

RBI Regulatory Banking Insights

May 2024



 [Click here to read](#)



Preface

The Prime Minister and the coalition have secured a mandate for five years. Given the ministry allocations and the recent commentary and announcements regarding affordable housing, we expect the government to maintain its strong emphasis on infrastructure spending. As the newly elected government takes the helm, discussions remain focused on policy directions and economic reforms. Regulatory bodies, notably the Reserve Bank of India (RBI), are intensifying their efforts to fortify governance within regulated entities. Regular engagements with governance heads aim to reinforce compliance standards and establish robust oversight mechanisms, underscoring a dedicated commitment to transparency and accountability across the financial sector, independent of the political background.

In May 2024, the Indian economy painted a bright picture with strong growth indicators but hints of potential moderation later in the year. India's GDP growth in Q3 FY24 surpassed expectations, clocking in at an impressive 8.4%. This achievement revised the annual growth projection for FY24 upwards to a range of 6.9% to 7.8%. This indicates a significant expansion of the economy. The current account deficit narrowed significantly to 1% of GDP. This is attributed to two factors: India's service sector, particularly IT and IT-enabled services, continued to perform exceptionally well, boosting exports and a potential decrease in global oil prices or a shift towards cheaper sources of oil could have contributed to lower import bills. Foreign institutional investors (FIIs) displayed renewed confidence in the Indian economy. Their inflows reached a healthy USD 41 billion in 2023-24, a significant improvement compared to net outflows in the previous year. This signifies increased foreign investment, which can provide valuable capital for growth. Manufacturing capacity utilisation neared pre-pandemic levels at 74%, indicating a potential upswing in private capital expenditure. The RBI earns income from its operations and shares the surplus as a dividend with the government after covering expenses and reserves.

This year, a record-breaking dividend of INR 2.11 lakh crore was approved, significantly reducing the government's need to borrow from the market. While this can lower overall interest rates and free up funds for infrastructure projects, some economists worry that such high payouts might weaken the RBI's financial stability and its capacity to handle future economic crises. Urban unemployment declined to 6.6% in 2023-24, coinciding with the strong economic performance. It's important to note that these are trends as of May 2024.

This document aims to cover our view on the RBI's May 2024 annual report, which provides a snapshot of the Indian economy's performance, key financial trends, and regulatory changes over the past year. It highlights achievements in managing economic growth, inflation, and financial sector health, alongside progress in financial inclusion, digitalisation, and regulatory reforms. The report also emphasizes the RBI's focus on consumer protection, foreign investment, environmental and social considerations, underlining its commitment to fostering a stable, inclusive, and sustainable financial system.

Further, it also covers the impact and brief on some of the key regulatory updates introduced by the RBI to strengthen the financial sector in May 2024. On 3 May 2024, the RBI updated its guidelines for banks issuing Irrevocable Payment Commitments (IPCs) to the stock exchanges on behalf of clients. These changes are due to the switch from T+2 to T+1 settlement cycle for equities.





01

Impact assessment of regulatory changes in May 2024



Banks exposure to capital markets – issue of Irrevocable Payment Commitments (IPCs)

RBI/2024-25/33 DOR.CRE.REC.22/21.03.054/2024-25 dated May 03, 2024 ('IPC Circular')

Applicability

The RBI circular dated 3 May 2024, applies specifically to all Scheduled Commercial Banks in India, with the exclusion of Regional Rural Banks (RRBs). This means that all public sector banks, private sector banks, foreign banks operating in India and other scheduled commercial banks must comply with the new guidelines regarding the issuance of Irrevocable Payment Commitments (IPCs) under the T+1 settlement cycle.

Background and Objective

RBI Master Circular on Exposure Norms (updated 1 July 2015) regulates the exposure limits that banks may have in a particular industry or sector, thereby ensuring risk management in the banking sector. RBI issued a circular on Bank's Exposure to Capital Market- Loans extended by banks to Mutual Funds and issue of Irrevocable Payment Commitments (IPCs) on December 14, 2007. The said circular was issued in the backdrop of an analysis of Consolidated Prudential Return of some banks done by RBI. The analysis revealed that the banks had extended loans to Mutual Funds (MFs) and issued IPCs to stock exchange(s) on behalf of their clients, MFs and Foreign Institutional Investors (FIIs), and this exposure was not considered by the banks for computing their Capital Market Exposure (CMEs). The said circular required all SCBs to account for such exposure in their CME.

IPC as defined in the above circular is to mean non-fund-based credit facility, akin to a guarantee. The custodian banks are responsible for keeping and safeguarding the investments and securities on behalf of the owners (clients of custodian banks). Generally, mutual fund houses, insurance companies, institutional investors are clients of the custodian banks. As a part of their function, custodian banks provide IPCs on behalf of their clients to the stock exchange(s), which is an irrevocable confirmation to meet payment obligation arising out of a buy transaction. This is to ensure proper functioning and liquidity in the securities market.

The RBI by way of further circular dated 30 September 2010 and 28 October 2010 introduced risk mitigation measures for the banks providing IPCs, to protect itself from price movement of equity shares and instances of default by MFs/FIIs.

The risk mitigation measures as detailed out in the September 2010 and October 2010 circulars are as under:

Custodian banks to have inalienable right over the securities to be received in the settlement (there has to be a clause in the agreement with the clients). This clause may not be required where there are clear funds in the client's account for the settlement.

In other words, where the client does not have funds in its account for settlement of security, the securities will be credited to the account of the custodian banks and they shall have inalienable right over the securities. Further, where client has clear funds to settle the transaction, the securities will be credited to account of the client.

Computation of CME risk on IPC at 50% of the settlement amount. This was based on the previous T+2 settlement cycle in the securities market. 50% was decided considering 20% downward movement of price of equity shares each on T+1 and T+2, for equity shares that have been bought by MFs/FIIs on (T) plus additional 10% considering further downward movement. That is to say, if the price of a particular equity share on (T) is INR 100, if the same falls to INR 80 on T+1/T+2 (before its settlement), the bank will face a loss of INR 20.

As on date, the settlement of securities and funds in the Indian securities market is on T+1 and T+2 basis (T+1 introduced by SEBI in January 2022 for limited scrips), which means that trade executed on (T) day will have to be settled on the following day.

Owing to this change in the settlement cycle, RBI came up with the IPC Circular. The IPC Circular reduces the cap on CME risk to 30%, considering 20% downward movement of price of equity shares on T+1.



Key Changes

The RBI amended the guidelines for banks issuing Irrevocable Payment Commitments (IPCs) in the capital market due to the shift from T+2 to T+1 rolling settlement cycles for equities. Following are the changes:

Issuance of IPC

Custodian banks must have a clause in client agreements granting them an inalienable right over securities received as payout, except for pre-funded transactions. IPCs should be issued only when clear funds are available or when the bank's nostro account is credited for FX deals.

