V FINANCIAL MARKETS AND FOREIGN EXCHANGE MANAGEMENT

During 2024-25, the Reserve Bank continued its efforts towards further strengthening of various segments of the financial markets by broadening participation, easing access and rationalising regulations. Regulations pertaining to foreign exchange management have been rationalised in tune with evolving business practices with a focus on being more principle-based, reducing compliance burden and promoting the ease of doing business. Efforts are also underway to promote Indian Rupee (INR) as an international currency.

V.1 During 2024-25, the Reserve Bank sustained its efforts to further develop and deepen financial markets by streamlining regulations and fostering innovations. The Financial Markets Regulation Department (FMRD) initiatives in this regard included issuance of framework for recognition of self-regulatory organisations (SROs) for financial markets regulated by the Reserve Bank; putting in place requirements for exchange of initial margin for non-centrally cleared over-the-counter (OTC) derivative trades; introduction of forward contracts in government securities; expanding access of the Negotiated Dealing System - Order Matching (NDS-OM), *inter alia,* to SEBI-registered non-bank stock brokers; consolidation of operational instructions pertaining to investments by non-residents in debt instruments; permitting trading of sovereign green bonds (SGrBs) issued by the Government of India (GoI) in the International Financial Services Centre (IFSC); and putting in place reporting requirements for all foreign exchange transactions. The liquidity management operations of the Reserve Bank evolved in sync with its monetary policy stance, while ensuring orderly financial market conditions amidst volatility in global financial markets.

V.2 The Reserve Bank remained focused on simplifying regulations, promoting internationalisation of INR, and enhancing ease of doing business to facilitate external trade and investment. Accordingly, the Foreign Exchange Department (FED) is currently reviewing several extant guidelines relating to external commercial borrowings (ECB), export of goods and services, supervisory framework for Authorised Persons (APs), liberalised remittance scheme (LRS), inward remittance scheme and settlement of cross-border transactions in INR and local/national currencies.

V.3 Against this backdrop, the rest of the chapter is structured into four sections. The development and regulation of financial markets are covered in section 2. The Reserve Bank's market operations are discussed in section 3. In section 4, the focus is on external trade and payments, and measures relating to liberalisation and development of external financial flows. Concluding observations are provided in section 5.

2. FINANCIAL MARKETS REGULATION DEPARTMENT (FMRD)

V.4 FMRD in pursuance of its mandate of development, regulation and surveillance of money, government securities (G-secs), interest rate derivatives, foreign exchange and credit derivative markets, undertook various initiatives towards attainment of objectives set for 2024-25.

Agenda for 2024-25

V.5 The Department had set out the following goals for 2024-25:

- Better aggregation and transparency under the legal entity identifier (LEI) requirements for reporting of OTC derivative transactions; global identifiers for OTC derivative transactions (*e.g.*, unique transaction identifier) [*Utkarsh* 2.0] (Paragraph V.6);
- Review of the regulatory framework for electronic trading platform (ETP) authorisation for financial market instruments regulated by the Reserve Bank in sync with the evolution of domestic financial markets and global best practices (Paragraph V.7); and
- Development of a framework for SROs for financial markets regulated by the Reserve Bank (Paragraph V.8).

Implementation Status

V.6 A concept paper for implementation of unique transaction identifier (UTI) in India was prepared and shared with market bodies for their feedback. Based on the feedback and assessment of implementation of UTI by advanced economies, the implementation of UTI domestically will be taken up.

V.7 Based on the feedback received from stakeholders, the revised regulatory framework for ETP authorisation is being finalised.

V.8 With an increase in the number of financial market participants, growing scale of operations, increasing adoption of innovative technologies and enhanced customer outreach, a need was felt to develop better industry standards for self-regulation. Accordingly, a framework for recognition of SROs in financial markets regulated by the Reserve Bank was issued on August 19, 2024.

Major Initiatives

Hedging of Gold Price Risk in Overseas Markets (OTC Derivatives)

V.9 As announced in the Statement on Developmental and Regulatory Policies of the Reserve Bank (February 8, 2024), resident entities were permitted to hedge their exposures to price risk of gold using OTC derivatives in the IFSC, in addition to the exchange-traded derivatives, to provide flexibility to resident entities.

