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Financial Stability and Development Council (FSDC)

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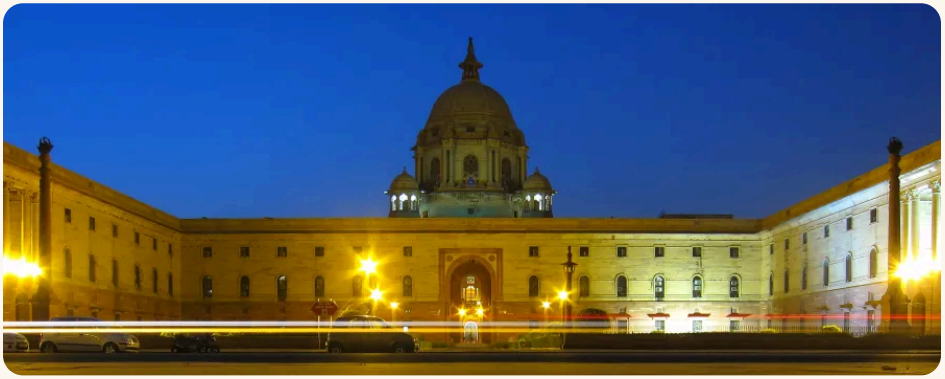
Financial Stability and Development Council (FSDC)

The Financial Stability and Development Council (FSDC) is India's apex-level council on financial stability. The Union Finance Minister chairs it. This lesson covers why it was set up, who sits on it and how it works below the main Council. It also covers the latest meetings. Facts run to 8 October 2026.

Must know: why and how FSDC was set up

1 Why did India set up the Financial Stability and Development Council?

The Union Budget speech of 26 February 2010 announced the Council. It said the financial crisis of 2008-09 had changed banking and financial markets worldwide. The Government had decided to set up an **apex-level** council. The aim was to strengthen and institutionalise how financial stability is maintained.



North Block of the Secretariat Building, New Delhi. Photo: Budhesh, Wikimedia Commons, CC BY-SA 3.0.

What was the Council asked to do?

- Monitor **macro prudential supervision** of the economy.
- Watch the working of large financial conglomerates.
- Address inter-regulatory coordination issues.
- Focus on financial literacy and financial inclusion.

Did the Council take power from regulators?

No. The speech said the Council would work without prejudice to the autonomy of regulators.

How did the plan reach a notification?

Arthapedia says the Finance Minister met regulators and ministry officials on 12 October 2010. The meeting was about creating the Council. Arthapedia adds that the ministry had circulated a discussion paper to all stakeholders. The Council was notified on 30 December 2010.

Is the Rajan report linked to FSDC?

The FSLRC report says one of its recommendations is in keeping with the Raghuram Rajan report. It says that report led to the establishment of FSDC by the Ministry of Finance. The Budget speech itself does not name the Rajan report.

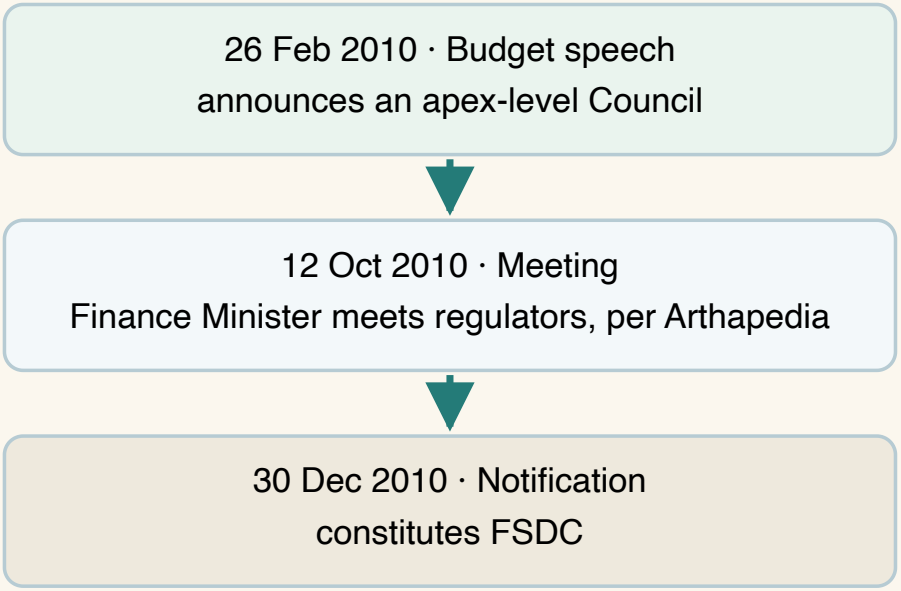


Illustration: Three steps in 2010, in order.

