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Financial Institutions and Markets

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Financial Regulations in India

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What is Regulation?

- Regulation in its broadest sense includes establishing specific rules of behaviour, or regulatory aspect per se, monitoring or tracking observance of behaviour; and supervision or oversight of the compliance with specific rules in the overall behaviour along with disincentives and penal provisions for non-compliance

- Regulation is taken to mean the employment of legal instruments for the implementation of social-economic policy objectives

- The objectives of regulation are to avoid monopoly power, foster competition and protect the consumer's interest

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Types of Economic Regulations

- *Structural regulation* concerns the regulation of the market structure. Examples are restrictions on entry or exit, and rules mandating firms not to supply professional services in the absence of a recognized qualification.
- *Conduct regulation* is used to regulate the behaviour of producers and consumers in the market. Examples are price controls, the requirement to provide in all demand, the labelling of products, rules against advertising and minimum quality standards
- *Social regulation* comprises regulation in the area of the environment, occupational health and safety, consumer protection and labour etc.

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Theories of Regulation

- *Public Interest Theories of Regulation*: the regulation of firms or other economic actors contributes to the promotion of the public interest
- *Chicago Theory of Regulation:* as a rule, regulation is acquired by the industry and is designed and operated primarily for its benefit

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Regulatory Approaches

- **Integrated Approach**
  - A single regulator oversees all types of financial institutions and provides both prudential regulation as well as conduct-of-business or consumer protection regulation.
- **Twin Peaks Approach**
  - It relies on two types of regulators: (i) a prudential regulator and (ii) a conduct-of-business regulator
- **Functional Approach**
  - Seeks to regulate financial institutions based on the type of business they undertake, without considering how a given institution is defined legally
- **Institutional Approach**
  - Legal status of an institution determines its regulatory supervision

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Single Vs. Multiple Regulators

- Arguments in favour of a single regulator
  - There are economies of scale for the regulator since unification may permit cost savings on the basis of shared infrastructure, administration and support systems.
  - The regulated units also benefit since unification mitigates the costs which supervised firms with diverse activities (i.e. financial conglomerates) bear for dealing with multiple regulators.
  - Accountability is enhanced since complexity of the multiple supervisory system could lead to lack of clarity of roles and consequently lack of accountability.
  - Regulatory arbitrage can be avoided in the case of a single regulator. In a multiple regulatory regime, fragmentation of supervision could lead to competitive inequalities as different units, possibly offering similar products or services, are supervised differently.
  - Reducing the number of regulators could allow scarce supervisory resources especially in specialist areas to be pooled.
  - A single regulator can respond more effectively to market innovation and development as there would be no regulatory grey areas.
  - Unification aids in international cooperation as there is a single contact point for all regulatory issues.

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Single Vs. Multiple Regulators Cont…

- Arguments against the idea of a single regulator
  - Unification could lead to lack of clarity in functioning as multiple regulators tend to have different objectives. This objective may be depositor protection for banks vs investor protection for capital markets vs consumer protection for other financial firms.
  - Concentration of power could vitiate democratic policies.
  - There may actually be diseconomies of scale since monopolistic organizations can be more rigid and bureaucratic than specialist agencies because they would typically be large and too broad based structures for effective regulation of the entire system.
  - There may be unintended consequence of public tending to assume that all creditors of supervised institutions will receive equal protection

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Financial Self Regulation

- to enforce honest and prudent behaviour through *self-policing arrangement*
- regulatory policies that minimize interference with the functioning of the market
- Self-regulatory organizations (SROs) responsibilities could encompass:
  - regulation of market transactions
  - regulation of market participants
  - disputes resolution and enforcement actions
  - pre-commitment of resources

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Limitations of Financial Self-Regulation

- SROs might transform themselves into cartels and jeopardize competition
- Short-term tensions between the managers and the authorities responsible for SROs either discourage participation or diminish long-term confidence in the market
- Scarcity of institutional and human resources
- Lack of reasonably homogenous institutions for a balanced structures within SROs
- With limited competition in securities markets, self-regulation may not be enough to ensure safe and efficient markets

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Acts Related to Financial Sector Regulations in India

- The Banking Regulation Act, 1949
- The Securities Contracts (Regulation) Act, 1956
- Securities and Exchange Board Act, 1992
- The Depositories Act, 1996
- The Foreign exchange Management Act, 1999
- Insurance Regulatory and Development Authority of India Act 1999
- The Competition Act, 2002
- The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002
- Prevention of Money Laundering Act, 2002
- The Micro, Small and Medium Enterprises Act, 2006
- Payment and Settlement Systems (PSS) Act, 2007
- Issue of Capital and Disclosure Requirements Regulations Act, 2009
- The Companies Act, 2013
- The Pension Fund Regulatory and Development Authority Act, 2013