Unauthorised Foreign Exchange Transactions

V.10 In view of the proliferation of unauthorised entities offering forex trading facilities to Indian residents, Authorised Dealer Category-I (AD Cat-I) banks were advised on April 24, 2024 to be more vigilant and exercise greater caution to prevent the misuse of banking channels in facilitating unauthorised forex trading. AD Cat-I banks were also advised to sensitise their customers and increase their awareness about extant advisories on the issue.

Facilitating Participation of Standalone Primary Dealers (SPDs) in the Foreign Exchange Market

V.11 The Master Direction on risk management and inter-bank dealings was amended on May 3, 2024 to extend and clarify the applicability of the provisions to the SPDs authorised as AD Cat-III under Section 10(1) of Foreign Exchange Management Act (FEMA), 1999.

Exchange of Initial Margin for Non-centrally Cleared Derivatives

V.12 With a view to strengthen the resilience of OTC derivative markets and in the backdrop of the G20 recommendations on OTC derivatives, the Directions mandating the exchange of initial margin between counterparties of non-centrally cleared OTC derivative transactions were issued on May 8, 2024. The scope of the Directions extends to interest rate and foreign exchange and credit derivative transactions and will be applicable to the financial entities based on the extent of their participation in the OTC derivative markets. Simultaneously, the Directions on margin for derivative contracts were revised, *inter alia*, to facilitate the exchange of margin within and outside India by market participants from a FEMA, 1999 perspective, enabling them to enter into and adhere to global margining arrangements.

Fully Accessible Route (FAR) for Investment by Non-residents in G-secs

V.13 Non-residents were permitted to invest in specified categories of G-secs (*viz*., G-secs of 5-year, 7-year, 10-year, 14-year and 30-year tenors) without any restrictions under the FAR, *w.e.f.* April 1, 2020. In consultation with the government, it was decided to exclude all new G-secs of 14-year and 30-year tenors from the FAR on July 29, 2024. Moreover, the list of specified securities under the FAR was expanded on November 7, 2024 to include all SGrBs of 10-year tenor issued by the GoI in H2:2024-25.

Trading of SGrBs Issued by the GoI in the IFSC

V.14 With a view to facilitate wider non-resident participation in SGrBs, eligible foreign investors in IFSC were permitted on August 29, 2024 to participate in the primary auctions of SGrBs and transact in the secondary market for SGrBs in the IFSC.

Expanding Access to NDS-OM

V.15 In order to widen the access to NDS-OM platform (the sole/primary trading platform for all G-secs transactions), revised Directions were issued on October 18, 2024 so as to provide direct access to a larger set of regulated entities and to harmonise the access with that of other facilities, *viz*., centralised payment systems offered by the Reserve Bank.

Reporting of Foreign Exchange Cash/Tom/Spot Transactions to Trade Repository

V.16 With a view to putting in place a centralised repository of all transactions in financial markets regulated by the Reserve Bank, in particular, the foreign exchange market, and facilitate greater transparency and effective oversight, Authorised Dealers (ADs) were mandated on November 8, 2024 to report foreign exchange cash/tom/spot trades in a phased manner to the trade repository (TR) of Clearing Corporation of India Limited (CCIL).

Reporting of Transactions Undertaken to Hedge Price Risk of Gold

V.17 To facilitate regulatory monitoring and help shape policy stance on the subject as well as to increase transparency, reporting of transactions in gold derivatives undertaken by banks and their customers/constituents to the TR of CCIL was mandated, *w.e.f.* February 1, 2025.

Non-resident Investment in Debt Instruments in India

V.18 To improve ease of doing business, operational instructions contained in all the relevant circulars pertaining to investments by non-residents in debt instruments (63 circulars issued during 2008-2024) were consolidated under a single Master Direction[1].

Access of SEBI-registered Non-bank Brokers to NDS-OM

V.19 With a view to widening access, non-bank brokers registered with SEBI have been granted direct access to NDS-OM for secondary market transactions in government securities on behalf of their clients. These brokers may access NDS-OM subject to the regulations and conditions laid down by the Reserve Bank in this regard.

Government Securities Transactions Between a Primary Member (PM) of NDS-OM and its Own Gilt Account Holder (GAH) or Between Two GAHs of the Same PM

V.20 To bring uniformity in the trading and settlement norms for government securities transactions, the facility of clearing and settlement through CCIL has been extended to transactions between a PM and its own GAH or between two GAHs of the same PM which are bilaterally negotiated and reported to NDS-OM, on an optional basis.