Risk Management

Banks' intraday exposure due to IPCs is capped at 30% of the settlement amount, assuming a 20% potential price drop and an additional 10% buffer. This restricts potential losses.

Margin Reduction

Cash or permitted securities (with haircuts) deposited as margin reduce the bank's exposure amount. This incentivizes clients to provide additional security.

Capital Maintenance

Any outstanding exposure beyond T+1 requires the bank to maintain capital reserves as per Basel III regulations. This ensures sufficient capital to absorb potential losses.

Large Exposure Framework

For addressing the concentration risk of banks to counterparties- emanating from intraday CME, will be subject to limits as provided under Large Exposure Framework dated 3 June 2019

Impact Assessment

The amendment aims to mitigate risks for banks in the T+1 settlement environment and promote financial stability by ensuring banks maintain adequate capital buffers. This will enhance the overall efficiency in the capital market settlement process.

Impact on banks' operational and compliance process that will need to be implemented to maintain robust systems and processes to ensure compliance with these updated guidelines, includes:

Enhanced Monitoring

Continuous tracking of intraday exposures and timely adjustments to manage risk.

Client Agreement Revisions

Updating agreements with clients to include necessary clauses for IPC issuance.

Capital Planning

Ensuring adequate capital reserves to cover potential exposures at the end of T+1. The margin requirement and capital maintenance could reduce profit margins on IPC transactions for banks.

Improved Efficiency

T+1 settlement reduces settlement risk and potentially improves operational efficiency for banks.

Training and Systems Updates

Investing in training for staff and updating IT systems to handle the new T+1 settlement cycle requirements effectively.

The amendment also benefits clients because of the bank's stronger claim to deliver securities, potentially reducing settlement failures. However, the margin requirements could increase transaction costs for clients.

While the regulations impose additional compliance and operational requirements on banks, they are crucial for mitigating the risks associated with faster settlement processes in the capital markets.



02

Our view on the RBI Annual Report 2024



Background

In May 2024, the RBI released its annual report, providing a comprehensive overview of the Indian economy's performance, key financial trends, and regulatory initiatives over the past fiscal year. The report highlighted several crucial areas of focus and achievements such as below:

Economic Growth and Stability

The RBI annual report noted moderate economic growth, driven by robust domestic consumption and increased investment activities. Despite global uncertainties and fluctuating commodity prices, the Indian economy demonstrated resilience, maintaining stable growth rates.

Inflation and Monetary Policy

The report emphasized the RBI's continued efforts to manage inflation within the target range. The stable rupee, effective monetary policy measures, and careful monitoring of global and domestic price movements were pivotal in controlling inflationary pressures.

Banking Sector Health

The RBI highlighted improvements in the banking sector's health, including reduced non-performing assets (NPAs) and enhanced capital adequacy ratios. The adoption of advanced risk management practices and strengthened regulatory frameworks contributed to a more resilient banking system.

Financial Inclusion and Digitalisation

Significant progress was made in promoting financial inclusion and digital banking services. The report underscored initiatives aimed at expanding access to banking services in rural and underserved areas, alongside the rapid growth of digital payment platforms.

Regulatory Reforms and Governance

The annual report detailed several regulatory reforms implemented to enhance transparency, governance, and operational resilience within financial institutions. Key updates included the introduction of guidelines for operational risk management, fair lending practices, and the transition framework for Small Finance Banks to Universal Banks.

Consumer Protection

Strengthening consumer protection remained a priority, with measures such as the Key Facts Statement (KFS) for loans and advances and enhanced grievance redressal mechanisms. These initiatives aimed to ensure fair treatment of borrowers and transparency in financial transactions.

Foreign Investment and Market Stability

The report highlighted efforts to streamline investment processes for Foreign Portfolio Investors (FPIs) and improve market stability. Updated guidelines and refined regulatory frameworks were introduced to encourage foreign investments while maintaining financial market integrity.

Environmental and Social Governance (ESG)

The RBI underscored the importance of integrating ESG principles into financial practices. Initiatives to promote sustainable finance and support green projects were outlined, reflecting a commitment to addressing climate change and promoting sustainable development.

The RBI's annual report for May 2024 encapsulated a year of strategic initiatives and regulatory advancements aimed at fostering economic stability, growth, and inclusivity. It underscored the central bank's role in navigating challenges and steering the Indian financial sector towards resilience and sustainability in a dynamic global environment.

Our perspective and the changes and their impact is outlined as below



Monetary policy operations

Introduction

Prior to diving into RBI's approach for maintaining price stability using the available operating framework, it is pertinent to understand the key aspects around monetary policy operations.

Monetary Policy Framework

RBI is entrusted with the responsibility of issuing monetary policy in India with the primary objective of maintaining price stability while keeping in mind the objective of growth. The Central Government of India has determined the inflation targets, i.e., Consumer Price Index (CPI) for the next 5 years, i.e., from 1 April 2021 to 31 March 2026, at 4%, with the upper tolerance limit of 6% and the lower tolerance limit of 2%. It is the primary responsibility of RBI to determine the policy rate required to achieve the inflation target.

Monetary Policy Committee and its Instruments used to Manage Inflation Targets

It is a six-member committee empowered by the Central Government to determine the policy repo rate required to achieve the inflation target. The MPC is required to meet at least four times in a year.

- Repo Rate
- Standing Deposit Facility (SDF) Rate
- Marginal Standing Facility (MSF) Rate
- Liquidity Adjustment Facility (LAF)
- LAF Corridor
- Main Liquidity Management Tool
- Fine Tuning Operations
- Reverse Repo Rate
- Bank Rate
- Cash Reserve Ratio (CRR)
- Statutory Liquidity Ratio (SLR)
- Open Market Operations (OMOs)

Monetary Policy Rates and its Effect on the Economy

The RBI has devised a structure such that the effect of monetary policy changes transpire into the economy as it has a direct bearing on the weighted average lending rates and weighted average term deposit rates, which in turn anchor the effect of liquidity in the economy.

Key Takeaways and Our Analysis

Withdrawal of Accommodative Stance throughout FY 23-24

The Central Bank was on an accommodative stance for the last two years to support the economy during the COVID-19 crisis. The year 2022-23 saw a gradual shift from this stance with six sequential rate hikes resulting in cumulative interest rate increases of 250 basis points (bps). Consequently, the CPI inflation gradually came within the tolerance band defined by the CG.

