

**Financial Institutions and Markets**  
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**Lecture – 20**  
**SEBI, IRDA and PFRDA: Structure and Function**

So, in the previous class we discussed about the functions and the operations of Reserve Bank of India, who is the one of the most important regulators operating in the Indian market or Indian economy. And, the basic job of the RBI is to conduct the monetary policy and to ensure that the price stability can be maintained. And, as well as the growth rate of the total output or the GDP also can be enhanced. So, then another we have another major three regulators which work in this particular economy.

These are Securities and Exchange Board of India: SEBI, Insurance Regulatory Development Authority: IRDA and the Pension Fund Regulatory Development Authority that is the PFRDA. These are relatively new regulators which operate or which work in the Indian context. But, we will today we will be discussing that what are the structure of that particular regulatory bodies and what are the major functions and how they basically work in the Indian context.

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The slide is titled "Structure of SEBI" and contains the following bullet points:

- SEBI formed with all functional autonomy under the SEBI Act, 1992
- The central Govt. is empowered to supersede the SEBI in public interest or if on account of grave emergency
- The SEBI is a body of eight members comprising comprising the chairman, three full time members, one part time member and two officials of the ministries of the central government dealing with finance and law, and one member from the RBI.
- All members, except the RBI member, are appointed by the government

At the bottom of the slide, there are three logos: the IIT Kharagpur logo on the left, the Swayam logo in the center (with the text "FREE ONLINE EDUCATION swayam INDIA WIDE, TIME WISE"), and the IRDAI logo on the right.

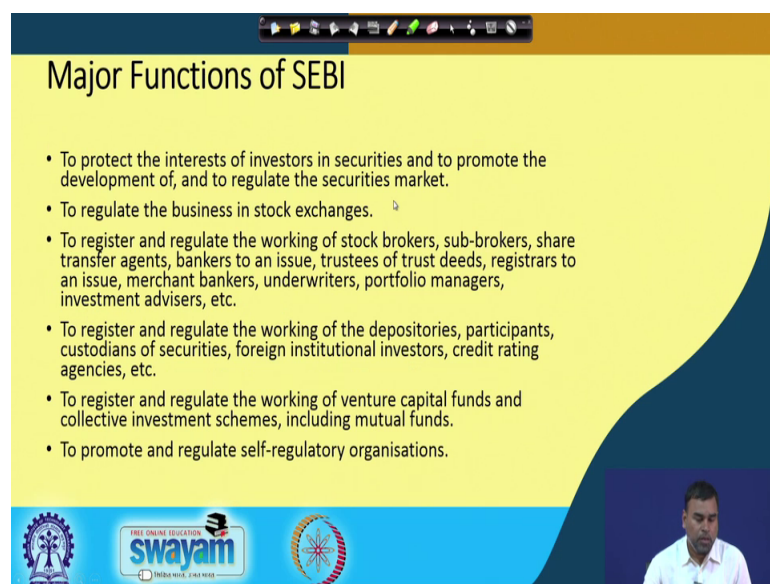
So, if you see first of all the SEBI already what I told you that this is relatively a new regulatory body which is working in the Indian market which was started after the

liberalization. Once the stock market was developed or there was a urge to make this capital market more developed in comparison to other emerging economy. So, in that context the government has established the SEBI under the SEBI Act, 1992. So, here there are certain things if you talk about the structure.

The SEBI is a body of eight members comprising the chairman, three full time members, one part time member and two officials of the ministries of the central government. And, they all deal with the finance and law, who are basically the members from the ministry and one member from the RBI. One nominated member from the Reserve Bank of India because, as you know there is a link between the capital market and the money market. And, the money markets are mostly controlled by the RBI and the capital market, the stock market which is mainly controlled by the securities and exchange board of India.

So, because of that to make this kind of arrangement there is a plan that or there is some kind of necessity that one member from RBI also should be there in the SEBI's bodies. So, this is what basically this governing body of SEBI is comprised or formed. And all those members who are basically this part of the SEBI, they are basically selected or nominated by the government except the member which is coming from RBI. Because, RBI nominates that person and the other persons who are the members of the SEBI's governing body they are basically appointed by the Government of India. So, this is the way the structure of SEBI is designed in the Indian context.

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## Major Functions of SEBI

- To protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- To regulate the business in stock exchanges.
- To register and regulate the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers, etc.
- To register and regulate the working of the depositories, participants, custodians of securities, foreign institutional investors, credit rating agencies, etc.
- To register and regulate the working of venture capital funds and collective investment schemes, including mutual funds.
- To promote and regulate self-regulatory organisations.