Introduction of Forward Contracts in Government Securities

V.21 To enable long-term investors such as insurance funds to manage their interest rate risk across interest rate cycles, forward contracts in government securities have been introduced, which will also facilitate efficient pricing of derivatives that use bonds as underlying instruments.

Agenda for 2025-26

V.22 For the year 2025-26, the Department has set the following goals:

- Continuing with its efforts towards better aggregation and transparency under the LEI requirements for reporting of OTC derivative transactions, global identifiers for OTC derivative transactions (*e.g.,* UTI) shall be implemented in India in line with global developments (*Utkarsh* 2.0); and
- To expand the reach of FX-Retail platform and enhance user experience, the linking of this platform with *Bharat* Connect (formerly *Bharat* Bill Payment System) operated by the NPCI *Bharat* Connect shall be facilitated. In the first phase, a pilot facilitating purchase of USD against the Indian Rupee by individuals and sole proprietors shall be implemented.

3. FINANCIAL MARKETS OPERATIONS DEPARTMENT (FMOD)

V.23 FMOD is primarily responsible for the conduct of liquidity management[2] operations towards implementing the Reserve Bank's monetary policy objectives and ensuring orderly conditions in the foreign exchange market through both onshore and offshore market operations.

Agenda for 2024-25

V.24 During the year, the Department had set out the following goals:

- Technological upgradation to facilitate smoother and more flexible liquidity management operations (Paragraph V.25-V.28);

[1] Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 7, 2025.

[2] Details relating to liquidity management operations are covered in Chapter III of this Report.

- Issuance of consolidated instructions on the liquidity adjustment facility (Paragraph V.29); and
- Policy-oriented research and analysis on financial markets to guide market operations strategies on an ongoing basis (*Utkarsh* 2.0) [Paragraph V.30].

Implementation Status

V.25 With effect from June 21, 2024, an option has been provided under the automated sweep-in and sweep-out (ASISO) facility through which the eligible participants can set/modify minimum and maximum balance limits for future dates. This has helped the banks in better management of their liquidity and cash reserve requirement over weekends and holidays.

V.26 Under the Reserve Bank's liquidity adjustment facility (LAF), the valuation of various government securities collateral is done on the basis of daily market rates published by the Financial Benchmarks India Private Limited (FBIL). To enhance system robustness and operational efficiency, an auto-upload facility has been deployed in e-*Kuber* 2.0, in which the market rates of government securities are directly fetched from the FBIL website on straight-through processing (STP) basis.

V.27 Multiple bids upload facility in open market operation (OMO) auctions is being developed in e-*Kuber* 2.0, which would enable the participants to submit multiple bids in OMO auctions through a single file upload. The facility is in the advanced stage of development.

V.28 Foreign exchange swap auctions are one of the instruments available in the Reserve Bank's toolkit for managing durable liquidity. A module is being developed in e-*Kuber* 2.0 for conducting the foreign exchange swap auctions in which banks would be able to submit their bids for processing and allocation.

V.29 The Reserve Bank is in the process of reviewing the extant liquidity management framework which has been in operation since February 14, 2020. Consolidated instructions on liquidity management operations will be issued post completion of the review of the framework.

V.30 The Department continued to conduct policy-oriented research and analysis related to financial markets during 2024-25. These studies included decentralised finance and the financial system; real effective exchange rate and India's trade balance; and foreign exchange reserve trends during high volatility episodes.

Agenda for 2025-26

V.31 During 2025-26, the Department plans to achieve the following goals:

- Review of the liquidity management framework;
- Undertake foreign exchange operations to curb excessive volatility in the USD/INR exchange rate; and
- Conduct policy-oriented research and analysis on financial markets to guide market operations strategies on an ongoing basis (*Utkarsh* 2.0).

4. FOREIGN EXCHANGE DEPARTMENT (FED)

V.32 FED is entrusted with the responsibility of fulfilling the objectives of facilitating external trade and payments and promoting the orderly development and maintenance of foreign exchange market in India, as envisaged under the Foreign Exchange Management Act (FEMA), 1999. Accordingly, the Department continued its endeavour to frame simple, comprehensive, time consistent and more principle-based policies to facilitate external trade and payments; further rationalise the rules and regulations relating to external sector transactions; and promote the increasing use of INR for international cross-border transactions.

