



The Journal of Sri Krishna Research & Educational Consortium
**INTERNATIONAL JOURNAL OF
BUSINESS ECONOMICS AND
MANAGEMENT RESEARCH**
Internationally Indexed & Listed Referred e-Journal



REGULATING THE REGULATORS: NEED FOR SUPER REGULATOR

LOVLEEN GUPTA*

*Department of Commerce Hindu College University of Delhi

ABSTRACT

In India, the regulation of financial services industry is widely dispersed among a number of regulators. For different sectors of the economy, there are different regulators. However the financial service segments are interrelated. No one segment can work independently. Therefore sometimes the regulations may be conflicting or sometimes some hybrid products may come within the jurisdiction of more than one regulator. So the question has arisen about the need for super regulator. But do we really need a super-regulator? The global financial crisis has revealed the weaknesses in the regulatory architecture all around the world. Neither the unified regulatory model as in UK nor the multi-regulatory model as in USA has been able to deal with the crisis. There always have been some overlaps and underlaps. Therefore it is not the failure of model; rather it is the failure of system, failure of risk assessment, failure of supervision.

No doubt, a unified approach is much better than multi-regulatory model. It will help avoid confusions and disputes. However the problems cannot be resolved with one super-regulator as it has deep implications. The super regulator does not mean only coordination rather it means transfer of powers of sectoral regulators to the super regulator. It will challenge all the sectoral regulators who are already experts in their fields. However the conflicts are not always bad, rather they help in creating healthy and vibrant environment. The conflicts introduce competition. The war between SEC and CFTC in US led to the introduction of index futures in US. To my view point, there is no need for super regulator. We can ensure coordination between various watchdogs without having a super regulator. Rather we should clearly demarcate the areas of regulators for the hybrid products or the financial products having inter-regulatory implications. And even then if some dispute arises, that is a legal issue that can be resolved through statutory coordinating committee, whose decision will be supreme and cannot be challenged. We already have regulatory framework, prudential policies but we need more supervision. Any model or any system can fail if there is lack of political will, industry will and individual will.

KEYWORDS: Super Regulator, Regulators, SEBI, IRDA, RBI.