At the bottom of the slide, there are logos for 'swayam' (Free Online Education) and 'INDIA'S CHAMPION'.

So, what are the major functions that basically SEBI does, but what is the necessity that the one regulatory body was established was formed to control the capital market in Indian economy. So, the first job of SEBI is basically or the foremost important job of the SEBI is to protect the interest of the investors and to promote the development and to regulate the securities market. Basically, what everybody are mostly they the participants whether they are the institutional investors or the retail investors, they basically work or they take the positions in the equity market for their maximization of the return.

So, SEBI ensures that their interest should be protected or whatever positions their taking whatever monetary transactions are happening; so, all those transactions are well protected. And, the all kind of transactions which they supposed to make those are made through proper rules and regulations. Those kinds of things were over basically totally governed by or may be regulated by the securities and exchange board of India. And, next thing is to promote the development the infrastructural development.

And as well as other development which should happen both administrative and as well as infrastructural both the development which should take place in the Indian equity market that basically it is totally looked by the SEBI in the Indian context. And, the regulate the securities market in the sense they basically make the rules and regulations norms and period to period they see that whether the market is functioning in the better way. So, these are the major functions of SEBI in the Indian equity market.

And, another function of SEBI is to regulate the business in the stock exchanges. So, this would ensure that whatever business the stock exchanges are doing or whatever transactions in the stock exchanges are made they are fair. So, all kind of transactions are basically is in the interest of the shareholders or the equity holders who are investing in this. And, stock exchange is transparent providing all kind of informations or stock exchange is really working in a clean manner for the investors, where the investors take their positions to maximize the return.

Then, the third thing is the another function is to register and regulate the working of the stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisors etcetera. Because, you see the all these agents participate in the pricing of the equity particularly in the IPO process and as well as also they participate whenever the

transactions of a particular positions are taken place. When the settlement of any positions basically take place the settle all the settlements are taken care of by some of the economic agents.

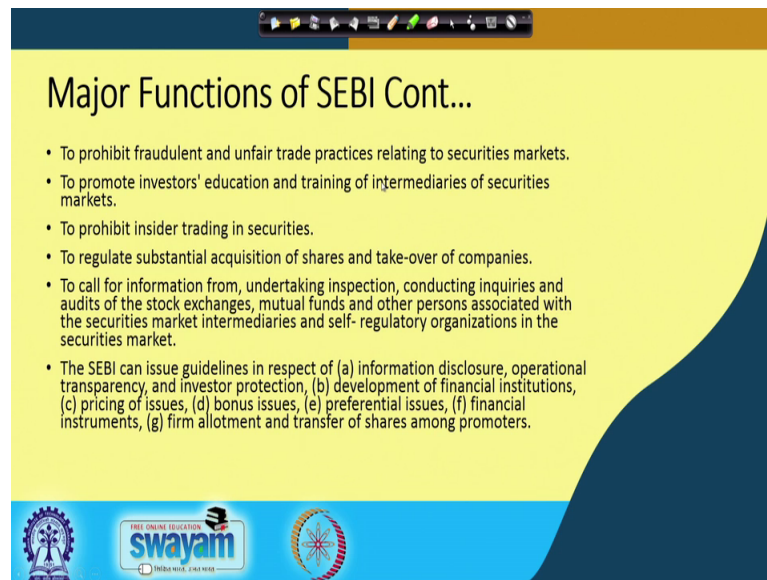
So, SEBI ensures that all these agents economic agents who are the major participants in the equity market they should register themselves. They should be authorized by the SEBI that they are allowed to participate in the equity market. They should act as an economic agents in the equity market and also the rules and regulations related to those kind of economic agents also should be time to time can be revised with the for the interest of the equity holders or for the interest of the share holders.

And, also another things SEBI does basically they also regulate the foreign institutional investors and credit rating agencies. Because, you see the where credit rating agencies is also working as a company in the Indian equity market or Indian capital market what we can say. And, because the Indian market is highly dominated by the FIIs or the Foreign Institutional Investors, SEBI ensures that all these FIIs which are coming to India there registered they have registered themselves with the SEBI and as well as they are functioning.

And their operations and their positions they are all basically can be controlled can be regulated by the stock the security the exchange board of India. They also regulate the venture capital funds, mutual funds, collective investment schemes. These are all regulated by the SEBI and also they make the arrangements to promote and regulate the self regulatory organizations. If you remember I was discussing about the self regulatory bodies like AMFI: Association of the Mutual Funds.