Agenda for 2024-25

V.33 The Department had set out the following goals for 2024-25:

- Review of the authorisation framework for APs under FEMA, 1999 (*Utkarsh* 2.0) [Paragraph V.34];
- Rationalisation of ECB framework (Paragraph V.35);
- 'Go-live' for phase I of software platform for ECBs and trade credits reporting and approval (SPECTRA) project (Paragraph V.36);
- Rationalisation of regulations for export of goods and services (*Utkarsh* 2.0) [Paragraph V.37];
- Review of the supervisory framework for APs (Paragraph V.38);
- Rationalisation of Foreign Exchange Management (Guarantees) Regulations (Paragraph V.39);
- Rationalisation of Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations (Paragraph V.40);
- Internationalisation of INR (Paragraph V.41-V42):
  - o Permitting opening of INR accounts outside India by persons resident outside India (PROIs) [*Utkarsh* 2.0];
  - o INR lending by Indian banks to PROIs; and
  - o Enabling foreign direct investment (FDI) and foreign portfolio investment (FPI) through special accounts [*viz.,* special non-resident rupee (SNRR) account and special rupee vostro account (SRVA)];
- Making a framework for a comprehensive integrated reporting of forex transactions (Paragraph V.43);
- Measures to improve the role of GIFT City[3] at Gandhinagar, Gujarat *vis-à-vis* other international financial services centres (Paragraph V.44):
  - o Encouraging the trading of foreign currency (FCY)-INR pairs, for different foreign currencies; and
  - o Review of the IFSC Regulations under FEMA, 1999.
- Review of Compounding Proceedings Rules, 2000 (as amended from time to time) under FEMA, 1999 (*Utkarsh* 2.0) [Paragraph V.45];
- Rationalisation of the Liberalised Remittance Scheme (LRS) [*Utkarsh* 2.0] (Paragraph V.46); and

[3] Gujarat International Finance Tec-City.

- Rationalisation of inward remittance schemes, *viz.*, Money Transfer Service Scheme (MTSS) and Rupee Drawing Arrangement (RDA) [*Utkarsh* 2.0] (Paragraph V.47).

Implementation Status

V.34 In light of progressive liberalisation under FEMA, along with significant increase in APs and emergence of new business models, the extant authorisation framework is being reviewed to address potential misuse, plug regulatory gaps, enhance ease of doing business and encourage innovation while ensuring safeguards. Accordingly, the draft framework for APs under FEMA was placed on the Reserve Bank's website for feedback from the stakeholders. Based on the feedback, the revised framework is being prepared.

V.35 In terms of liberalisation measures pertaining to the ECB framework, a comprehensive review of the Schedule I of Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (as amended from time to time), is in process.

V.36 Post in-principle approval of the revised Phase I implementation of SPECTRA project in June 2024, the necessary final approvals and vendor confirmations for rolling out of the project are underway.

V.37 To rationalise and simplify the existing regulatory framework for trade transactions, trade guidelines are being rationalised. Accordingly, comments/feedback from the public on draft regulations and draft Directions to the ADs on export and import of goods and services were sought *vide* press release dated July 2, 2024. Based on the feedback and further consultations with various stakeholders, the draft regulations and Directions were revised further and placed on the Reserve Bank's website on April 4, 2025, seeking comments/feedback. The emphasis of the revised regulations is on enhancing ease of doing business and bringing all instructions into a single document.

V.38 A revised risk-based supervisory framework for inspecting full-fledged money changers (FFMCs) and non-bank AD Cat-II entities based on a risk rating model was introduced on June 11, 2024 to evaluate entities based on operations, governance and compliance. In the revised framework, inspection frequency has been linked to the risk ratings, to prioritise high-risk entities. The risk rating framework has been designed in such a manner that entities with inadequate know your customer (KYC)/anti-money laundering (AML) compliance or those involved in non-compliant transactions are subjected to focused inspections, regardless of their overall or other category risk ratings.

V.39 A comprehensive review of Foreign Exchange Management (Guarantees) Regulations, 2000 has been undertaken in view of the evolving business needs/practices and macroeconomic conditions. The revised regulations propose to simplify and rationalise the guarantees issued/obtained. The draft regulations are being reviewed.

V.40 The framework relating to mode of payment and reporting of non-debt instruments, currently prescribed[4] under Foreign Exchange

[4] Reserve Bank notification number FEMA.395/2019-RB dated October 17, 2019.

Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 (as amended from time to time), is being reviewed.