Major Developments in the Monetary Policy

Reviewing the outcomes of the six MPC meetings held during FY 2023-2024, below is our analysis of key takeaways:

- While the CPI headline inflation had accelerated to 6.4% in February 2023, the MPC had projected the CPI inflation at 5.2% for 2023-24, with Q1 at 5.1%, Q2 at 5.4%, Q3 at 5.4% and Q4 at 5.2%. Thus, MPC unanimously (with a 5-1 ratio) decided to keep the policy repo rate unchanged at 6.50% in April 2023 since its projections were within the defined thresholds.
- In June 2023, the MPC noticed that the effects of cumulative rate hikes were still visible in the economy, and it shall keep the inflationary pressure within the tolerance band. As a result, the MPC maintained a status quo on the policy rate.
- During the August 2023 meeting the MPC committee noticed a spike in the domestic CPI inflation from 4.3% in May to 4.8% in June. The MPC acknowledged that current factors such as uneven south-west monsoon, upward pressures on global food prices and hardening crude oil prices on production cuts posed risks to the inflation outlook. This led to a revision in the CPI inflation forecast to 5.4% for 2023-24, with Q2 at 6.2%, Q3 at 5.7% and Q4 at 5.2%. The MPC concluded that although tight financial conditions, simmering geopolitical conflicts and geoeconomic fragmentation posed risks to the inflation outlook, it reiterated its stance to keep the policy repo rate unchanged.



- Further in October 2023, MPC observed that the CPI headline inflation was in a downward trend from 7.4 % in July to 6.8% in August. MPC attributed the surge in inflation of July to unprecedented food price shocks and to negate the impinging effect of such events on inflation trajectory, MPC decided to remain actively disinflationary and keep the policy repo rate unchanged at 6.5%.
- The MPC meeting of December 2023 saw a sharp correction in food prices, deflation in fuel and disinflation in core prices and as a result the CPI headline inflation fell by about 2 percentage points to 4.9% in October. While there were several disinflationary events, on the other hand, MPC also noticed the domestic economic activity was coupled with robust investments and government consumption and the real GDP projection was revised to 7.0%. To balance out the scenarios, MPC decided to keep the policy repo rate unchanged at 6.5%.
- The final meeting of MPC for FY 2023-24 in February observed that there was a good momentum in the domestic economic activity and the real GDP growth for 2024-25 at 7.0% however, repetitive food price shocks were interrupting the pace of disinflation. Against this backdrop, the MPC projected the CPI inflation to be at 5.4% for FY 2023-2024 and for 2024-25 it was projected at 4.5%. To sustain the path of disinflation, MPC decided to keep the policy repo rate unchanged at 6.50%.
- The above policy developments were also in line with the global trend observed across economies (Refer Table) which also kept the rates on hold since mid-2023 soaking in the effects of COVID rate hikes and to anchor the inflation expectations.

Policy Rates – Major Central Banks (As on 31 March 2024)

Category	Country	Policy Rate	Pause Since
Advanced Economies	US	5.50%	July 2023
	UK	5.25%	August 2023
	Euro Area	4.50%	September 2023
	Canada	5.00%	July 2023
	Sweden	4.00%	September 2023
	New Zealand	5.50%	May 2023
Emerging Economies	India	6.50%	February 2023
	Thailand	2.50%	September 2023
	Malaysia	3.00%	May 2023
	South Africa	8.25%	May 2023

The RBI's Operating Framework for Liquidity

- To steer inflation within the tolerance bands defined by the Central Government, RBI along with policy measures also uses several other tools to manage liquidity surplus/shortfall in the economy. This is done in line with the monetary policy.
- A brief on the key measures to anchor liquidity taken by RBI during FY 2023-2024 are as below:
 - To curb excess liquidity from the market, RBI imposed an incremental cash reserve ratio (I-CRR) of 10 per cent on the increase in net demand and time liabilities (NDTL) of all scheduled banks between May 19 and July 28 2023, w.e.f August 12, 2023. This was later discontinued in a phased manner.
 - RBI sold government securities in the open market operations (OMO) worth INR 18,505 crores to curb excess liquidity from the banking system.
 - Further, hardening of NDTL, CRR and I-CRR rates by RBI revision absorbed liquidity worth INR 127,716 crores from the banking system.
 - To moderate liquidity within the economy, RBI implemented measures such as main and tuning of Variable Repo Rate (VRR) and Variable Reverse Repo Rate (VRRR) auctions, Liquidity Adjustment Facility (LAF), Standing Deposit Facility (SDF), Marginal standing facility (MSF).
 - To further alleviate the tightness in liquidity conditions and impart greater efficiency to liquidity management, RBI decided to allow reversal of liquidity facilities under both the SDF and the MSF even during weekends and holidays with effect from December 30, 2023.
- Some of the key drivers of liquidity and their statistical analysis for the FY 2023-24 were:
 - Currency in Circulation (CiC) saw a reduced withdrawal at INR 137,011 crores from the banking system (44.03% decrease vis-à-vis FY 2022-23) account of the central bank's decision to withdraw ₹ 2,000 banknotes from circulation.
 - Net Forex Purchase/Sales resulted in an inflow of INR 339,528 crores into the banking system.
 - Gov Cash Balances witnessed a build-up of INR 275,156 crores during the FY 2023-24 and thereby resulting in a consequent outflow from the banking system.
 - Further, excess reserve requirements resulted in an outflow of INR 11,961 crores from the banking system.
- The year 2023-2024 saw an average daily total absorption of INR 1.16 lakh crore through LAF, out of which 78 per cent was contributed by SDF and the balance 22 per cent by VRRR auctions.



