

FIDC
Finance Industry Development Council
(A Representative Body of NBFCs in India)

CIN: U91990MH2004NPL146931

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

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July 08, 2025

Shri Chandan Kumar,
The Chief General Manager,
Reserve Bank of India,
Department of Regulation,
New Central Office Building,
Shahid Bhagat Singh Road, Fort,
Mumbai 400001

Madam/Sir,

Regulatory Impact Assessment (RIA) in the Indian Financial Sector

With reference to your Primer dated 3rd July 2025 in the above matter, we at FIDC would like to submit our views on the following broad areas:

Query	Submission
General	
What according to you are the essential components of RIA? Do you think CBA is essential for RIA?	<p>Regulatory Impact Assessment (RIA) is a structured approach to assess the positive and negative effects of proposed or existing regulations.</p> <ul style="list-style-type: none">• Defining the Problem – Clearly identifying the regulatory issue that needs to be addressed.• Objective setting – What does the regulation seek to achieve?• Identifying & evaluating the various options• Impact and Cost-Benefit Analysis (CBA) – Including assessment of possible conflicts between regulatory objectives and interests of the industry

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	<ul style="list-style-type: none">• Stakeholder consultation – Understanding ground reality and practical difficulties in implementation and building consensus on the regulation• Pilot roll out and study impact – this helps in minimizing disruptions caused to industry arising out of imperfect implementation• Implementation strategy• Feedback and review of regulations• Performing pre and post impact assessment by way of data comparison (e.g.: NPA or RoI Levels pre/post roll-out of regulatory guidelines)• Using the data from the regulatory returns to understand intended vs unintended impacts• Build a Digital Regulatory Reporting (DRR) system where pilots are run by submitting sample data before the rule is finalized
How do you currently evaluate the effectiveness or impact of regulatory decisions?	Not being formally carried out. Informally yes , through suggestions received, feedback, queries and inputs received during operations and inspection issues raised at meetings, conferences, Trainings, workshops, webinars etc.
Have you conducted sector wide impact assessment of any new / existing regulation in your related sector? If yes, please elaborate on the methodology adopted.	Not being formally carried out. Informally yes , through suggestions received, feedback, queries and inputs received during operations and inspection issues raised at meetings, conferences, Trainings, workshops, webinars etc.

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	The regulator can consider conducting the assessment of impact of the latest guidelines such as Digital Lending Guidelines, CKYCR, etc.
What parameters or criteria can be considered for adopting a scale-based RIA framework?	Regression Modeling / Causal Impact Estimation, Multi-Stakeholder Engagement, Academic / Think-Tank Partnerships, Behavioral Prototypes / Sandboxes etc. Some of the above, in particular, the stakeholder engagement models inspired by global practices such as the UK's FCA sandbox reviews are already being conducted. The same however needs to be much deeper and engaging.
Are there RIA or CBA practices from international jurisdictions, or from other sectors in India that you believe could be adapted to the Indian financial context? Have such frameworks led to better policy outcomes in those jurisdictions?	<ul style="list-style-type: none">• UK FCA's Sandbox + Feedback loop approach• MAS Singapore RegTech modeling integration• Adaptation of TRAI's consultative model with quantitative CBAs. For example, TRAI uses highly transparent model where stakeholder comments are published, counter comments are allowed, final recommendation explains rationale for regulatory decision based on quantitative and qualitative factors.
Cost Benefit Analysis	
How do you conduct CBA on the regulations/ policies/ directives to be issued by you?	Components of Costs: <ul style="list-style-type: none">• Compliance costs (technology, manpower, reporting)• Operational disruptions• Training and change management• Loss of business due to restrictions

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	<p>Benefits:</p> <ul style="list-style-type: none">• Enhanced market integrity and transparency• Reduced risks (e.g., fraud, mis-selling, systemic instability)• Increased investor/consumer protection• Market development or innovation• Social/public interest gains (e.g., financial inclusion) <p>Non-financial or qualitative benefits can be assessed through quick surveys and periodic assessment of surrogate indicators. The exact methodology may vary according to the situation.</p>
Please list and elaborate on the components to estimate costs and benefits used by you for regulatory intervention.	Currently, not being carried out
How can qualitative indicators be systematically integrated with quantitative assessments? How can “intangible” regulatory effects such as consumer confidence, market behaviour, or systemic stability be quantified?	<ul style="list-style-type: none">• Usage of surveys through which qualitative parameters can be converted into quantitative• Baselining a steady state and then identify variance from the steady state,• Experts assigning a number to the variable• Use of consumer trust indices, grievance redressal trendlines and sentiment analysis
Challenges in Indian Context	

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What according to you are the key challenges in carrying out RIA?	Key challenges in carrying out RIA <ul style="list-style-type: none">• Overlap of jurisdiction (e.g.: hybrid fintech products are governed by both RBI and SEBI)• Data access and quality of data• Lack of standardized frameworks and guidelines• Resource and skill constraints within regulators/SROs• Limited institutionalized stakeholder consultation• Difficulty in quantifying behavioural or systemic impacts
Are there existing data collection frameworks that could be leveraged for RIA? What type of data collection frameworks may be required to operationalize meaningful CBA? What infrastructure upgrades may be required?	Data collection frameworks and infrastructure Existing frameworks that could be leveraged: <ul style="list-style-type: none">• Regulatory filings such as MCA21, FIU-IND, and SEBI's MII platforms• Central databases – e.g., CRILC, CKYC, Credit Bureaus etc.• Central Statistical surveys• Internal research of RBI and other regulators as well as agencies such as credit rating agencies.• Use APsI and AI/ML tools for smart data analysis and integration
How can such challenges in implementing RIA in Indian Financial Sector be dealt with?	Addressing the challenges <ul style="list-style-type: none">• Build a dedicated RIA unit within each regulator• Institutionalize stakeholder engagement, including consumer voice• Invest in RegTech platforms for smarter data use

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	<ul style="list-style-type: none">• Collaborate with academic institutions and think tanks for analysis• Run Sandbox pilot RIAs for high-impact regulations before mainstreaming
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Thanking you,
Yours sincerely,

For FINANCE INDUSTRY DEVELOPMENT COUNCIL

MAHESH THAKKAR
CHAIRMAN

UMESH REVANKAR
PRESIDENT