Report of the Committee to Recommend Measures for Curbing Mis-selling and Rationalising Distribution Incentives in Financial Products

Based on the recommendations of the Financial Stability and Development Council (FSDC) Sub-committee, Government of India had set up a Committee under the Chairmanship of Shri Sumit Bose, Former Union Finance Secretary with the following terms of reference:

a. The Committee would study the prevailing incentive structure among various financial investment products taking into account the historical evolution of such a structure in India and globally and also the differential nature of the product itself.

b. The Committee would suggest policy measures such that differential regulatory norms do not favour any particular financial product and prevent mis-selling. The study would also address issues with respect to hidden costs and identical financial products under different regulatory jurisdiction.

c. Suggest measures to rationalise the incentive structure across financial products.

The Committee which submitted its report on August 10, 2015 has made a number of recommendations on the incentive structure in distribution of financial products. The report is available on the website of the Ministry of Finance (http://finmin.nic.in/suggestion_comments/Inviting_Comments_Committee_Incentive_Structure.asp)

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