

Business Standard

Tale of two regulators

The RBI has largely been a paternalistic regulator, while the Sebi wears its 'investor protection' mandate on its sleeve

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Reserve Bank of India governor Raghuram Rajan's memo to the central bank's employees is making news. A candid memo, large parts of which would be apt for every financial sector regulator, places a finger on the pulse of some critical elements of what ails our regulatory system. Governor Rajan expressed concern that RBI was not seen as enforcing compliance, candidly saying that in India "we do not punish the wrong-doer unless he is small and weak". Interestingly, that is a sentence that could be said not just about India but also about the enforcement system universally. ...