

Important Financial Committees in India

1. Narasimham Committee (Father of Banking Reforms)

- Two committees: 1991 & 1998.
 - Chairman: M. Narasimham (Ex-RBI Governor)
- Goal: To reform & modernize Indian banking sector.

Key Recommendations (Simplified):

- Reduce Govt Control: Lower CRR & SLR so banks have more money to lend.
- Interest Rates: Let market (supply & demand) decide rates, not govt.
- Bank Autonomy: Give banks freedom in decisions & hiring.
- Stronger Banks: Merge weak banks with strong ones. Reduce govt ownership.
- Tackle Bad Loans (NPAs): Create Asset Reconstruction Companies (ARCs) for bad debt.

* Modernization: Adopt international standards (Basel norms) & use tech.*



→ Loans
→ Deposits } More freedom

2. Nachiket Moh Committee (2013)

Focus: Financial Inclusion ('Banking for All')

- Appointed by RBI (Raghuram Rajan).
- Chairman: Nachiket Moh.
- Goal: Provide financial services to every Indian, especially small businesses & low-income households.

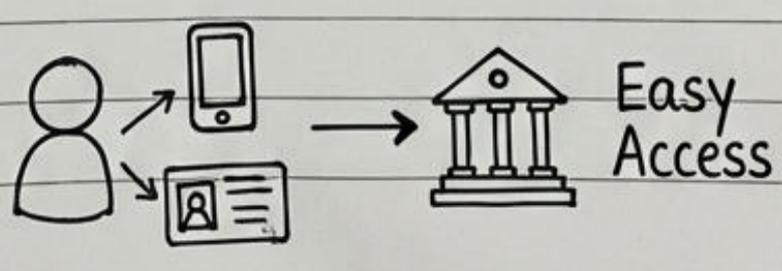


Key Recommendations (Simplified):

- Universal Bank Account: Every adult Indian to have a bank account (led to PM Jan Dhan Yojana).
- Aadhaar Linkage: Use Aadhaar for easy identity verification (e-KYC).
- New Type of Banks: Suggested 'Payments Banks' (payments & deposits, no loans) & 'Small Finance Banks' (for small borrowers).

* Access Points: Banking services within 15-min walk everywhere. *

- Priority Sector Lending (PSL): Modify rules to encourage lending to specific sectors.



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3. Urjit Patel Committee (2014)

Focus: Monetary Policy Framework

Appointed by RBI.

Chairman: Dr. Urjit Patel (Later RBI Governor).

Goal: Revise & strengthen how RBI controls inflation & manages economy.

Key Recommendations (Simplified):

→ Inflation Targeting: RBI's main goal should be to control inflation (price rise).

* Target Rate: Set specific inflation target (e.g., 4% +/- 2% range).

→ Monetary Policy Committee (MPC): Create a committee to decide interest rates (repo rate) instead of just Governor.

→ MPC Composition: 6 members (3 RBI + 3 Govt appointed). Decisions by majority vote.

→ Transparency: RBI to clearly explain decisions & future plans to public.

