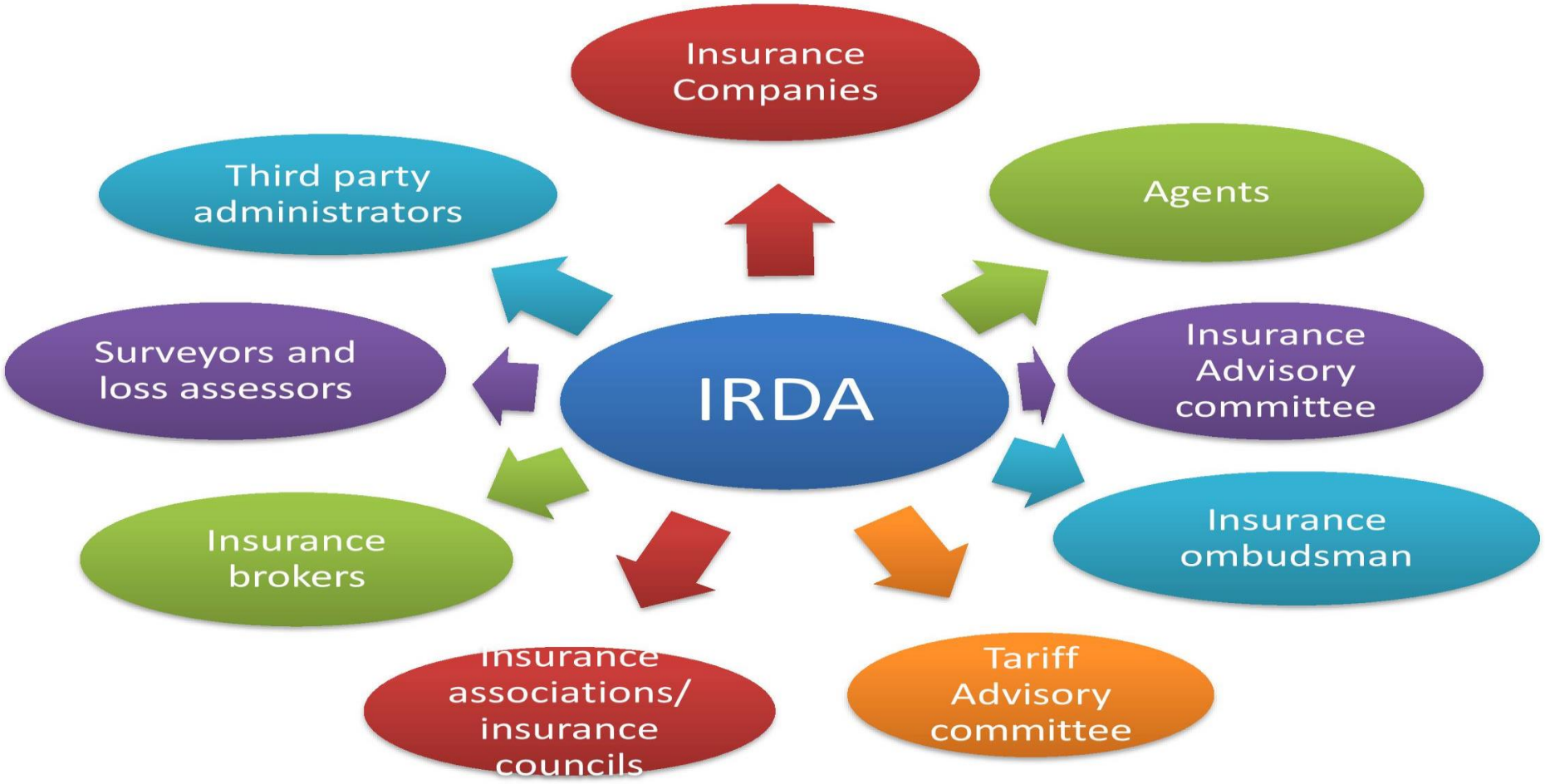
भारतीय बीमा विनियामक और विकास प्राधिकरण

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

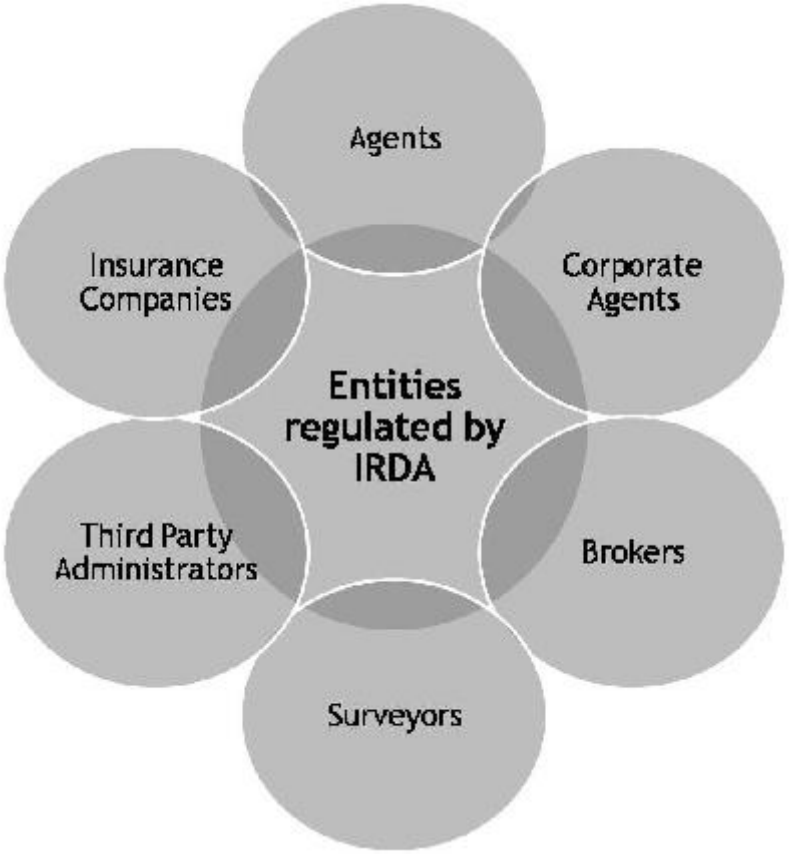
IRDAI

- The objective of supervision as stated in the preamble to the IRDAI Act is “to protect the interests of holders of Insurance policies, to regulate, promote and ensure orderly growth of the Insurance industry”, both Insurance and Reinsurance business.
- The Insurance Regulatory and Development Authority of India (IRDAI) is a regulatory body under the jurisdiction of Ministry of Finance , Government of India and is tasked with regulating and licensing the insurance and re-insurance industries in India.