> **Quick check 1.** The 2010 Budget speech said the Council would work without prejudice to the autonomy of regulators. *(True or False?)* See answer ↓

Sources: indiabudget.gov.in; ies.gov.in; pib.gov.in; dea.gov.in

2 What does FSDC do?

PIB's note of 3 May 2013 lists six issues in the Council's mandate.

Which issues are in the mandate?

- **Financial stability.**
- **Financial sector development.**
- **Inter-regulatory coordination.**

- **Financial literacy.**
- **Financial inclusion.**
- **Macro prudential supervision** of the economy, including the functioning of large financial conglomerates.

DEA's chart adds India's international interface with bodies such as FATF and FSB. It also adds any other matter referred by a member or the chairperson.

Is "growth" part of the mandate?

No. The sources use the words financial sector development.

How does FSDC act on a problem?

Any member of the Council can propose an agenda item. The Council and its Sub-Committee deliberate on it. They then suggest taking appropriate steps, as required.

Which ministry does FSDC sit under?

DEA's Financial Stability and Cyber Security Division works as the secretariat for FSDC. DEA is a department of the Ministry of Finance.

FSDC mandate

Financial stability

Financial sector development

Inter-regulatory coordination

Financial literacy

Financial inclusion

Macro prudential supervision

Illustration: The six items in PIB's 2013 note.

Quick check 2. FSDC is an organ of NITI Aayog. *(True or False?)*

See answer ↓

Sources: pib.gov.in; dea.gov.in; indiabudget.gov.in

3 Who sits on the Council, and who chairs it?

The Union Finance Minister is the chair. The table follows the member list on DEA's chart.

Role	Members on DEA's chart
Chair	Union Finance Minister
Ministers of State	Minister of State (Finance) in charge of DEA; Minister of State (Finance) in charge of other departments
Regulators	Governor RBI; Chairmen of SEBI, IRDAI and PFRDA; Chairman IFSCA
Officials	Finance Secretary and/or Secretary DoE; Secretaries of DEA, DFS, DoR, MCA and MeitY; Chief Economic Adviser

The chart also lists the Chairman of IBBI with a hash mark.

How has the list changed since 2013?

- PIB's 2013 note names four regulators: RBI, SEBI, IRDAI and PFRDA.
- DEA's chart now adds the IFSCA Chairman, the IBBI Chairman (marked #), two Ministers of State and the Secretaries of DoR, MCA and MeitY.
- Arthapedia says the Forward Markets Commission joined in December 2013.
- The Forward Markets Commission is not on DEA's current chart.

Who chairs it now?

Finance Minister Nirmala Sitharaman chaired the 27th, 28th and 29th meetings. She was still the Finance Minister on 8 October 2026.

Union Finance Minister (Chair)

Governor, RBI

Chairmen of SEBI, IRDAI, PFRDA, IFSCA

Secretaries of DEA, DFS, DoR, MCA, MeitY

Chief Economic Adviser

Illustration: A simplified view of the member list.

> **Quick check 3.** The Union Finance Minister chairs the FSDC. *(True or False?)* See answer ↓

Sources: dea.gov.in; pib.gov.in; ies.gov.in; business-standard.com

4 Where did FSDC come from, and what did it replace?

PIB says FSDC was constituted by a Government of India notification dated 30 December 2010. DEA's chart says it was established in December 2010.

What was HLCCFM?

- It was the High Level Coordination Committee on Financial Markets.
- Arthapedia says it was a forum for inter-regulatory issues.

- The RBI Governor chaired it. Members included the SEBI Chairman and the Economic Affairs Secretary.
- Arthapedia says it began with a demi-official letter of 24 May 1992.
- Arthapedia says it was an informal body with limits.

What limits did Arthapedia name?

It names three gaps. There were no formal instruments. There were no clear specifications of its powers. There was no empowered secretariat to follow up its decisions.

Which body replaced HLCCFM?

The two government sources differ. Arthapedia says FSDC replaced HLCCFM. DEA's chart says the Sub-Committee was established in December 2010, replacing HLCCFM. Both name HLCCFM as the body that was replaced.