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The Reserve Bank of India: Structure and Functions

Structure of Reserve Bank of India

- The RBI, as the central bank of the country, is the centre of the Indian financial and monetary system.
- It started functioning from April 1, 1935 on the terms of the Reserve Bank of India Act, 1934
- The Governor and all the Deputy Governors of the Bank are appointed by the central government
- The Bank is managed by a Central Board of Directors, four Local Boards of Directors, and a committee of the Central Board of Directors
- The final control of the Bank vests in the Central Board which comprises the Governor, four Deputy Governors, and fifteen Directors nominated by the central government.
- At present RBI has 26 departments, 28 regional offices

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Objectives of RBI

- To maintain monetary stability so that the business and economic life can deliver welfare gains of a properly functioning mixed economy.
- To maintain financial stability and ensure sound financial institutions so that monetary stability can be safely pursued and economic units can conduct their business with confidence.
- To maintain stable payments system so that financial transactions can be safely and efficiently executed.
- To promote the development of financial infrastructure of markets and systems, and to enable it to operate efficiently i.e., to play a leading role in developing a sound financial system so that it can discharge its regulatory function efficiently.
- To ensure that credit allocation by the financial system broadly reflects the national economic priorities and societal concerns.
- To regulate the overall volume of money and credit in the economy with a view to ensure a reasonable degree of price stability.

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Functions of RBI

- **Note Issuing Authority**
  - The RBI has, since its inception, the sole right or authority or monopoly of issuing currency notes other than one rupee notes and coins, and coins of smaller denominations.
  - At present, the Bank issues notes in the following denominations: Rs 5, 10, 20, 50, 100, 500 and 2000
- **Government Banker**
  - The RBI is the banker to the Central and state governments
  - It provides to the governments all banking services such as acceptance of deposits, withdrawal of funds by cheques, making payments as well as receipts and collection of payments on behalf of the government, transfer of funds, and management of public debt

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Functions of RBI Cont…

- **Management of Public Debt**
  - The Reserve Bank manages the public debt and issues new loans on behalf of the Central and State Governments. It involves issue and retirement of rupee loans, interest payment on the loan and operational matters about debt certificates and their registration.
- **Bankers' Bank**
  - The Bank controls the volume of reserves of commercial banks and thereby determines the deposits/credit creating ability of the banks.
  - The Reserve Bank opens current accounts of banks with itself, enabling these banks to maintain cash reserves as well as to carry out inter-bank transactions through these accounts.
  - Inter-bank accounts can also be settled by transfer of money through electronic fund transfer system, such as, the Real Time Gross Settlement System (RTGS).
  - The banks hold a part or all of their reserves with the RBI. Similarly, in times of need, the banks borrow funds from the RBI.

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Functions of RBI Cont…

- **Supervising Authority**
  - Issues licences for the establishment of new banks
  - Issues licences for the setting up of bank branches
  - Prescribes minimum requirements regarding paid-up capital and reserves, transfer to reserve fund, and maintenance of cash reserves and other liquid assets
  - Inspects the working of banks in India as well as abroad in respect of their organisational set-up, branch expansion, mobilisation of deposits, investments, and credit portfolio management, credit appraisal, region-wise performance, profit planning, manpower planning and training
  - Conducts investigations, from time to time, into complaints, irregularities, and frauds in respect of banks
  - Controls appointment, re-appointment, termination of appointment of the Chairman and chief executive officers of private sector banks
  - Approves or force amalgamations

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Functions of RBI Cont…

- **Exchange Control (EC) Authority**
  - Administers the foreign exchange control
  - Chooses the exchange rate system and fix or manage the exchange rate between the rupee and other currencies
  - Manages exchange reserves
  - Interacts or negotiates with the monetary authorities of the Sterling Area, Asian Clearing Union, and other countries, and with international financial institutions such as the IMF, World Bank, and Asian Development Bank.