V.41 In order to promote the settlement of cross-border transactions in INR and local/national currencies, the amended notifications/revised regulations under FEMA were notified in the official gazette on January 15, 2025, enabling the provisions for the following:

- Permitting PROIs to open SNRR accounts with overseas branches of AD banks, for payments and settlement of all permissible current and capital account transactions with persons resident in India (PRIs), and all *bona fide* transactions with other PROIs; and
- Enabling foreign investment (including FDI and portfolio investment) through various repatriable INR accounts.

V.42 In order to provide INR liquidity for facilitating use of INR for cross-border transactions, a comprehensive set of measures has been initiated.

V.43 A Committee has been constituted to review the existing reporting systems, identify gaps and overlaps, and suggest necessary improvements for streamlining reporting and facilitate analytics for more informed policy formulation. The report of the Committee is under preparation.

V.44 Inputs/comments were solicited from within the Reserve Bank to review the extant IFSC regulations under FEMA. Based on the inputs received, a review is being undertaken by the Department.

V.45 Foreign Exchange (Compounding Proceedings) Rules, 2024 have been notified by the Government of India in consultation with the Department on September 12, 2024, superseding erstwhile Foreign Exchange (Compounding Proceedings) Rules, 2000. The new framework, *inter alia*, enhanced the monetary ceilings for sum involved in contravention that can be compounded by officers of various ranks at the Reserve Bank, enabled electronic and other online modes of payment for compounding application fee and the sum for which contravention is compounded, and brought out provisions for treatment of cases involving various stages of investigation/adjudication by Directorate of Enforcement. Pursuant to the notification, the Department has issued fresh Directions on compounding to all AD Cat-I banks.

V.46 A comprehensive review to address various issues in the extant LRS covering, *inter alia*, the legal framework, annual limit, permitted purposes (inclusion/exclusion) and payment modes/currencies under the scheme has been undertaken. Consequently, the revised scheme along with the necessary amendments to Foreign Exchange Management (Current Account Transactions) Rules and Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, is in process.

V.47 A comprehensive review process of MTSS and RDA schemes is underway. Key areas of the review include the expansion of permitted transactions, the rationalisation of the guidelines to make them more principle-based, and to reduce the compliance burden.

Major Initiatives

V.48 Pursuant to an amendment to the FEM (NDI)[5] Rules, 2019 dated January 24, 2024 by the Department of Economic Affairs, Ministry of Finance, GoI to enable listing of Indian companies on stock exchanges in permissible jurisdictions other than India, the Department on April 23, 2024 prescribed guidelines for transactions pertaining to listing of Indian companies on International exchanges by an amendment to Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 (as notified by the Reserve Bank on October 17, 2019).

V.49 Under FEMA, 1999, banks in India were not permitted earlier to exchange margins with non-residents (in FCY) or post/collect margin overseas, leading to constraints in dealing with non-residents. To address this issue, Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020[6] enabled exchange of margin for permitted derivative contracts between a person resident in India and a person resident outside India. Accordingly, Foreign Exchange Management (Deposit) Regulations, 2016[7] were amended to allow a PROI to open, hold and maintain an interest-bearing account in INR and/or FCY for posting/collecting margin in India since May 6, 2024.

V.50 Pursuant to amendment to FEM (NDI) Rules, 2019 dated March 14, 2024, enabling issuance of partly paid units to PROIs by investment vehicles in India, it was clarified that such issuances by investment vehicles prior to the above amended notification may be regularised through compounding proceedings under FEMA. Accordingly, the Department issued Directions on May 21, 2024 for implementation of the same.

V.51 On review of the SRVA scheme (with effect from July 11, 2022), for promotion of Indian exports and increased usage of INR in settlement, the facility of opening an additional special current account by the AD Cat-I banks (maintaining SRVAs) for their constituents has been extended for settlement of their import transactions (in addition to the existing provision for export transactions) since June 11, 2024.

V.52 In order to improve ease of compliance, the limit imposed on outbound remittances based on ‘online’ submission of Form A2 has been done away with, *w.e.f.* July 3, 2024. All AD Cat-I and AD Cat-II persons have been permitted to facilitate all remittances, irrespective of transaction value, on submission of either an online or a physical Form A2 and other related documents, as applicable [subject to the conditions laid down in Section 10(5) of FEMA, 1999].