So, those are basically promoted by the SEBI to ensure that that the market is working in a right direction or all kind of or any kind of unethical practices are not happening. And, whatever disclosure norms and everything should be reported to the market everything is done by the companies. And, because of that what is happening SEBI also ensures that those kinds of self regulatory bodies can be developed or should come to the market. Because, once the market is matured maybe they are able to control the market in that way.

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The slide is titled "Major Functions of SEBI Cont..." and lists the following functions:

- To prohibit fraudulent and unfair trade practices relating to securities markets.
- To promote investors' education and training of intermediaries of securities markets.
- To prohibit insider trading in securities.
- To regulate substantial acquisition of shares and take-over of companies.
- To call for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds and other persons associated with the securities market intermediaries and self-regulatory organizations in the securities market.
- The SEBI can issue guidelines in respect of (a) information disclosure, operational transparency, and investor protection, (b) development of financial institutions, (c) pricing of issues, (d) bonus issues, (e) preferential issues, (f) financial instruments, (g) firm allotment and transfer of shares among promoters.

At the bottom of the slide, there are logos for "swayam" (Free Online Education) and "Edu Nite, Live Nite".

So, these are the major functions and some other functions are already I told you it is a part of that to prohibit the frauds and unfair trade practices relating to the securities market. Any kind of trade practices which are happening; any kind of frauds which are happening in the equity market that should be always controlled by the SEBI. SEBI's major job is to control that and to ensure that those kind of unfair practices are not happening in the market. And today's time because the equity holder's participation is very less in terms of the retail investment point of view SEBI also started this investors education schemes.

So, the basic another job of SEBI is to promote this investors education and training that how they can participate in the equity market or they can take their positions in the equity market. Because equity market is also one of the most important markets to maximize the return or to make their portfolio in such a way; it can be considered as one of the assets in their total portfolio. To prohibit the insider trading because, the insider trading is unethical practice which may happen inside the companies. So, the SEBI basically makes the rules and regulations in such a way that also the stringent rule, policies, norms basically always try to provide the possibility of a insider trading within the companies.

And, SEBI is much more vigilant for this kind of thing. To regulate the substantial acquisitions of shares and takeover of the companies, the SEBI should always ensure that

whatever acquisitions and takeovers are happening in the market; they are basically following the rules and regulations which is already drafted by SEBI or all the guidelines which are basically made by the SEBI. So, those things basically are very important because that has a lot of implication on other investors which are investing in their stocks which are taken over or with the company which is taking over.

To call for information, conducting enquiries, audits of the stock exchange and mutual funds all are basically the major responsibility of the SEBI. Because, SEBI ensures that all the firms which are operating they are doing their business ethically. And, all kind of financial frauds and all these things are not happening in the market. And, as well as those kind of bodies are basically working in the interest of the share holders. The SEBI also can issue the guidelines in respect of information disclosure, what kind of information the companies should reveal. Those kind of guidelines SEBI can give: operational transparency and investor protection.

So, all those guidelines are always coming from the SEBI that what are those things the companies should follow by that this all this information can come to the investor, whenever they take their position in the company, in the equity market. And as well as this all those things all the guidelines also they provide to protect the investors whenever they participate in the equity market. They also provide the guidelines for the development of the financial institutions, pricing of issues. Pricing of issues in the sense of we are talking about the initial public offerings and all because all those guidelines rules and regulations of IPO pricing are basically done by the SEBI.

So, in this particular subject we will be discuss more on this pricing part, but the pricing part is very important. Because, whenever any company comes to the market for the first time they should ensure that the pricing of that security is fair. And, whatever price they are paying for to invest in that particular security that also should be the equilibrium price in the market. So, because of that all those book building process and all those things which are already its guidelines and all these things are drafted by the SEBI and every company has to follow that.

What are those bonus issues? All those guideline related to the bonus issue, the preferential issues. Preference shares basically whenever any company gives then what are the policies or what are those steps the company should follow. So, all these things

are basically given by the, should be given by the SEBI or SEBI provides all those kind of guidelines by that any kind of unethical practices will not happen. Firm allotment and transfer of shares among promoters, then how the shares can transfer from one promoter to another promoter.

Then, when these particular shares should be transferred and what are the particular guidelines should be followed. All kinds of regulations and guidelines are basically formulated by the SEBI for the better functioning of the equity market and as well as this would ensure that the market is working smoothly. So, these are the major things or major functions of SEBI always what we see.