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Functions of RBI Cont…

- **Formulating Prudential Norms**
  - RBI formulates various prudential norms to create and maintain a stable, efficient, and well-functioning financial system in India.
- **Promoter of the Financial System**
  - RBI has been rendering 'developmental' or 'promotional' services which have strengthened the country's banking and financial structure
  - Helps in mobilising savings and directing credit flows to desired channels
  - Provides concessional loans to various priority sectors
  - Establishes specific institutions like NABARD to develop agricultural sector

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Functions of RBI Cont…

- **Regulation and Supervision of Payment System**
  - Takes steps towards integrating the payment system with the settlement systems for government securities and foreign exchange
  - To facilitate settlement of Government securities transactions, it created the Negotiated Dealing System, a screen-based trading platform
  - It created a Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) as a Committee of the Central Board. A new department called the Department of Payment and Settlement Systems (DPSS) was constituted to assist the BPSS in performing its functions
- **Regulator of Money and Credit**
  - The function of formulating and conducting monetary policy is of paramount importance for any Central Bank.

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Monetary Policy Instruments

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Objectives of Monetary Policy in India

- To accelerate economic development in an environment of reasonable price stability,
- To develop appropriate institutional set-up to aid this process
- To help in achieving the financial market stability

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Framework for Monetary Policy in India

- Money supply can't be the only control variable of monetary policy as it is not exogenous i.e., it is not fully under their control must have led them to adopt the approach as indicated.
- There are two major elements which are virtually outside our control, namely (**a) the increase in monetary supply corresponding to inward remittances of foreign exchange, and (b) the requirement of credit for financing the purchase of food grains.**
- Monetary policy instruments ------- Intermediate Targets----Output
- RBI regards money supply and the volume of bank credit as the two major intermediate variables

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Monetary Policy Instruments

- **Open Market Operations (OMOs)**
  - Sale/ purchase of Government securities to/ from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis.
  - Excess liquidity in the market tends to sale of securities thereby sucking out the rupee liquidity.
  - Illiquidity condition tends to buy securities from the market, thereby releasing liquidity into the market.
- **Bank Rate**
  - It is the rate is the rate at which central bank allows finance to commercial banks.

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Monetary Policy Instruments Cont…

- **Cash Reserve Ratio (CRR)**
  - The CRR refers to the cash which banks have to maintain with the RBI as a certain percentage of their demand and time liabilities.
- **Statutory Liquidity Ratio (SLR)**
  - It is the percentage of total deposits banks have to invest in government bonds and other approved securities.
  - There are three objectives behind the use of SLR: (a) to restrict expansion of bank credit, (b) to augment banks' investment in government securities, and (c) to ensure solvency of banks.

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Monetary Policy Instruments Cont…

- **Direct Credit Allocation and Credit**
  - Controls the distribution or allocation of credit among different sectors, borrowers, and users through the fixation of specific and direct quantitative credit ceilings or credit targets
  - Restricts drawing power of borrowers under cash credit limits
  - Certain prescribed credit-deposit ratio in respect of their rural and semi-urban branches separately
- **Selective Credit Controls**
  - They are used to reduce the supply of credit in certain directions and to encourage it in desired directions

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Monetary Policy Instruments Cont…

- **Credit Authorisation Scheme**
  - Under this scheme Credit Monitory Arrangement (CMA) was introduced. As per this scheme, credit proposals for Rs five crore and above in the case of working capital, and Rs two crore and above in the case of term loans, had to be submitted to the RBI for post-sanction scrutiny.
- **Process of Credit Planning**
  - Each bank is required to prepare realistic annual credit budget incorporating estimates of volume and growth of deposits and other resources, and of demand for credit.
- **Moral Suasion**
  - It takes the form of writing letters and holding discussions between the RBI and the banks about trends in the economy in general and in money, credit and finance in particular, and about the measures which ought to be taken from time to time in the light of national objectives