V.53 To enable resident individuals to remit funds under LRS to IFSCs for any permissible current and/or capital account transaction under FEMA as well as use funds in their foreign currency accounts in IFSCs for transaction(s) in another jurisdiction and in order to provide parity for IFSCs *vis-à-vis* other foreign jurisdictions, *w.e.f.* July 10, 2024, APs have been permitted

[5] Foreign Exchange Management (Non-debt Instruments).

[6] Reserve Bank notification number FEMA.399/RB-2020 dated October 23, 2020.

[7] Reserve Bank notification number FEMA.5(R)/2016-RB dated April 1, 2016.

to facilitate remittances for all permissible purposes under LRS to IFSCs for (a) availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and (b) all current or capital account transactions, in any other foreign jurisdiction (other than IFSCs) through a foreign currency account held in IFSCs.

V.54 Through an amendment to the FEM (NDI) Rules, *w.e.f.* August 16, 2024, Indian companies have been enabled to issue equity instruments or transfer equity instruments of an investee Indian company in exchange for equity capital of foreign company, effectively enabling cross-border swaps of equity instruments/equity capital, subject to prior government approval, if applicable.

V.55 The Department in consultation with the GoI and Securities and Exchange Board of India on November 11, 2024 finalised an operational framework for reclassification of foreign portfolio investment made by foreign portfolio investors (FPI) to FDI under FEM (NDI) Rules, 2019. The said framework for reclassification has been implemented in case of any breach of investment limit by FPIs concerned, to provide flexibility to the foreign investors and enhance the ease of doing business in India. Accordingly, FPI investing in breach of the prescribed limit shall have the option of reclassifying such holdings as FDI in addition to the earlier option of divesting their holdings.

V.56 *Vide* an amendment to Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015, all resident exporters (as opposed to only exporters undertaking project exports earlier) are now permitted to open FCY accounts overseas for settling trade transactions, subject to ensuring the applicable realisation and repatriation provisions. The rationale of this amendment is to support exporters who receive payments in local currencies and may require such foreign currency accounts to hold these currencies and to pay for imports from that territory, this would encourage settlement of trade transactions in local currencies with trade partner countries.

V.57 Bilateral transactions with the Maldives, a member of the ACU, were hitherto being settled within the ACU framework in terms of extant receipt and payment regulations, as amended from time to time. On November 21, 2024, the Reserve Bank and the Maldives Monetary Authority (MMA) signed a memorandum of understanding (MoU) for establishing a framework to promote the use of local currencies, *viz.,* INR and the Maldivian Rufiyaa (MVR) for cross-border transactions. Therefore, settlement of bilateral trade transactions with the Maldives in local currencies, which was not permitted under the FEMA framework thus far, has been enabled, *w.e.f.* March 17, 2025, in addition to the extant ACU mechanism.

Agenda for 2025-26

V.58 The primary focus of the Department will be on rationalising various guidelines while ensuring continuous synchronisation of the FEMA operating framework with the evolving macroeconomic environment. To achieve this, the Department has set the following goals for 2025-26:

- Rationalisation of FEM (Guarantees) Regulations;
- Rationalisation of the LRS;

- Review Directions on borrowing and lending transactions in INR with a view to rationalise and merge them into the Master Direction - External Commercial Borrowings, Trade Credit and Structured Obligations;
- Review of the authorisation framework for APs under FEMA, 1999;
- Rationalisation of FEM (Non-Debt Instruments) Rules;
- Review of Insurance Regulations, 2015;
- Review of Deposit Regulations, 2016; and
- Review of FEM (Establishment in India of a branch office or a liaison office or a project office or any other place of business) Regulations, 2016.

5. CONCLUSION

V.59 During 2024-25, the Reserve Bank continued to focus on further developing and deepening of financial markets through strengthening the regulatory framework and surveillance, and streamlining regulations, including consolidation of directions on non-resident investment in Indian debt instruments. Proactive measures were undertaken to ensure orderly market conditions, and anchor market expectations, amidst formidable global spillovers. The Reserve Bank also undertook various measures to promote the increasing use of the INR and local currencies of partner trading countries for international cross-border transactions and focused on rationalising various regulatory, supervisory and authorisation frameworks for ease of undertaking forex transactions. A framework for the comprehensive reporting of forex transactions to further strengthen regulatory reporting is also underway. Going forward, the liquidity operations would continue to be in sync with the stance of monetary policy, while the foreign exchange operations would be guided by the objective of ensuring orderly movements in the exchange rate of the INR.