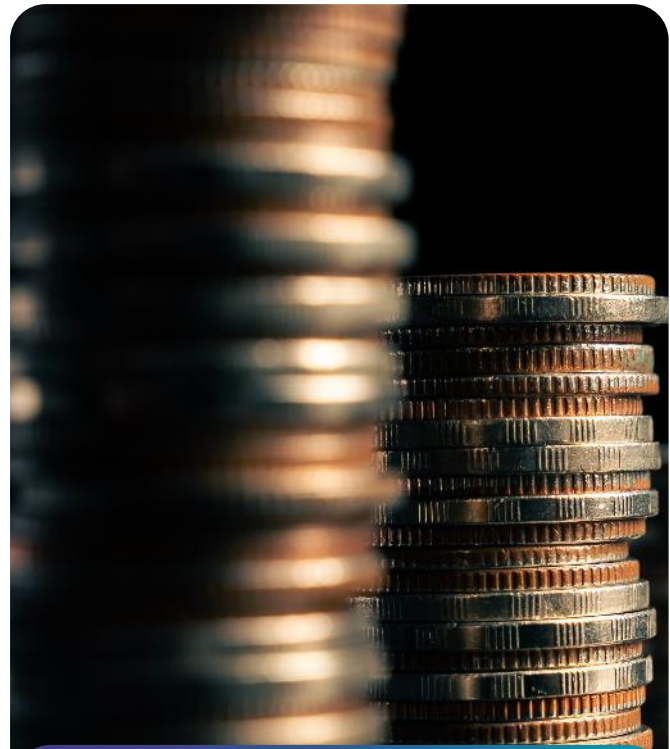
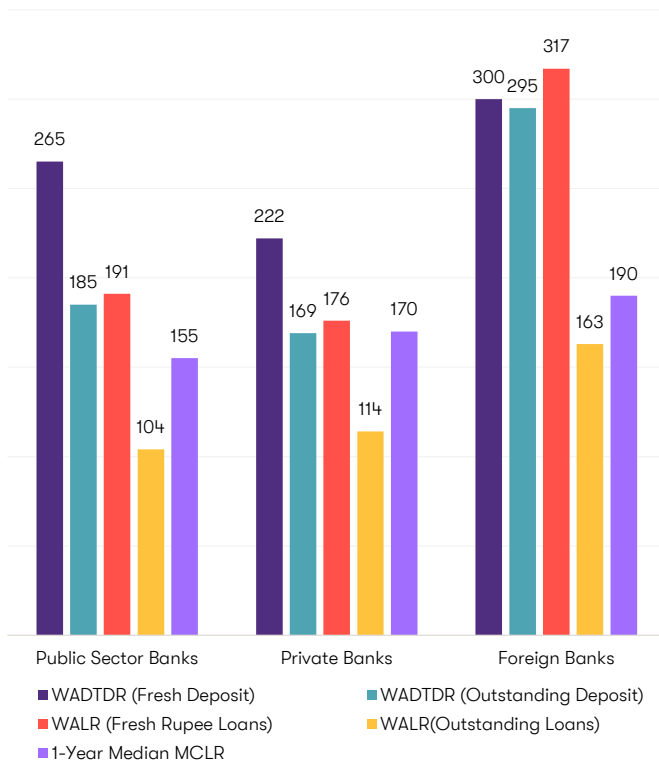
Effect of Monetary Policy on banks' weighted average lending and term deposit rates

There is a direct correlation between the weighted average lending and term deposit rates offered by banks and the outcomes of the MPC meetings. The ultimate objective of changing the monetary policy rates is to influence the entire spectrum of interest rates in an effective manner.

As the RBI kept its stance on monetary policy constant throughout FY 2023-24, the transmission of this effect was also muted on the weighted average lending (WALR) and term deposit rates (WATDR), as the WALR on fresh and outstanding loans increased only by 5 bps and 13 bps, respectively, and the WATDR on fresh term deposits and outstanding term deposits increased by 259 bps and 185 bps during 2023-24.

This potentially meant that banks were merely passing on the residual benefits of lower monetary policy rates of the accommodative stance period, meaning the net interest margins (spreads) were consequently stabilizing. Further, the pace of monetary transmission to the lending rates saw a surge with loans linked to External Benchmark-based Loan Rates (EBLR) rose from 44% in March 2022 to 56.2% in December 2023. A higher proportion of EBLR linked loans ensures that benefits and burden of a policy rate change are immediately reflected on to the borrower.

To conclude on the effect of monetary transmission, the pass-through across the banking groups was the highest by foreign banks (Refer Table below) however, was uneven across sectors reflecting risk profiles and the varied nature of loans extended in each sector.



Conclusion

The RBI through its MPC evaluated the current economic conditions both global and domestic to ascertain the risks it may pose on the inflation and measures in the form of monetary policy stance coupled with liquidity management operations were undertaken to keep the price stable so that the inflation is aligned with its target of 4% on a durable basis. The fact that RBI had augmented machine learning for projecting GDP, initiated streamlining of data submission process under the centralised information management system (CIMS), and reviewed the external benchmark system for loans in monetary policy transmission suggests that the central bank wants to capture high-quality inputs on inflation and growth outlook to aid in a better assessment of the factors in the economy and thereby formulate the monetary policy in an effective manner since price stability acts as bedrock for stable and a sustained growth.

Against this backdrop, the RBI laid its agenda for 2024-2025 which not only aimed at studying behaviour of banks under varying reserve requirements, computing a financial conditions index for India and publishing CPI diffusion indices but also saw a focus on the inclusion of the impact of monetary policy in terms of policy transmission effect, measuring sectoral flows and introduction of EBLR system from an NBFC standpoint.



Credit delivery and financial inclusion

Introduction

As defined by World Bank, financial inclusion refers to the mechanism of providing access to affordable financial products and services to individuals and businesses that meet their needs without any form of discrimination. As the name suggests, it aims to include everybody in society by giving them basic financial services regardless of their income or savings. It focuses on providing financial solutions to the economically underprivileged and remains critical for a country's socio-economic progress.

Developments in the Last Few Years:

- The lending of the banks within the categorised priority sectors has increased steadily over the past 5 years with an increase of 17% from 2022-23 to 2023-24 as compared to a 5% increase from 2019-20 to 2020-21 while achieving the required 40% threshold as per mandated RBI guidelines.
- With the advent of UPI and its extremely high adoption rate, there has been a significant surge in digital payment transactions volumes since the monthly UPI transaction volume surpassed one billion in 2019. The COVID-19 pandemic, which began in 2020, had both positive and negative implications for financial inclusion in India. It majorly accelerated the digitisation of financial services as consumers and businesses increasingly turned to digital channels for banking, payments, and transactions while highlighting the need to address financial inclusion challenge in rural and vulnerable communities due to economic and job losses.
- The government has implemented a multitude of schemes in a bid to expand banking infrastructure and financial access in rural and underdeveloped areas through the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Kisan Credit Card facility, the SHG – Bank linkage programme and initiatives such as General Purpose Credit (GCC) cards, financial literacy through audio-visual medium, credit counselling centre, farmers' club programme, micro pension model, project financial literacy and business correspondents.
- The RBI further unveiled the National Strategy for Financial Inclusion (NSFI) for 2019 – 2024 to promote financial literacy amongst customers and provide access to formal financial services in an affordable manner. Within the gamut of the NSFI, the RBI initiated the Center for Financial Literacy (CFL) with the objective of exploring innovative and participatory approaches to financial literacy at the block level. Basis the feedback received, the initiative, the program has been scaled up to cover the entire country.

- The RBI has constructed a composite Financial Inclusion Index (FI-Index) based on 97 indicators which quantifies the extent of financial inclusion and is responsive to availability, ease of access, usage, unequal distribution and deficiency in services, financial literacy, and consumer protection. The FI – Index provides a score out of 100. The 97 indicators form a part of 3 wider sub-indices namely 'Access' (26 indicators around 'Banking', 'Digital', 'Pension', and 'Insurance'), 'Usage' (52 indicators around 'Savings & Investment', 'Credit', 'Digital', 'Insurance' and 'Pension'), and 'Quality' (19 indicators around 'Financial Literacy', 'Consumer Protection', and 'Inequality'). As per the index, the score computed in 2021 stood at 53.9 as compared to 43.4 in 2017, indicating a 24% rise in financial inclusion metrics in the country in 4 years.