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**Corporate Governance and SEBI**

- Three kinds of disciplines on the corporate:
  - Self Discipline ✓
  - Market Discipline ✓
  - Regulatory Discipline ✓
- Governance and Value Creation:
  - The strength of stakeholder relationships
  - Wealth created is evenly distributed across all classes of stakeholder
  - Management quality ✓
  - Stability of future wealth creation ✓

*Handwritten notes:*  
Brand Structure  
Audit + Corporation  
CEO / MD

And, another major function what SEBI does, that is basically this would ensure that the governance system in the company is adequate enough to attract the investor to invest in that particular market. So, whenever we talk about corporate governance, through corporate governance basically what we are trying to make. We are trying to make the particular company more discipline whether the company is basically working in a disciplined manner or not, whether the transparency about the company is existing or not. Those things are basically drawn by the different type of discipline: one is self discipline, market discipline, regulatory discipline.

So, all kind of discipline whatever is imposed by the regulatory bodies all those things are basically followed by the companies or not, that basically we have to ensure. So, that

is basically overall corporate governance means what; the corporate governance means that whenever the company works in a particular system, the governance system of the company should be in such a way that it can take care of the interest of all the stakeholders of the company. So, it can be equity holder, it can be debt holder, it can be suppliers, it can be government, it can be customers, it can be employees. So, everybody's interest or it can be investors so, whoever it may be all those interest should be taken care.

So, to take care of the interest of all kind of stake holder who are the parts, who are basically the major participant with respect to or major stake holders with respect to the company; the corporate governance system should be strong. Because, corporate governance system should ensure that the company is a good company for investment. And, SEBI is ensuring that the governance system of that particular company is good. So, that is why the governance has a lot of role in terms of the value creations, the strength of the stake holder relationship, it has the relationship. Wealth created is evenly distributed across all classes of stake holders that can be ensured by the governance system.

What kind of management quality we have, management quality in the sense who should be the CEO and whether the CEO follows this criteria whatever we should have, whether this what is the board structure of the company. And, whatever rules and regulations the companies act is making and whether the company is following those rules and regulations or not. What kind of audit practices they have, what kind of remuneration policies they have. So, all those are the components of the corporate governance. So, SEBI ensures that all kind of issues are taken care of by the company and then only we can say that the company is transparent.

So, mostly if we are talking about the governance system already I told you this is related to your board structure. Then we have the audit, then we have the compensation policy. These are the major issues which comes under the corporate governance part and the CEO or the managing directors. So, who basically what is what should be the composition of the board and what kind of whether the company is following the audit practices properly or not. What kind of compensation policy they have, everything should be transparent and should be in the under the guidelines of the securities exchange board of India and as well as the Companies Act.



So, this is responsibility the SEBI to ensure that the governance practices of that particular company is fair enough. And, whatever information they are providing to the different stake holder there they have the authenticity and they have the right information. Because, of that the investors can take the right position whenever they go to the market for investing in that particular share, that also ensures that the stability of the future wealth creation. Because, once more people or people will be looking at that kind of governance practices and come to the market for the investment, that can help that whether the future wealth creation can be made by the company or the cash flow of that particular company can be positive or not.

So, these are the different ways the governance system helps for the betterment of the company. And, SEBI ensures that all those governance characteristics are made by the company in such a way that it can give a better idea about the company itself and the management quality also and as well as the stability of the future wealth creation. So, these are the different issues related to the corporate governance where the SEBI has a strong role to decide that whether the particular thing are happening with that particular company or not.

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Corporate Governance and SEBI Cont...

- Ensuring timely disclosure of relevant information,
- Providing an efficient and effective market system,
- Demonstrating reliable and effective enforcement, and
- Enabling the highest standards of governance.

swayam  
THE INDIAN SCHOOL

Then, here whenever the SEBI ensures that whether the governance practices are happening in the company or not; this would ensure that timely disclosure of the relevant information, providing an efficient and effective market system, demonstrating a reliable

and effective enforcement and enabling the highest standard of the governance. So, SEBI's better major policy or major aim is that whether the companies should have a better standard a high governor system.

By that the information which is coming from that particular company, it has some kind of authenticity and the information as relevant for the investors whenever they go to the market for investing in that particular shares. So, these are the different issues what basically related the governance corporate governance whenever in the context of India and as well also other countries. What SEBI is ensuring that governance practices is really followed in the Indian market.

