



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI constitutes a Committee on Household Finance

The Reserve Bank of India (RBI) has set up a committee to look at the various facets of household finance in India and to benchmark India's position vis-à-vis both the peer countries and advanced countries.

The Committee will be chaired by Dr. Tarun Ramadorai, Professor of Financial Economics, University of Oxford and will have representation from financial sector regulators, namely, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA) apart from Reserve Bank of India (RBI).

The terms of reference of the Committee are:

- i. To benchmark the current depth of household financial markets in India vis-à-vis those in other major world markets and to identify areas of priority for growth and change.
- ii. To characterize and evaluate Indian households' demands in formal financial markets (for assets such as pensions as well as liabilities such as home loans) over the coming decade.
- iii. To consider whether, how, and why the financial allocations of Indian households deviate from desirable financial allocation and behaviour (e.g., the large household allocation to gold).
- iv. To evaluate the design of new systems and the redesign of existing systems of incentives and regulations to encourage and enable better participation by Indian households in formal financial markets.
- v. To assess the role of new financial technologies and products (e.g., robo-advising, automatically refinancing mortgages) in the cost-effective provision of high-quality and suitable financial products to Indian households while containing risks.

The Committee is expected to submit its report by end July 2017.

Background

The demand for formal financial market investment product like pension as well as liability product like home loan from the Indian household was discussed during the meeting of the Sub Committee of Financial Stability and Development Council (FSDC-SC) held on [April 26, 2016](#). It was decided that a committee should be set up to look at various facets of household finance in India and submit a report.