What else does Arthapedia add?

- A technical committee under HLCCFM, for RBI-regulated entities, had a Financial Conglomerate Monitoring Mechanism since 2004.
- It gives 31 December 2010 as the date of the first meeting.
- It says the Raghuram Rajan report suggested a statutory Financial Sector Oversight Agency for macro prudential supervision.

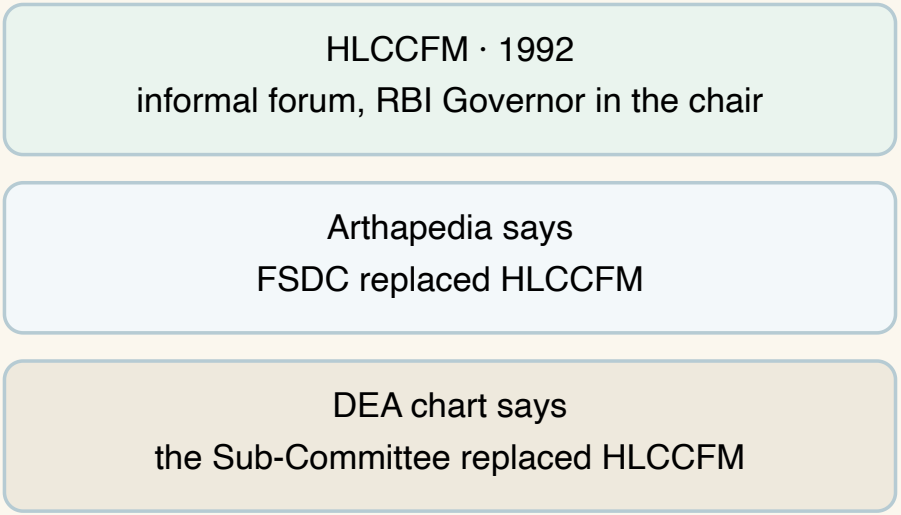


Illustration: The sources differ on which layer replaced HLCCFM.

> **Quick check 4.** The FSDC was created by an Act of Parliament in 2010. *(True or False?)* See answer ↓

Sources: pib.gov.in; dea.gov.in; ies.gov.in

Good to know: how FSDC is organised

5 How is FSDC organised below the main Council?

The Council has a Sub-Committee chaired by the RBI Governor. Arthapedia says it discusses and decides on issues of financial sector development and stability. These include inter-regulatory coordination.



The Reserve Bank of India tower in Mumbai. The RBI Governor chairs the FSDC Sub-Committee. Photo: Pinakpani, Wikimedia Commons, CC BY-SA 4.0.

How often does the Sub-Committee meet?

The Council's 29th meeting was in June 2025. The Sub-Committee's 32nd was in September 2025.

- The 32nd meeting was held on 4 September 2025 at RBI, Mumbai.
- The 33rd meeting was held on 14 May 2026 at RBI, Mumbai.

- Governor Sanjay Malhotra chaired both meetings.
- In September 2025 it discussed KYC simplification and special drives for financial inclusion.
- It also discussed the National Strategy for Financial Inclusion 2025-30.
- In May 2026 it reviewed KYC simplification and regulatory impact assessment.

Which technical groups work under it?

Group	Set up	Head, as DEA's chart shows it
Inter Regulatory Technical Group	September 2011	ED, Department of Banking Regulation, RBI
Technical Group on Financial Inclusion and Financial Literacy	November 2011	Deputy Governor, RBI
Early Warning Group	June 2012	Deputy Governor, RBI, or a whole-time member of another regulator
Inter Regulatory Forum for monitoring Financial Conglomerates	August 2012	"DG, RBI"
Inter Regulatory Group on FinTech	March 2021	CGM, FinTech Department, RBI

Why do the months differ from older notes?

Arthapedia ties the first two groups to a Sub-Committee meeting of 16 August 2011. DEA's chart gives September and November 2011 as set-up months. This lesson shows DEA's months.

What does the Inter Regulatory Technical Group do?

Arthapedia says it will meet once every two months. It discusses risks to systemic financial stability. It also gives inputs for Sub-Committee meetings.