Key Takeaways and Our Analysis

- With a view to fast-track the country's socio-economic progress amidst the dynamic economic and digital landscape, the Reserve Bank of India has initiated a variety of schemes towards improving the financial literacy of the general population. As part of the NSFI, the RBI has expanded the Centers for Financial literacy from 80 in 2017 as part of its pilot project to 1,107 in 2022 and 2,421 centers in 2024 registering a 119% growth in 2 years.
- As part of the National Strategy for Financial Education (NSFE): 2020-25, the RBI has conducted a multitude of financial literacy initiatives such as the Financial Education Program for Adults (FEPA), Financial Education Training Program (FETP) for school teachers, Money Smart School Program (MSSP) for students, and Financial Awareness and Consumer Training (FACT) for young graduates and post-graduates.
- The RBI organised the annual Financial literacy week in the month of March 2024 for young adults on the theme of 'Make a Right Start: Become Financially Smart' as opposed to the theme of 'Good Financial Behavior - Your Savior', with a focus on creating awareness about saving, planning and budgeting in the previous year.
- The multidimensional composite Financial Inclusion Index (FI-Index) constructed by the RBI to quantify the extent of financial inclusion in the country displayed a year-on-year growth of 6.6% improving the overall FI index score to 60.1 in March 2023 from 56.4 in March 2022 which is an improvement on the 4.6% year-on-year growth from 53.9 in 2021.



- The Central bank has further unveiled the Antardrishti dashboard to assist in gauging the extent of financial exclusion at granular levels across the country so that such areas can be addressed proactively. The same remains for the internal use of the RBI currently.
- The priority sector lending of the scheduled commercial banks (SCBs) across each of the bank groups (public sector/private sector/foreign banks) stands at 45.1% of the bank's adjusted net bank credit (ANBC), which is an increase from the 44.7% in 2023 and 42.8% in 2022. While a proportion of PSL lending has marginally reduced in the case of public sector banks and foreign banks from 2023 to 2024, the proportion of PSL lending in private sector banks has improved by 6% from 45.3% in 2023 to 48.1% in 2024. With a view to facilitate credit to informal MSMEs who are not registered under the Central Goods and Services Tax Act, 2017 while assisting banks in keeping up with their priority sector lending commitments, the Government of India has launched the 'Udyam Assist Platform' (UAP) to facilitate formalisation of Informal Micro Enterprises (IMEs) through online generation of Udyam Assist Certificate.
- With the pilot project of the RBI for end-to-end digitalisation of lending under the Kisan Credit Card (KCC) scheme being initiated in 2022 to reduce costs and streamline the turnaround time from loan application to disbursement, the outstanding amount for the KCC scheme increased by 10.9%, being largely driven by the 79% increase in lending credit for Animal Husbandry and Fisheries. The growth rate in number of operative KCC accounts has largely remained steady at 5.3-5.4% for the past two years.
- With a slew of new measures initiated by the RBI and the Government of India, focusing on digitisation of the MSME sector through digital solutions such as E-NACH, CKYC, e-KYC and the incorporation of National Small Industries Corporation Ltd., the credit flow to MSMEs in 2024 has increased exponentially by 20.9% driven by the 25% increase in number of micro enterprises accounts. This is a marked increase in lending to the sector from 14.2% during 2022-23.
- The regulator has been successful in ensuring provision of banking access to every village within a 5 km radius/hamlet of 500 households in hilly areas by 2024 to the extent of 99.99%.
- To expand the digital payment ecosystem to the grassroot levels of the country, the RBI initiated the Lead Bank

Scheme wherein the designated working committee shall identify districts to be digitally enabled and the corresponding banks with the highest presence in that district. The identification of districts has been completed as of 2024 with 182 being identified in 2023. Further, 179 districts were fully digitally enabled marking a significant success for the regulator.

- Banks have received guidance from the RBI to establish Financial Inclusion Plans (FIPs) to elevate the nation's financial inclusion comprehensively and sustainably. This saw a growth of 13.2% in the Basic Savings Bank Deposit Accounts (BSBDA) in 2024 from 12% in 2023. However, there has been a fall in the number of urban locations covered through BCs to the extent of 18%.

Regulatory Impact

- With the penetration of AI and digitalisation, the RBI as part of its NSFI agenda for 2025-2030 is expected to double down on its target to expand the digital ecosystem further to the grassroots economy through the Lead Bank Scheme. With one of the agenda points for 2024-25 being 100% digital enablement in 50% of the identified districts in the country, regulated entities are expected to be at the forefront of the digital economy expansion in the country.
- Regulated entities would be expected to further work in collaboration with fintech vendors to identify affordable and effective financial credit solutions to the rural population. In a bid to facilitate the same and to catch up to the dynamics of the rapidly evolving FinTech scenario, the RBI has responded by introducing the framework for the regulatory sandbox (RS). The RS allows the market participants to test new products, services or business models with customers in a live regulated environment, subject to certain safeguards and oversight. The RS can play a pivotal role, not only in accelerating innovation and technology adoption but also in advancing financial reach and inclusion through a customised product approach for each customer instead of a one-size-fits-all solution. Key areas poised to benefit from the RS include microfinance, innovative small savings products, remittances, mobile banking, and various digital payment solutions.



- As part of the RBI's agenda for 2024-25, the regulator continues to focus on easy flow of credit to MSMEs and strengthen the regulatory framework to bolster credit availability for MSMEs. With a view to streamlining the credit flow to MSMEs, the RBI has incorporated amendments to its Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector in June 2024 in conjunction with the Lead Bank scheme to ensure timely and sufficient credit availability to viable Micro and Small Enterprises (MSEs), particularly during unforeseen financial needs. The amendments pertain to streamlining of credit flow to MSMEs within a shorter timeline and greater credit-linkage through identification of 'clusters' and lead banks within those clusters who shall either directly address the credit needs of MSEs or facilitate their connection with other banks in the area for credit proposals. The credit flow to the sector shall also be reviewed by the Board of the banks at periodic intervals. The revised rules ensure streamlined flow of credit to small business while ensuring greater governance and oversight for banks over the sector.
- The introduction of Aadhaar-enabled payment systems in 2023 enabled more than 37 crore users to perform digital payment transactions in assisted mode. The RBI is further expected to streamline the onboarding process, including mandatory due diligence, for AePS touchpoint operators, to be followed by banks. This will build greater trust in the framework and further the reach of financial inclusion, ensuring higher adoption rates.
- While the RBI launched the pilot of central bank digital currency (CBDC), the regulator intends to widen the scope of the currency and make it accessible to broader sectors of customers through enabling non-bank payment system operators to offer CBDC wallets. This will increase competition in the payment services sector for the participating regulated entities while diversifying the payment ecosystem to a greater extent.
- With the results of the recent elections being declared, the new Government's agenda priorities during the election focused on providing easy working capital to MSMEs through leveraging the digital infrastructure developed over the past decade while focusing on Digital credit and the further infusion of funds in the agriculture sector to provide benefits small and marginal farmers.