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**Committees on Corporate Governance Setup by SEBI**

- **Kumar Mangalam Birla Committee (2000)**
  - Introduction of Clause 49 of the Listing Agreement to be complied with by all listed companies
  - The board of a company should have an optimum combination of executive and non-executive directors with not less than 50% of the board comprising the non-executive directors.
  - The disclosures should be made in the section on corporate governance of the annual report
- **N.R. Narayana Murthy Committee (2003)**
  - Persons should be eligible for the office of non-executive director so long as the term of office did not exceed nine years (in three terms of three years each, running continuously).
  - The age limit for directors to retire should be decided by companies themselves.
  - All audit committee members shall be non-executive directors. They should be financially literate and at least one member should have accounting or related financial management expertise.
  - Audit committee of listed companies shall review mandatorily the information on financial statements, risk management practices, IPOs etc.

In this context there are different committees established, there are many committees, but here we are highlighting the committees which are set up by SEBI. But, there are other committees also government has established there is a J. J. Irani committee in 2005. There are other committees, but there are major three committees what SEBI has established to increase the corporate governance system in the companies in India. The first committee was established under the chairmanship of Kumar Mangalam Birla in 2000.

So, on the recommendations of that particular committee that is introduction of clause 49 of the listing agreement was to be complied with by all the listed companies, that was started in 2000. And, another major recommendation what that although the

committee has given along recommendations as summarized here some of the major issues what the committee has recommended. And, another recommendation the committee has given the board of a company should have an optimum combination of executive and non-executive directors with not less than 50 percent of the board comprising the non-executive directors.

And, the disclosure should be made in the section on the corporate governance of the annual report. The annual report should have a corporate governance section then all those board structure, audit issues, remuneration issues all kind of things, but just now we discussed. So, all these things will be reported in annual report, all the information should come through the annual report. And, shareholder and share holder and other investors or the market participants should have the fair idea that what kind of governance practices the company has. And, what kind of governance structure the company has. Then after that in 2003 another committee was set up under the chairmanship of Narayana Murthy, the then chairman of Infosys.

So, here what basically here we are talking about according to that recommendation there are certain issues were installed or may be included in that. The person should be eligible for the office of the non-executive director so, long as the term of office did not exceed nine years. It is basically we are talking about to make that particular policy in such a way that some kind of relevancy or the authenticity. Or, maybe we can say that the executive directors should be there should not be there for a long period of time. There are some kind of time limit should be there by that we can say that the maximum efficiency of that particular person can be used for that particular company.

Or can devote to that company to make this company more efficient and more profitable. Then the age limit of therefore, the directors to retired should be decided by the company themselves. It should not be decided by the company sorry decided by the government or any other body or by the regulator; it should be decided by the companies itself. The audit committee members shall be non-executive director because if your own employee will be in the audit committee may be there is the possibility of fraud.

Or, there is some kind of unethical practices may happen because if all the audit committee members will be the non-executive directors then, the probability of fraud and probability of unethical practices will be less. There should be financially literate and at

least one member should have accounting and related financial management expertise. So, you should have those members who have the expertise in that particular area and there should be the outsiders or the non-executive directors.

They should not be the employee's regular employees of that particular company. Audit committee of listed companies all are review mandatorily the information on financial statements, risk management practices. The IPO issues or the process followed for the IPOs etcetera or the party transfers or stocks transfers and everything.

All kinds of things are basically taken care of by the audit committee and audit committee then power to see all kind of transactions financial transaction whatever the company has made in that particular financial year. So, these are the major recommendation what the Narayana Murthy committee has given.

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The slide is titled "Committees on Corporate Governance Setup by SEBI Cont...". Below the title, it mentions "Shri Uday Kotak Committee (2017)". A bulleted list titled "Issues Addressed" includes the following points:

- Ensuring independence in spirit of Independent Directors and their active participation in functioning of the company;
- Improving safeguards and disclosures pertaining to Related Party Transactions;
- Issues in accounting and auditing practices by listed companies;
- Improving effectiveness of Board Evaluation practices;
- Addressing issues faced by investors on voting and participation in general meetings;
- Disclosure and transparency related issues;
- Any other matter, as the Committee deems fit pertaining to corporate governance in India.
- The committee shall endeavour to submit the report within a period of four months.

The slide also features logos for Swamyam (Free Online Education) and the Ministry of Education, India, along with a small video inset of a man in a white shirt.