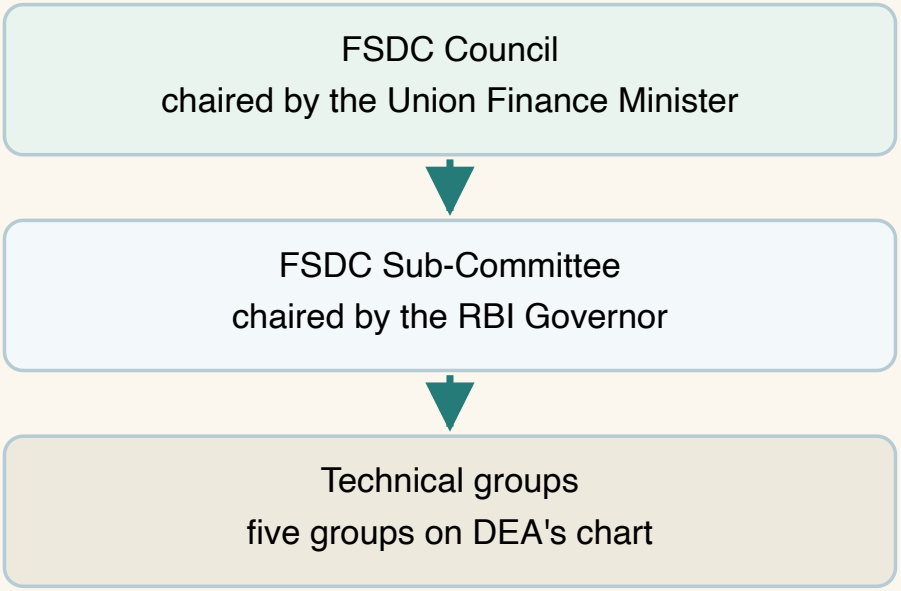


Illustration: Three layers, top to bottom.

> **Quick check 5.** The FSDC Sub-Committee is chaired by the RBI Governor. *(True or False?)* See answer ↓

Sources: pib.gov.in; ies.gov.in; dea.gov.in; rbi.org.in

6 Who runs the FSDC office, and how is it funded?

Where is the secretariat?

DEA's Financial Stability and Cyber Security Division has two sections. The Financial Stability Section works as the secretariat for FSDC. The Cyber Security Section deals with cyber security policy for the financial sector.

Who is the Secretary of the Council?

DEA's chart says the head of that division is the Secretary of the FSDC Council. DEA's page lists Chanchal C. Sarkar as Advisor and Secretary (FSDC). The release on the 29th meeting names him as Secretary of the FSDC.

What work does the division do?

- It organises Council meetings and prepares the agenda.
- It prepares the Record of Discussions.
- It follows up action points from the meetings.
- It handles work on the groups under the Sub-Committee.
- It supplies DEA's inputs for the Financial Stability Report.

Was the office run differently before?

Arthapedia says a Joint Secretary in the Capital Markets Division was Secretary of the Council till August 2013. It says an Additional Secretary held the post after that. DEA's chart gives the current rule.

Does FSDC have its own funds?

PIB said in May 2013 that no funds were separately allocated to the Council for its activities.

Sources: dea.gov.in; pib.gov.in; ies.gov.in

7 What did the FSLRC propose for FSDC?

The Ministry of Finance constituted the Financial Sector Legislative Reforms Commission (FSLRC) in March 2011. It submitted its report on 22 March 2013. The report came with a draft Indian Financial Code.

What did it propose?

- The existing FSDC would become a statutory agency.
- The agency would have modified functions in systemic risk and development.
- The report says FSDC would be a new statutory agency, unlike its relatively informal existence at present.

What role would FSDC have in a crisis?

The Commission envisages the Ministry of Finance in the leading role in a crisis. The report says FSDC will only play a supporting role there.

How does the report describe the 2010 Council?

It calls FSDC an interim response. It says the Commission was meant to give the long-term institutional answer.

Has FSDC become statutory?

None of the sources used for this lesson shows an Act that makes FSDC statutory.

Sources: prsindia.org; dea.gov.in

Current affairs: FSDC meetings and work

8 What has the Council discussed lately?

The Finance Minister chaired all three of the latest Council meetings found.

Which meetings are these?

- **27th meeting:** 8 May 2023, Delhi.
- **28th meeting:** 21 February 2024, Delhi.
- **29th meeting:** 10 June 2025, Mumbai.

The 29th is the latest Council meeting found in the sources used here.

What came up at each meeting?