Conclusion

- To conclude, the RBI through its annual report for 2024 has spelt out its agenda for the 2024-25 financial year focusing primarily on expanding the reach of digitalisation at a grassroots level with further reforms to the priority sector lending guidelines.
- With the Modi Government returning for a third term, there is no transitional phase in the Indian governance landscape which is expected to reduce the number of roadblocks in implementation of schemes due to governance continuity.
- With greater support being provided to FinTech companies, further steps have been taken to introduce AI into the digital payments landscape to ensure better service delivery to users and foster financial inclusion through customised products that cater to the needs of the customer.



Financial markets and foreign exchange management

Introduction

Chapter V 'Financial Markets and Foreign Exchange Management' of the RBI's Annual Report 2023-24 outlines its continued efforts in developing and deepening financial markets by easing access, strengthening regulatory framework, and fostering innovations. The RBI also continued to facilitate external trade and investment through several measures during 2023-24. These were undertaken through designated departments of the Bank, which have been elaborated in the section below:

Key Takeaways and Our Analysis

Financial Markets Regulation Department (FMRD)

For the development and regulation of financial markets, FMRD is entrusted with the development, regulation and surveillance of money, G-secs, interest rate derivatives, foreign exchange, and credit derivative markets. The RBI has undertaken a series of initiatives designed to strengthen the country's financial markets, improve market infrastructure, and enhance investor protection. These efforts include transitioning away from LIBOR to more stable benchmarks like modified Mumbai Interbank Forward Outright Rate (MMIFOR), granting banks greater flexibility in money markets, and developing the onshore market for INR derivatives. Additionally, initiatives such as the inclusion of sovereign green bonds under the Fully Accessible Route (FAR), the introduction of securities lending and borrowing in government securities (G-secs), and the enhancement of regulatory frameworks aim to foster a robust and inclusive financial ecosystem.

In 2024-25, the department aims to enhance transparency in over-the-counter (OTC) derivative transactions, review the electronic trading platforms (ETP) authorisation framework, and develop self-regulatory organisations for financial markets. These initiatives aim to align India's financial markets with global best practices, promote market integrity, and foster a more efficient and self-regulated ecosystem.

Financial Markets Operations Department (FMOD)

FMOD is primarily responsible for the conduct of liquidity management operations in alignment with the stance of monetary policy and for ensuring orderly conditions in the forex market through both onshore and offshore market operations. The goals set up by the Department in 2023-24 included the following:

The RBI managed liquidity effectively throughout 2023-24 by offering banks ways to borrow money (repo) when needed and take in extra money (reverse repo) at other times.

- The RBI offered repo and reverse repo options to banks to maintain liquidity through variable rate reverse repo (VRRR), variable rate repo (VRR) auctions and incremental cash reserve ratio (I-CRR).
- Value of INR was volatile in 2023-24 because of multiple factors such as hike in US central bank interest rates, tensions between countries, inflow of money from foreign investors, and fluctuations in oil prices. The RBI's intervention in the forex market through operations in the onshore/offshore OTC and exchange traded currency derivatives (ETCDs) helped to maintain market conditions.
- The Department also undertook policy-oriented research and analysis on financial markets to guide market operations strategies on an ongoing basis.

The Department's goals for 2024-25 is to focus on improving the efficiency and effectiveness of its liquidity management and foreign exchange operations through technology upgrades and issuance of comprehensive directions.



Foreign Exchange Department (FED)

The Foreign Exchange Department (FED) is responsible for fulfilling the objectives of the Foreign Exchange Management Act (FEMA), 1999, and has been actively facilitating external trade and payments. It is currently reviewing and rationalizing existing regulations, rules, and notifications issued under FEMA to align with prevailing macroeconomic conditions. Key areas under review include FEMA violations, foreign exchange licensing, the Liberalised Remittance Scheme (LRS), the easier use of the rupee, the internationalization of the INR, and the Payment and Reporting Rules for foreign exchange transactions. The Reserve Bank of India (RBI) has implemented measures to simplify foreign exchange regulations, such as the launch of APCConnect, an online platform that allows businesses to apply for licenses, submit reports, and get authorization for foreign exchange activities, thereby saving time and reducing paperwork. Additionally, the RBI has introduced more flexibility for International Financial Services Centre (IFSC) remittances by broadening the scope of the LRS to include university fee payments in IFSCs and mandating that fees for foreign currency prepaid cards be charged in rupees, protecting consumers from unnecessary currency fluctuations.

In the fiscal year 2024-25, the department plans to further simplify FEMA rules by streamlining licensing procedures, promoting the global use of the rupee, launching a faster trade approval platform, boosting India's international financial centre, and reviewing remittance limits. These steps aim to make India's financial markets more transparent, attract more investors, and reduce regulatory burdens on businesses.

Regulatory Impact

The RBI initiatives across various departments align with the government's economic and political priorities, aiming to position India as a robust and resilient player in the global financial landscape.

The Financial Markets Regulation Department's efforts, such as the transition from LIBOR and the development of onshore INR derivatives, offer stability and flexibility to market participants and banks, enabling India's closer integration with global financial markets amidst geopolitical tensions and shifting trade dynamics. Initiatives like introduction of sovereign green bonds promotes an accessible market for investors thereby aligning with sustainable development goals and green financing agendas of the government, attracting ESG-focused investments.

The Financial Markets Operations Department's measures, including enhanced liquidity management for banks and interventions to stabilize the USD/INR exchange rate, are crucial as India navigates fluctuating global interest rates and domestic economic recovery efforts while attracting foreign direct investment (FDI). Strengthening and rationalisation of frameworks support financial resilience, essential in an environment of economic recovery post-COVID-19 and global inflation pressures. The effective use of repo and reverse repo tools ensures banks have enhanced liquidity.