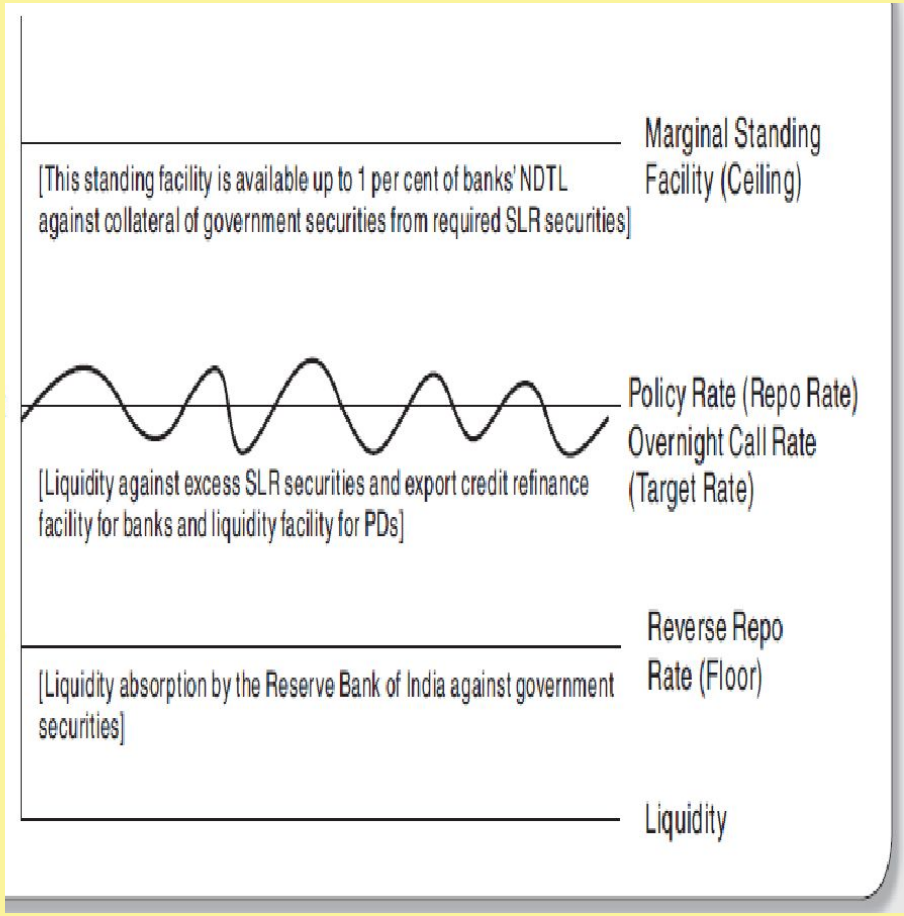
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Monetary Policy Instruments Cont…

- **Liquidity Adjustment Facility (LAF)**
  - LAF enables liquidity management on a day to day basis
  - The operations of LAF are conducted by way of repurchase agreements (repos and reverse repos) with RBI being the counter-party to all the transactions.
  - Repo or ready forward contact is an instrument for borrowing funds by selling securities with an agreement to repurchase the said securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed.
  - The reverse of the repo transaction is called ‘reverse repo’ which is lending of funds against buying of securities with an agreement to resell the said securities on a mutually agreed future date at an agreed price which includes interest for the funds lent.
  - The interest rate in LAF is fixed by the RBI from time to time

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Operating Procedure of Monetary Policy



The new operating procedure retained the essential features of the earlier LAF framework with the following key modifications. First, the weighted average overnight call money rate was explicitly recognised as the operating target of monetary policy. Second, the repo rate was made the only one independently varying policy rate. Third, a new Marginal Standing Facility (MSF) was instituted under which scheduled commercial banks (SCBs) could borrow overnight at their discretion up to one per cent of their respective net demand and time liabilities (NDTL) at 25 basis points above the repo rate. Fourth, the revised corridor was defined with a fixed width of 50 basis points. The repo rate was placed in the middle of the corridor, with the reverse repo rate 25 basis points below it and the MSF rate 25basis points above it.

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Challenges and Reforms in Monetary Policy
&
Central Bank Autonomy

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Challenges to Monetary Policy

- The growing importance of assets and asset prices in a globally integrated economy complicates the conduct of monetary policy when it is focused on and equipped to address price stability issues.
- With the growing integration of financial markets domestically and internationally, there is greater activism in liquidity management with special focus on short-end of the market spectrum.
- There is considerably difficulty faced by monetary authorities in detecting and measuring inflation, especially inflation expectations. Reserve Bank faces the dilemma of grapping with the inherently volatile increasing capital flows relative to domestic absorptive capacity.
- In the emerging scenario of large and uncertain capital flows, the choice of the instruments for sterilisation and other policy responses have been constrained.
- In the liberalisation process, aligning the operations of large financial conglomerates and foreign institutions with local public policy priorities remains a challenge for domestic financial regulators.
- Dominance of all big financial intermediaries increases the concentration risk.