Then recently in 2017 they have established another committee under the chairmanship of Uday Kotak. Here there are different issues the committee has addressed. The issues are like this ensuring the independence in spirit of independent directors and their active participation in functioning of the company, improving the safe guards and discloser pertaining to the related party transaction.

Issues in accounting and auditing practices followed by the listed companies; improving the effectiveness of the board evaluation practices, addressing the issues faced by the

investor on voting rights or the participation in the general meetings. Disclosure and transparency related issues and any other matter as the committee deems fit pertaining to the corporate governance in India.

Almost all those and the committee has to submit the report, but the final recommendation has to be as to be given. But, almost all those issues which are addressed by this under this corporate governance norms; this should be addressed by this committee in a comprehensive manner. And, by that if it is required then some of the changes can be carried out with the regulatory or existing norms whatever the SEBI has in terms of the corporate governance.

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**Insurance Regulatory Development Authority (IDRA)**

- Insurance Regulatory and Development Authority (IRDA) is a statutory body set up for protecting the interests of the policyholders and regulating, promoting and ensuring orderly growth of the insurance industry in India
- IRDA has been playing a pivotal role in the insurance sector with a fundamental commitment to discharge its mandate for orderly growth of insurance sector. As on 31<sup>st</sup> March 2015 there are 24 life insurers (1 public sector and 23 private sectors) and 29 non-life insurers (4 public insurers, 2 specialized insurers, 1 reinsurer and 22 private insurers including 5 standalone health insurers) operating in in India

So, then we have another regulatory bodies. We have IRDA, IRDA was set of little bit late once to make this insurance sector more developed. So, this basic objective of IRDA was to protect the interest of the policyholders and to promote and regulate this insurance industry in India. Here if you see as on 31st March there are 24 life insurance companies out of them 1 is public sector like LIC and 23 private sector companies.

And 29 non-life insurance like 4 public insures and 2 specialized insures and 1 reinsure and, 22 private insures including 5 standalone health insurance companies which are operating in India. And, the major job of IRDA is to regulate them and to see that these policy holders interest is taken care of by this particular companies.

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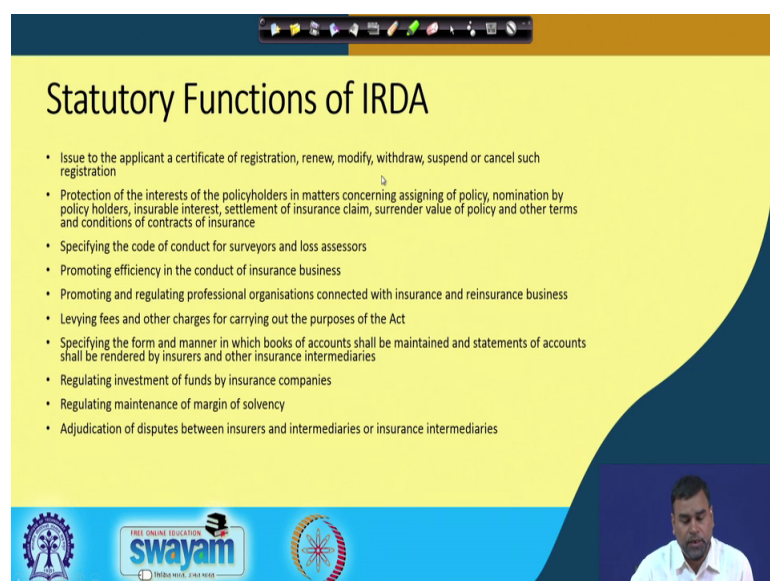
The slide is titled "Structure of IRDA" and features a yellow background with a dark blue wave-like shape on the right side. At the top, there is a navigation bar with various icons. The main content consists of three bullet points. At the bottom, there are three logos: the Government of India emblem, the Swamyam logo with the text "FREE ONLINE EDUCATION swamyam" and "IRDA NIKHIL, JALDI NIKHIL", and the IRDA logo. A small video inset of a man is visible in the bottom right corner.

## Structure of IRDA

- IRDA is a ten member body appointed by Government of India consisting of the chairman, five whole time members, and four part time members
- The Insurance Advisory Committee (IAC) advises IRDA in framing the regulations for insurance companies.
- IAC consists of not more than 25 members excluding the ex-officio members

Then, whenever we talk about the structure of IRDA, the IRDA has a ten member body appointed by Government of India consisting of the chairman, five whole time members and four part time members. There is the insurance advisory committee, they advice IRDA in framing the regulations of the insurance companies. And, the IAC that Insurance Advisory Committee consisting consist of not more than 25 members excluding the ex-officio members who are the part of the IRDA. So, their basic job is to time to time they can provide this advice for the regulation and functioning of the insurance companies in India.