- Insurance Regulatory and Development Authority (IRDA) Act, 1999 spells out the Mission of IRDAI as: “... 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..

Regulatory Framework



What is Life Insurance
Great Return
Life Cover
Tax Benefits
Financial Safety
Secure Your Future
Peace of Mind


Entities regulated by IRDA
Agents
Corporate Agents
Brokers
Surveyors
Third Party Administrators
Insurance Companies

PFRDA

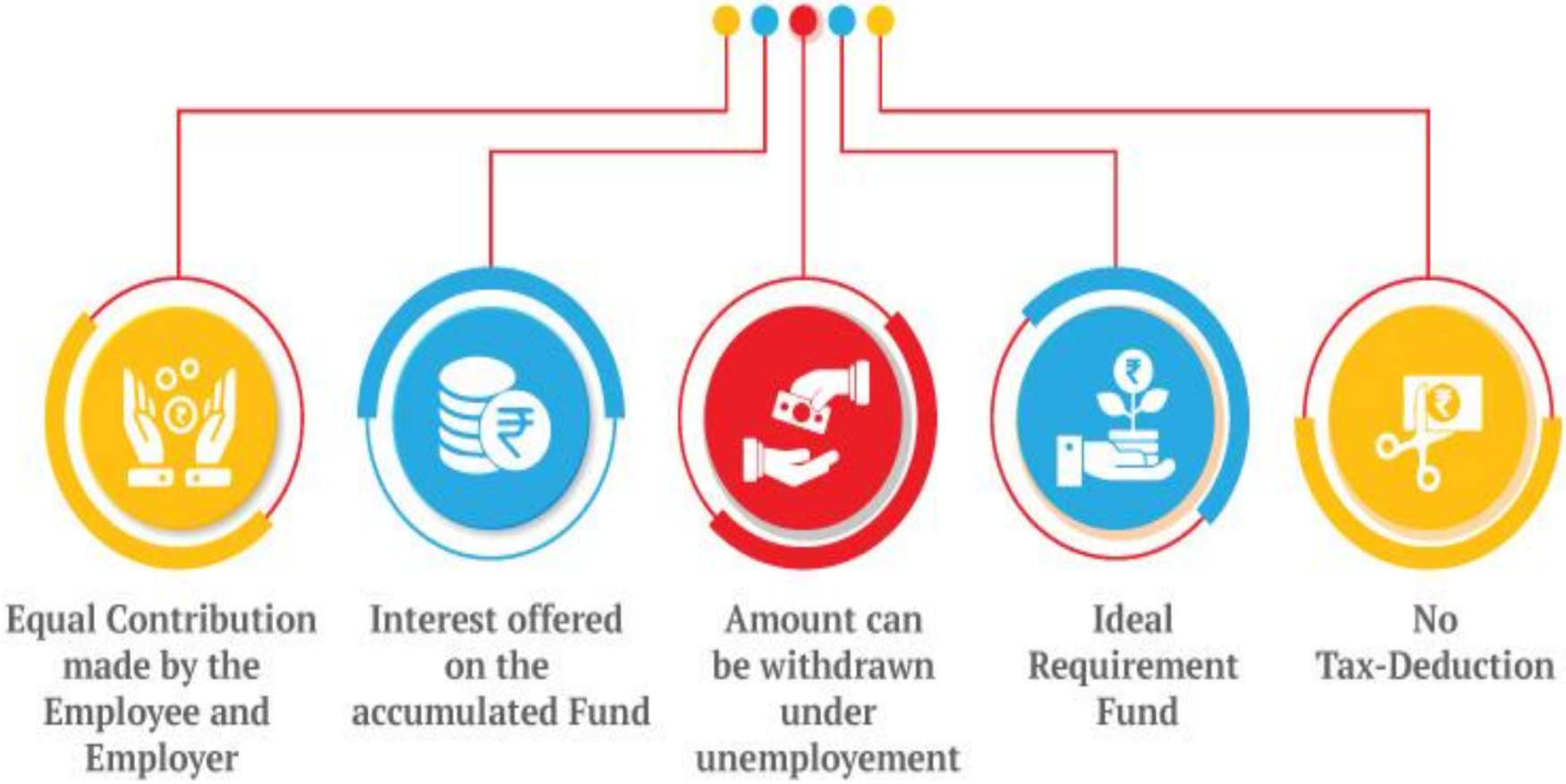
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