- 27th: financial sector stability as a shared responsibility, a lower compliance burden and cyber-security preparedness.
- 28th: macro-financial stability, GIFT IFSC, KYC simplification, social stock exchanges and unauthorised lending apps.
- 29th: a cyber-resilience strategy, unclaimed assets, common KYC norms, factoring and account aggregators.

What did Budget 2025-26 say about FSDC?

The Budget of 1 February 2025 announced a mechanism under FSDC. It would evaluate the impact of current financial regulations and subsidiary instructions. A framework would enhance their responsiveness and the development of the financial sector.

Did the Council follow up?

Yes. The 29th meeting discussed a framework by regulators to evaluate and enhance the responsiveness of regulations and subsidiary instructions. The release links this to budget announcements.



Illustration: All three were chaired by the Finance Minister.

Sources: pib.gov.in; static.pib.gov.in

Exam practice: traps and PYQs

9 Which traps and which questions matter for the exam?

What are the common traps?

- **NITI Aayog.** FSDC's secretariat is a division of DEA in the Ministry of Finance.

- **Growth.** The mandate says financial sector development, not growth.
- **Two numbering series.** The Council had its 29th meeting in June 2025. The Sub-Committee had its 33rd in May 2026.
- **The regulator list.** The 2013 list has four regulators. DEA's chart now adds IFSCA (and IBBI, marked #).
- **Powers.** The Council was set up without prejudice to the autonomy of regulators.
- **Chairs.** The Union Finance Minister chairs the Council. The RBI Governor chairs the Sub-Committee.
- **FSLRC.** Its statutory proposal is a proposal in a report.

Who chairs which body?

Body	Chair, as sources show it
FSDC Council	Union Finance Minister
FSDC Sub-Committee	RBI Governor
Inter Regulatory Technical Group	An Executive Director of RBI's banking regulation department
Group on financial inclusion and literacy (TGFIFL)	A Deputy Governor of RBI

What did UPSC ask?

UPSC Civil Services Preliminary Examination 2016, General Studies Paper I, asked about FSDC at Q56 in Series A. The official answer key gives option C for that question. Practice question 1 below covers the same topic.

Sources: pib.gov.in; dea.gov.in; ies.gov.in; indiabudget.gov.in; rbi.org.in; upsc.gov.in

Review the feedback after each answer. The understanding-check score lasts for this page session.

Reset the checks when you want another attempt. This score is separate from the Native Practice score below.

Questions to think through

If FSDC cannot override a regulator, what can it do?

The Budget speech set it up without prejudice to the autonomy of regulators. Any member can propose an agenda item. The Council and Sub-Committee deliberate and suggest appropriate steps.

Which body replaced HLCCFM: the Council or the Sub-Committee?

Arthapedia says FSDC replaced it. DEA's chart says the Sub-Committee replaced it. Both agree that HLCCFM was replaced when FSDC was set up in December 2010.

The Council had 29 meetings and the Sub-Committee 33. Can you compare them?

No. They are separate series. The 29th Council meeting was on 10 June 2025. The 33rd Sub-Committee meeting was on 14 May 2026.

Why does the FSLRC report call the 2010 Council an interim response?

The report says the Commission was meant to give the long-term institutional answer. It proposed a statutory FSDC with modified functions.

Practice MCQs

1. With reference to 'Financial Stability and Development Council' (FSDC), consider the following statements:

1. It is an organ of NITI Aayog.

2. It is headed by the Union Finance Minister.

3. It monitors macroprudential supervision of the economy.

Which of the statements given above is/are correct?

A. 1 and 2 only

B. 3 only

C. 2 and 3 only

D. 1, 2 and 3

See answer ↓

2. The Financial Stability and Development Council (FSDC) was constituted through a Government of India notification dated which day?