The Foreign Exchange Department's initiatives, such as simplified regulations and the APCConnect platform for cross-border transactions, support the "Make in India" initiative and boost export competitiveness. The introduction of rupee-denominated fees for foreign currency cards protects consumers from volatile global currency markets. Additionally, promoting the INR's international use and enhancing India's financial centre status are strategic moves to strengthen India's position in the global financial landscape amidst shifting

Conclusion

The RBI's multifaceted initiatives are meticulously designed to create a transparent, inclusive, and efficient financial ecosystem, catalysing India's growth trajectory and cementing its position as a formidable force in the international financial landscape. By fostering a conducive environment for investments, facilitating trade, and promoting financial stability, the RBI's initiatives hold the potential to unlock unprecedented opportunities for India's economic advancement and global competitiveness. By addressing current economic and political challenges, these measures provide significant opportunities for market participants, investors, businesses and importers and exporters, fostering a stable and dynamic financial environment in India.



Regulation, supervision and financial stability

Introduction

During the financial year 2023-24, the RBI has taken various measures for the regulation, supervision and stability of the financial system of the country in order to make it more sound and secure. The initiatives not only include the introduction of new Guidelines, regulations, frameworks but amendments/changes have been introduced in the existing regulations, guidelines and frameworks.

Key Takeaways and Our Analysis

Financial Stability Department (FSD)

The FSD has performed various tasks during the aforesaid financial year, be it peer review of stress testing frameworks along with a team from the IMF or macroprudential surveillance as per global parameters to stress test the national banking systems. Two editions of the Financial Stability Report have been issued which provide the collective assessment of the Financial Stability and Development Council on the balance of risks to financial stability and the resilience of the Indian financial system. The next goals for FY 2024-25 are a part of the RBI's Medium-Term Strategy Framework (2023-25) (Utkarsh 2.0), which are to implement the recommendations of the peer review, development of non-banking stability map/index, enhancement of single-factor stress tests.

Department of Regulation (DoR)

The Department of Regulation (DoR) has been busy implementing various regulatory changes to strengthen the financial system. Here's a breakdown of their key initiatives and potential impacts:

- **Guidelines on Default Loss Guarantee:** DoR issued guidelines on Default Loss Guarantee (DLG) in digital lending space. This provides a safety net for lenders and could encourage responsible digital lending practices.
- **Framework for Compromise Settlements:** The DoR has issued Framework for Compromise Settlements and Technical Write-Offs: This framework provides for compromise settlements as a valid resolution plan.
- **Consumer & NBFC Credit:** Regulatory measures were introduced for consumer credit and bank credit to NBFCs. This aims to protect consumers and ensure the stability of the NBFC sector.

- **UCB Norms:** DoR harmonized provisioning norms for standard assets across UCB categories. This creates a level playing field and potentially strengthens UCBs financially.
- **Credit/Investment Concentration Norms:** The DoR issued a circular permitting the NBFCs in the middle and base layer to offset their exposure with eligible credit transfer instruments and NBFCs in the base layer to put in a Board approved policy in this regard.
- **Review of Prudential Norms:** DoR has introduced the changes to enhance the quality.
- **Investment in AIFs:** The DoR has prohibited the Investment by REs which has downstream investment in the stressed borrowers, to liquidate such investment within 30 days, and any investment in junior tranche will be deducted from their regulatory capital fund.
- **Responsible Lending:** DoR issued guidelines on fair lending practices, loan reset mechanisms, and release of property documents upon loan settlement. These measures promote responsible lending and protect borrowers.
- **Stressed Assets:** DoR facilitated display of information on stressed assets processed by REs under SARFAESI Act. This enhances transparency in dealing with bad loans.
- **Credit Management:** DoR issued instructions to banks on effective credit management practices. This could lead to more responsible lending and potentially lower bad loans.
- **Deposit Acceptance:** DoR reviewed regulations for deposit acceptance by specific entities like Multinational Banks (MNBCs) and chit fund companies. This ensures clearer guidelines and potentially protects depositors.
- **UCBs & Liquidity:** DoR is reviewing liquidity management frameworks for Urban Cooperative Banks (UCBs). This could improve their financial stability and ability to handle withdrawals.
- **Bank Activities:** A consolidated circular outlining acceptable activities for banks is underway. This promotes clarity and reduces the risk of non-compliant practices.
- **Third-Party Products:** DoR is crafting regulations for agency and referral businesses where banks partner with others to sell financial products. This aims to ensure transparency and consumer protection.
- **Prudential Norms:** DoR is harmonising capital reserve and loan provisioning norms for advances. This promotes consistency and potentially strengthens banks' financial buffers.
- **Non-Fund Facilities:** DoR is reviewing non-fund based facilities offered by regulated entities (REs). This could lead to a more robust regulatory framework for these products.



The Department of Regulation (DoR) has an extensive agenda for FY 2024-25, which includes the following key initiatives:

- **Review of Property Valuation Guidelines:** Update guidelines on property valuation to align with international best practices.
- **Regulatory Framework for Loan Product Aggregation:** Develop a regulatory framework for web-based aggregation of loan products.
- **Prudential Norms for Project Finance:** Review and propose a comprehensive regulatory framework for all regulated entities (REs) concerning prudential norms for project finance.
- **Guidelines on Securitisation of Stressed Assets:** Issue final guidelines on the securitisation of stressed assets.
- **Review of Regulatory Instructions on Loan Rates:** Conduct a comprehensive review of existing regulatory instructions on rates for advances.
- **Expected Credit Loss Framework:** Draft guidelines on the expected credit loss framework are in progress.
- **Roles of NBFC Committees:** Clarify the roles of various committees within Non-Banking Financial Companies (NBFCs). **Change in Management Approval for NBFCs/HFCs:** Review the requirement for obtaining prior approval from the RBI for management changes in NBFCs and Housing Finance Companies (HFCs) resulting in a 30% change.

FinTech Department

Achievements (FY 2023-24):

- **CBDC Pilots:** Conducted pilots for Central Bank Digital Currency (CBDC) in both retail and wholesale segments, exploring various use cases.
- **FinTech Ecosystem Framework:** Developed a framework to effectively manage the FinTech ecosystem in India.
- **Public Tech Platform:** Initiated the development of an integrated public technology platform for finance, enabling seamless data integration for lenders and facilitating frictionless credit.
- **Global Hackathon:** Successfully conducted the 'HARBINGER' global hackathon.
- **Account Aggregator Ecosystem:** Improved the Account Aggregator (AA) technology ecosystem for enhanced efficiency and growth.
- **RegTech & SupTech:** Facilitated the development of RegTech tools for adoption by Regulated Entities (REs) and explored identification of emerging SupTech tools.
- **Major Developments:** Played a key role in India's G20 Presidency, Regulatory Sandbox (RS) cohorts, and Account Aggregator Framework.
- **RBIH Projects:** Undertook key projects through the Reserve Bank Innovation Hub (RBIH).