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Report of the Expert Committee to Revise the Monetary Policy Framework

- Inflation should be the nominal anchor for the monetary policy framework. The RBI should adopt the new CPI (combined) as the measure of the nominal anchor for policy communication.
- The nominal anchor or the target for inflation should be set at 4 per cent with a band of +/- 2 per cent around it
- Monetary policy decision-making should be vested in a monetary policy committee (MPC). The Governor of the RBI will be the Chairman of the MPC, the Deputy Governor in charge of monetary policy will be the Vice Chairman and the Executive Director in charge of monetary policy will be a member. Two other members will be external

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Report of the Expert Committee to Revise the Monetary Policy Framework Cont…

- The weighted average call rate will remain the operating target, and the overnight LAF repo rate will continue as the single policy rate
- Provision of liquidity by the RBI at the overnight repo rate will, however, be restricted to a specified ratio of bank-wise net demand and time liabilities (NDTL)
- To support the operating framework, the Committee recommends that some new instruments be added to the toolkit of monetary policy (term repo)

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Report of the Expert Committee to Revise the Monetary Policy Framework Cont…

- Consistent with the time path of fiscal consolidation mentioned SLR should be reduced to a level in consonance with the requirements of liquidity coverage ratio (LCR) prescribed under the Basel III framework.
- OMOs have to be detached from fiscal operations and instead linked solely to liquidity management
- Proper sterilized policy for foreign exchange reserves

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Inflation Targetting

1. **The Monetary Policy Committee:** The MPC is empowered and responsible to set up the benchmark policy rate (repo rate) in such a way to keep the inflation within the specified target level. Under the RBI Act, the Central Government, in consultation with the RBI, determines the inflation target in terms of the Consumer Price Index (CPI), once in every five years. This target would be notified in the Official Gazette.
2. **Determination and notification of Inflation Target**
   The Central Government of India has fixed the inflation target for the period beginning from August 5, 2016 and ending on the March 31, 2021, as under:
   - Inflation Target: Four per cent.
   - Upper tolerance level: Six per cent.
   - Lower tolerance level: Two per cent.

   "The key advantage of a range around a target is that it allows MPC to recognise the short run trade-offs between inflation and growth but enables it to pursue the inflation target in long run over the course of business cycle."
3. **What is the condition for a failed monetary policy with respect to the set target?**
   As per the policy, if inflation goes above 6% or goes below 2% for three consecutive quarters, then it will be treated as the failure of the RBI's monetary policy. In such a scenario, the RBI will initiate counteractive measures to meet the required target.
4. **What the RBI to do if the inflation target is not met?**
   The new notification also prescribes the procedure to be followed by the RBI if the target is missed. "Where RBI fails to meet the inflation target, it shall set out a report to the Central Government stating the reasons for failure to achieve the inflation target; remedial actions proposed to be taken by RBI; and an estimate of the time-period within which the inflation target shall be achieved pursuant to timely implementation of proposed remedial actions."

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Central Bank Autonomy

- Central bank independence generally relates to three areas viz., personnel matters; financial aspects; and conduct of policy.
- Personnel independence refers to the extent to which the government distances itself from appointment, term of office and dismissal procedures of top central bank officials and the governing board. It also includes the extent and nature of representation of the government in the governing body of the central bank.
- Financial independence relates to the freedom of the central bank to decide the extent to which government expenditure is either directly or indirectly financed via central bank credits. Direct or automatic access of government to central bank credits would naturally imply that monetary policy is subordinated to fiscal policy.
- Finally, policy independence is related to the flexibility given to the central bank in the formulation and execution of monetary policy.

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Why Autonomy?

- Time inconsistency theory
  - Conservative central banker approach
  - Optimal contract approach
- Theory of political business cycle
  - Studies the interaction between economic policy decisions and political considerations
- Theory of public choice
  - Central bank acts as an effective institutional constraint to control inflation and increase output

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Limitations

- Lacks democratic legitimacy
- May lead to frictions between the fiscal and the monetary authorities and the resulting costs of these frictions between monetary and fiscal policy may be somewhat costly for society, thus inhibiting the development process
- There may be significant divergence in the preference pattern of independent central banks and the society at large

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Measures of Autonomy (RBI)

- Indices of political and economic independence
- India has scored 0.25 for political autonomy of the central bank as against the average score of 0.56 for the group of emerging markets and scored 0.75 for economic autonomy of the central bank which is the same as the average score for that group.
- Less autonomy in terms of personal matter
- Some degree of financial autonomy

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SEBI, IRDA and PFRDA: Structure and Functions

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Structure of SEBI

- 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

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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.

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Major Functions of SEBI Cont…

- 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.

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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 stakeholders
  - Management quality
  - Stability of future wealth creation

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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.

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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 nonexecutive 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.

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Committees on Corporate Governance Setup by SEBI Cont…

Shri Uday Kotak Committee (2017)

- Issues Addressed
  - 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.

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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 31st 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

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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) advices IRDA in framing the regulations for insurance companies.
- IAC consists of not more than 25 members excluding the ex-officio members

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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

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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

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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

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