A. 30 December 2010

B. 1 April 2010

C. 15 August 2010

D. 26 January 2011

See answer ↓

3. Which body did the Financial Stability and Development Council (FSDC) replace when it was set up in 2010?

A. Financial Sector Legislative Reforms Commission (FSLRC)

B. Standing Committee on Finance

C. High Level Coordination Committee on Financial Markets (HLCCFM)

D. National Institution for Transforming India (NITI Aayog)

See answer ↓

4. Which of the following pairs correctly matches an FSDC-related body with the official who chairs it?

A. FSDC Sub-Committee — Union Finance Minister

B. Technical Group on Financial Inclusion and Literacy — Union Finance Minister

C. Inter-Regulatory Technical Group — RBI Governor

D. FSDC Sub-Committee — RBI Governor

See answer ↓

5. Which statement best describes how the FSDC's role differs from that of individual regulators like RBI or SEBI?

A. FSDC replaces RBI and SEBI as India's single financial regulator

B. FSDC coordinates across regulators and watches system-wide risk, while RBI and SEBI keep regulating their own sectors

C. FSDC only handles insurance and pension sector disputes

D. FSDC has statutory powers that override RBI's monetary policy decisions

See answer ↓

6. As of 2026, who chairs the Sub-Committee of the Financial Stability and Development Council (FSDC)?

A. IRDAI Chairman

B. Chief Economic Adviser

C. RBI Governor

D. SEBI Chairman

See answer ↓

7. The Financial Sector Legislative Reforms Commission submitted its report in March 2013. What did it propose for the FSDC?

A. The FSDC should be wound up once the Indian Financial Code is passed.

B. The existing FSDC should become a statutory agency with modified functions.

C. The FSDC should be placed under NITI Aayog.

D. The FSDC should be merged into the Reserve Bank of India.

See answer ↓

Answer Key

1. **C.** The correct answer is 2 and 3 only. Statement 1 is wrong. DEA's chart shows the Council's secretariat as a division of the Department of Economic Affairs in the Ministry of Finance. Statement 2 is right, because the Union Finance Minister chairs the Council. Statement 3 is right, because macro prudential supervision of the economy is one item in its mandate. UPSC's answer key for the Civil Services Preliminary Examination 2016, Series A, question 56, gives option C. ↑ Q1
2. **A.** The correct answer is 30 December 2010. PIB's note of 3 May 2013 says the Government constituted FSDC by a notification dated 30 December 2010. DEA's chart says it was established in December 2010. The Budget speech that announced the plan is dated 26 February 2010. ↑ Q2
3. **C.** The correct answer is HLCCFM, the High Level Coordination Committee on Financial Markets. Arthapedia says FSDC replaced HLCCFM. DEA's chart says the FSDC Sub-Committee was established in December 2010, replacing HLCCFM. Both sources name HLCCFM as the body that was replaced. ↑ Q3
4. **D.** The correct answer is the FSDC Sub-Committee with the RBI Governor. PIB's note of 3 May 2013 says the Sub-Committee is chaired by the Governor, RBI. DEA's chart shows the Inter Regulatory Technical Group headed by an RBI Executive Director. It shows the Technical Group on Financial Inclusion and Financial Literacy chaired by a Deputy Governor, RBI. The Union Finance Minister chairs the Council itself. ↑ Q4
5. **B.** The correct answer is that FSDC coordinates across regulators and watches system-wide risk, while RBI and SEBI keep regulating their own sectors. The Budget speech set up the Council without prejudice to the autonomy of regulators. PIB's 2013 note lists inter-regulatory coordination and macro prudential supervision in its mandate. So an option that makes it a single regulator, or lets it override RBI, does not match. ↑ Q5
6. **C.** The correct answer is the RBI Governor. PIB's note of 3 May 2013 says the Sub-Committee is chaired by the Governor, RBI. RBI's releases on the 32nd and 33rd meetings, in September 2025 and May 2026, say Governor Sanjay Malhotra chaired them. DEA's chart lists the Chief Economic Adviser as a member of the Sub-Committee, not its chair. ↑ Q6

7. **B.** The correct answer is that the existing FSDC should become a statutory agency with modified functions. PRS notes that the Commission submitted its report on 22 March 2013. The report's executive summary says the existing FSDC will become a statutory agency. It also gives the Council modified functions in the fields of systemic risk and development. This is a proposal in a report. ↑ Q7

Quick-check answers

1. **True.** The Budget speech of 26 February 2010 used these words. The Council does not replace regulators. ↑ 1
2. **False.** FSDC's secretariat is a division of the Department of Economic Affairs in the Ministry of Finance. ↑ 2
3. **True.** PIB, DEA's chart and the 2025 release all show the Union Finance Minister as chair. ↑ 3
4. **False.** PIB says it was constituted by a Government of India notification dated 30 December 2010. ↑ 4
5. **True.** PIB's 2013 note and RBI's 2025 and 2026 releases show the Governor in the chair. ↑ 5

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