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The slide is titled "Statutory Functions of IRDA" and features a yellow background with a dark blue wave-like shape on the right side. At the top, there is a navigation bar with various icons. The main content consists of a list of ten statutory functions. At the bottom, there are three logos: the Government of India emblem, the Swamyam logo with the text "FREE ONLINE EDUCATION swamyam" and "IRDA NIKHIL, JALDI NIKHIL", and the IRDA logo. A small video inset of a man is visible in the bottom right corner.

## Statutory Functions of IRDA

- Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration
- Protection of the interests of the policyholders 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
- Specifying the code of conduct for surveyors and loss assessors
- Promoting efficiency in the conduct of insurance business
- Promoting and regulating professional organisations connected with insurance and reinsurance business
- Levying fees and other charges for carrying out the purposes of the Act
- Specifying the form and manner in which books of accounts shall be maintained and statements of accounts shall be rendered by insurers and other insurance intermediaries
- Regulating investment of funds by insurance companies
- Regulating maintenance of margin of solvency
- Adjudication of disputes between insurers and intermediaries or insurance intermediaries

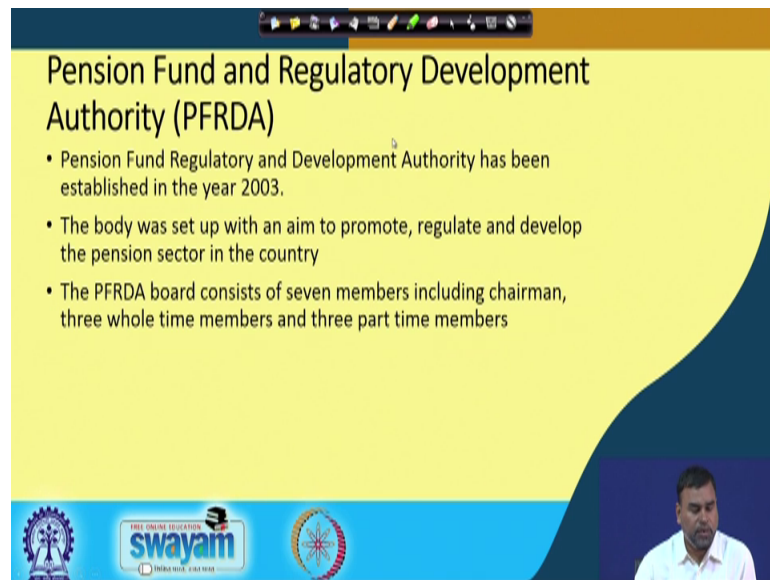
Then, if you see the functions of IRDA already I told you this basic job of the IRDA is to regulate and to protect the interest of the insurance policy holders. But to the issue the applicant a certificate of registration, renew, modify, withdrawal, suspend, cancel such registration if they want. Protection of the interest of the policyholders in the concerning the matter are the issues related to policy, nomination of the policyholders, insurable interest, settlement, surrender value of the policy or any kind of conditions which are there in the contract of the insurance. All these things will be taken care of by IRDA.

Specifying the code of conduct for the surveyors and the loss assessor, the people who are coming to assess the loss they make of code of conduct for them. Promoting efficiency in the conduct of insurance business, regulating the professional organization connected to the insurance and reinsurance business. Generally, levying the fees and other charges for carrying out the a particular business in the market. Regulating the investment of the funds by the insurance companies, whenever the insurance companies invests the money on whatever they take as the premium. They should ensure that whether the money is properly invested and what are the different instruments they are using for the investment.

Maintenance of the margin of solvency, whether the insurance companies are solvent or not? Or, they are going towards any kind of insolvency that is the job of the IRDA to check whether the insurance companies are solvent or not. And, also they tried to go for making any kind of kind of policies related to or any kind of interventions they always make for the dispute between the insurers and intermediaries at the time of requirements. So, these are the major functions of IRDA.