ABOUT PFRDA

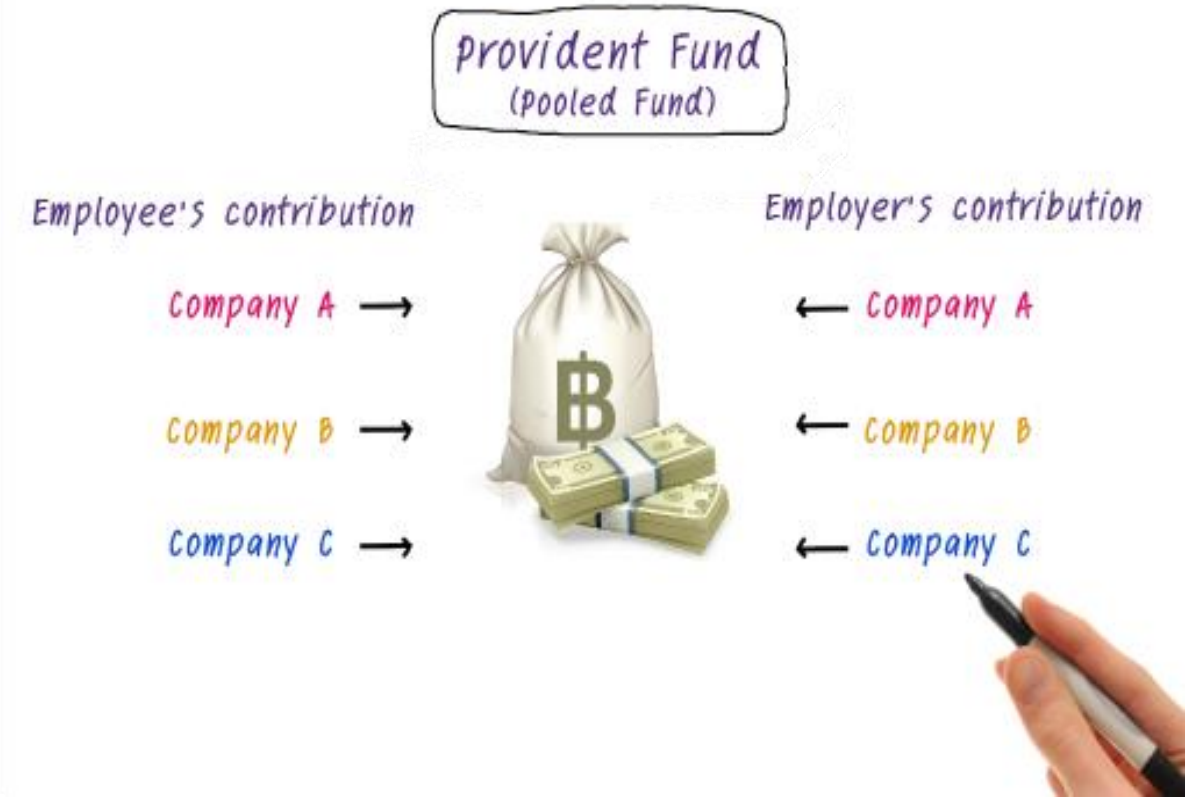
- The Pension Fund Regulatory & Development Authority Act was passed on 19th September, 2013 and the same was notified on 1st February, 2014.
- PFRDA is regulating NPS, subscribed by employees of Govt. of India, State Governments and by employees of private institutions/organizations & unorganized sectors.
- PFRDA Act to provide for the establishment of an Authority 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.

