

NEWS ALERTS

Why Not Appoint Us As Super Regulator, asks CAG

The country's supreme auditor has pitched itself as a super regulator of sorts, amid the din generated by an open spat between insurance and stock market regulators.

The Comptroller and Auditor General of India (CAG) has sought greater powers to look into the functioning of over a dozen regulators, whose decisions do not fall under the direct oversight of any other body.

The CAG's proposal to expand its oversight forms part of its suggestions made in the draft Bill governing the role and function of the CAG. The Bill is currently with the finance ministry. If the proposal is accepted by the government, regulators such as the Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority (PFRDA), Petroleum & Natural Gas Regulatory Board (PNGRB) and Central Electricity Regulatory Commission (CERC) could come under the direct oversight of the CAG.

In a recent audit of the government's accounts for 2008-09, the CAG had criticised the accounting practices followed by some regulators. It had pulled up five regulators including market watchdog SEBI and insurance regulator IRDA for maintaining their Rs 1,747 crore surplus funds outside the government accounts at the end of 2008-09 in violation of constitutional provisions.

Though the regulators are supposed to be independent, the CAG feels they have to be responsible to someone.



Rs

SMEs' Credit Rating Model May Be Applied To Smaller NBFCs Too

The government will explore ways to facilitate easier credit rating of smaller finance companies as it looks to tighten the regulatory and oversight regime before enlisting them for its financial inclusion drive. The finance ministry will discuss the idea with the banking regulator, the Reserve Bank of India. Under the existing structure an un-rated or under rated (less than A-) non-banking financial firm cannot accept public deposits of more than Rs 10 crore.

As per industry reports more than 90% of the deposit-taking NBFCs are of small & medium size. Almost all of them are without rating or have inadequate rating.