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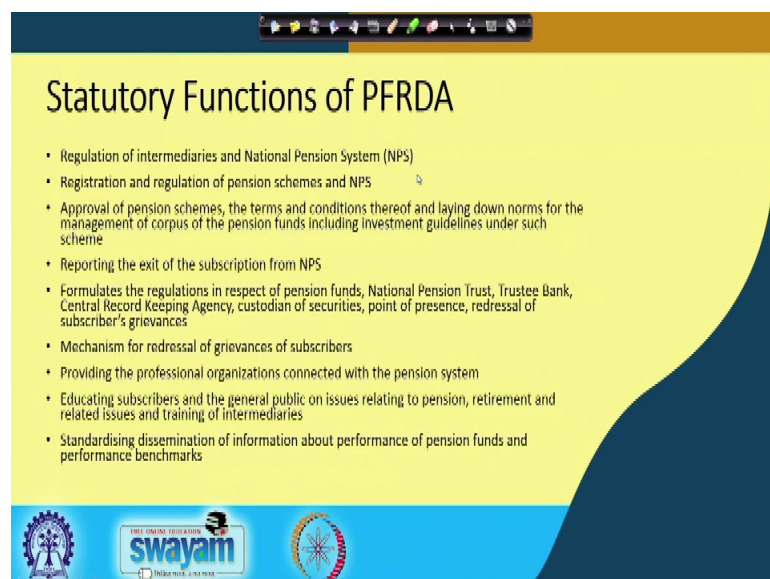
**Pension Fund and Regulatory Development Authority (PFRDA)**

- Pension Fund Regulatory and Development Authority has been established in the year 2003.
- The body was set up with an aim to promote, regulate and develop the pension sector in the country
- The PFRDA board consists of seven members including chairman, three whole time members and three part time members

Logos at the bottom: UGC, swayam (Free Online Education, India's No. 1 Free Portal), and another circular logo. A small video inset shows a man in a white shirt.

But, then we have another regulatory body we have that is PFRDA which was established in the year 2003. The basic job of PFRDA was to promote, to regulate the develop the pension sector in India after the establishment or emergence of non NPS that New Pension Scheme and the major job of PFRDA is to regulate that. The PFRDA board consists of seven members including chairman, three whole time members and three part time members.

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**Statutory Functions of PFRDA**

- Regulation of intermediaries and National Pension System (NPS)
- Registration and regulation of pension schemes and NPS
- Approval of pension schemes, the terms and conditions thereof and laying down norms for the management of corpus of the pension funds including investment guidelines under such scheme
- Reporting the exit of the subscription from NPS
- Formulates the regulations in respect of pension funds, National Pension Trust, Trustee Bank, Central Record Keeping Agency, custodian of securities, point of presence, redressal of subscriber's grievances
- Mechanism for redressal of grievances of subscribers
- Providing the professional organizations connected with the pension system
- Educating subscribers and the general public on issues relating to pension, retirement and related issues and training of intermediaries
- Standardising dissemination of information about performance of pension funds and performance benchmarks

Logos at the bottom: UGC, swayam (Free Online Education, India's No. 1 Free Portal), and another circular logo.



And, if you see the functions it is basically the regulation of intermediaries and national pension system; just now I was talking about that is the NPS. Registration and regulation of pension schemes, approval of the pension schemes and reporting the exit of the subscription form of the NPS. Formulate the regulations in respect of pension funds, national pension trust, trustee bank, recordkeeping agency, point of presence. All those parties which are part of the pension scheme or pension fund they are all regulated by the PFRDA.

So, these are all the point of presence, point of presence then you have central record keeping agency, custodian of securities. So, these are all basically all those regulations related to insurance has made by them. All the grievances of subscribers should be addressed should be addressed by the pension funds and all for those the mechanism is created by PFRDA. And, educating the subscribers and the general public on the issues of related to pension, retirement and related issues; and they also provide the information about the performance of the pension funds.

And performance benchmarks from time to time which attracts the investors or the people to go for the pension schemes and to invest their fund in the pension sector. Because, the amount of only 23 percent of the people who are participating in the pension sector in India or they are they have basically have this pension policies. So, to ensure that more people can come to participate in this process, the basic job of the PFRDA is basically to aware them, to provide them certain information by that this particular sector can be developed over the period.

(Refer Slide Time: 30:33)



Reference

- Bhole, L. M., and Mahakud, J. *Financial institutions and markets: structure, growth and innovations*, 6e. Tata McGraw-Hill Education, 2017.

The slide features a yellow background with a dark blue header and footer. The footer contains three logos: the Indian National Emblem on the left, the 'swayam' logo in the center (with 'FREE ONLINE EDUCATION' above it and 'सर्व शिक्षा अभियान' below it), and the logo of the Ministry of Education on the right.

Please go through these particular references for this particular session.

Thank you.