Provident
Fund

Benefits of Employee Provident Fund



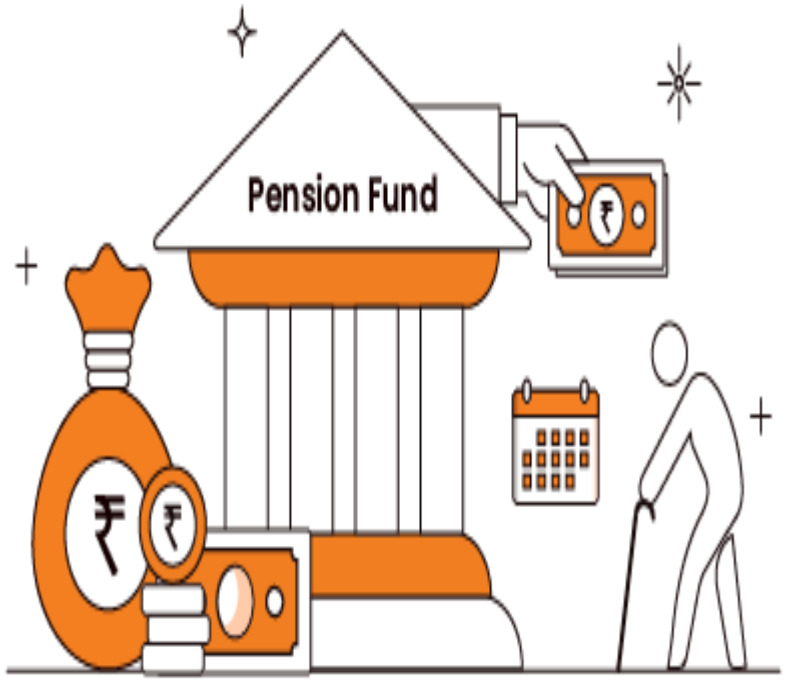
Benefits of EPF
Universal Access
Tax Free Savings Benefit
Insurance Benefit
Pension Benefit
Post-Retirement Benefit
Post-Death Benefit
Withdrawal Benefit
Additional Benefits


Provident Fund
(Pooled Fund)
Employee's contribution
Company A
Company B
Company C
Employer's contribution
Company A
Company B
Company C

What is a provident fund?

- A provident fund is an investment fund that is voluntarily established by Employer and employees to serve as long term savings to support an employee's retirement.
- Sources of fund: Employee's contribution: The amount deducted from the employee's salary at a rate of 2% – 15%.
- An EPF fund acts as an emergency corpus when an individual requires emergency funds. Tax-saving – Under Section 80C of the Indian Income Tax Act, an employee's contribution towards their PF account is deemed eligible for tax exemption.
- Moreover, earnings generated through EPF schemes are exempted from taxes.

PENSION FUND


Pension Fund

Pension Plan

['pen(t)-shən 'plan]

An employee benefit that commits the employer to make regular contributions to a pool of money that is set aside in order to fund payments made to eligible employees after they retire.

Investopedia

- Pension funds are pools of savings accumulated during the working life of individuals.
- At any given point in time, they are the sum of the flow of the employer and employee contributions, investment income, and eventual benefits paid.
- Their definition varies from country to country depending on the specific pension plan or scheme arrangement.

INSURANCE
PREMIUM
SHORT TERM
PROTEC
GUAR
FINANCE
DIS
PROPER
INDEMNITY
CO-PAYS
ADJUSTERS
HEALTH
REMTAL
HOME
LIABILIT
COMME
BROKE
FIRE
WORKERS COMPENSATION
ACTUARIES
MAJOR MEDICAL
USINESS
LIFE
FINANCE
ADJUSTER
ATIONS
ENTS

- Insurance companies provide risk management to individuals, businesses, and institutional clients.
- Although there is a multitude of different types of insurance companies, the protection guarantees payment or reimbursement in the event of losses for the insured.
- Insurance companies offer policies offering coverage for losses related to accidents, health, property, homeownership, professional liability, malpractice, and casualty, among other areas.

Thank You!