Initiatives for FY 2024-25:

- **CBDC Expansion:** Expanding the scope of CBDC pilots to explore new functionalities like offline operations, programmability, cross-border transactions, and asset tokenization.
- **Public Tech Platform Launch:** Launching the full-scale public tech platform with participation from more financial institutions.
- **SRO Recognition Framework:** Implementing a framework for recognizing Self-Regulatory Organisations (SROs) in the FinTech sector.
- **FinTech & SupTech Repositories:** Setting up repositories to capture essential information about FinTech entities and track tech-related activities, enabling effective monitoring of ecosystem developments.
- **HARBINGER 2024:** Organising the next global 'HARBINGER' hackathon.
- **Regulatory Sandbox (RS):** Testing innovative products, services, and technologies under the sixth cohort of the RS programme.
- **SupTech & RegTech Identification:** Identifying promising SupTech/RegTech tools and conducting proof-of-concept studies and prototype development to enhance supervisory efficiency and effectiveness.

Department of Supervision (DoS)

FY 2023-24 Activities:

- **Market Risk Management:** Conducted scenario analysis and stress tests for market risk.
- **Fraud Management for SCBs:** Implemented a fraud vulnerability matrix using machine learning (ML) capabilities.
- **Early Warning Signals & FRMS:** Strengthened and enhanced Early Warning Signals and Financial Risk Management System (FRMS).
- **UCB Supervision:** Examined the introduction of a Risk-Based Supervision (RBS) approach for Urban Cooperative Banks (UCBs). Reviewed the Supervisory Action Framework for UCBs. Expanded the scope of IT examinations for Level III and IV UCBs.
- **NBFC Regulation:** Examined licensing requirements for NBFCs. Initiated supervisory actions against non-compliant NBFCs. Assessed the impact of recent changes in asset classification norms for NBFCs.
- **Supervisory Process Review:** Conducted a comprehensive review of supervisory processes.
- **Supervisory Approach Harmonisation:** Phased introduction of process audits and compliance testing for calibrated harmonization of the supervisory approach across segments and Superintendences (SEs).
- **SE Supervision:** Streamlined and strengthened onsite assessments of SEs related to KYC/AML and cyber/IT risks.
- **Cybersecurity:** Strengthened cybersecurity across Supervised Entities (SEs).



Other DoS Initiatives (FY 2023-24):

- **KYC/AML Supervision:** Introduced Control Gap Assessment under the Supervisory Assessment of KYC/AML Risks (SAKAR) Framework.
- **Cross-Border Cooperation:** Engaged in cross-border supervisory cooperation.
- **Stress Testing:** Revamped the Stress Testing Model.
- **Bank Governance:** Strengthened Governance in Banks.
- **Fraud Analysis:** Witnessed a significant drop in the amount of fraud over the past 3 financial years.
- **NBFC Regulation:** Introduced a Scale-Based Regulatory Framework for NBFCs. Extended the PCA Framework to Government NBFCs.
- **IT Risk Management:** Issued Master Directions (MDs) on Outsourcing of IT Services, IT Governance, Risk Controls and Assurance Practices.
- **Advanced Analytics:** Utilized advanced analytics for supervisory purposes.
- **KYC/AML Risk Assessment:** Conducted onsite inspections of 'High' risk NBFCs and UCBs for overall assessment under the SAKAR Framework.
- **Regulatory Engagement:** Engaged with SEs and other domestic financial regulators through targeted assessments and inter-regulatory cooperation.

FY 2024-25 Initiatives:

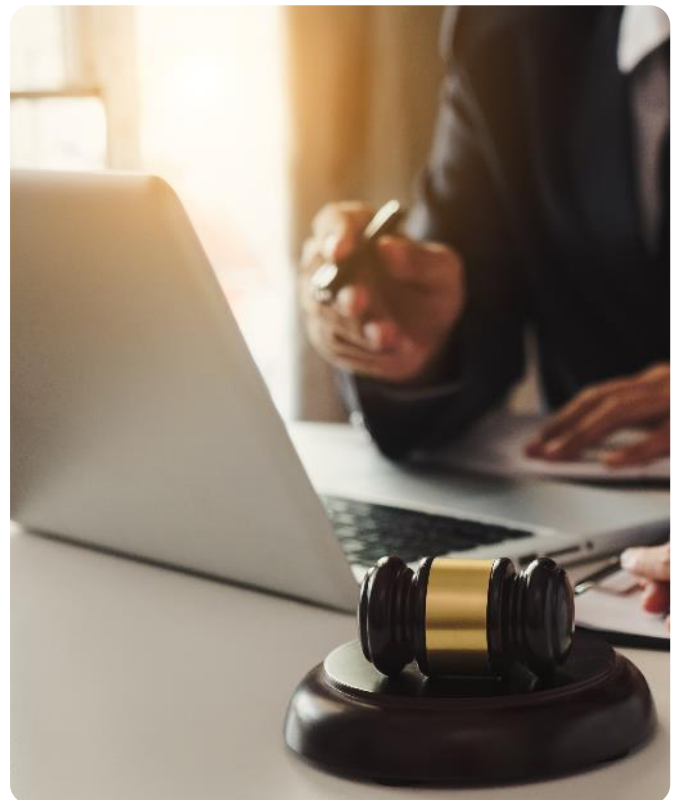
- **Cybersecurity Enhancement:** Setting up a cyber range to improve SCBs' cyber incident response capabilities.
- **Supervisory AI/ML:** Implementing supervisory capabilities using micro-data analytics and other AI/ML use cases.
- **Cyber/IT Risk Assessment Strengthening:** Strengthening the cyber/IT risks assessment process.
- **Risk Weight Impact Assessment:** Assessing the impact of prescribed risk weights.
- **RE Supervisory Framework:** Examining information systems audit and data governance frameworks in Regulated Entities (REs).
- **Data Quality Improvement:** Implementing Data Quality Indicators (DQI) for offsite returns.
- **Supervisory Integration:** Enabling deeper integration of offsite analytics with onsite supervision.
- **Data Validation:** Validating supervisory data with the Ministry of Corporate Affairs (MCA) database.

Enforcement Department

The Enforcement Department was established to separate enforcement actions from the regular supervisory process. Its goal is to implement a structured, rule-based approach for identifying and handling violations of applicable policies by Regulated Entities (REs). This ensures consistent enforcement across the Reserve Bank. Imposed 281 penalties totaling INR 86.1 crore on REs.

FY 2024-25 Initiatives:

Scale-Based Enforcement Framework (SBEF): Based on a feasibility study, the department will implement a SBEF. This framework will categorize REs by size, complexity, and risk profile. The SBEF will determine the intensity and type of enforcement actions based on the category. This will enable more efficient and targeted enforcement actions and level playing field for REs of similar size and risk profile.





Consumer Education and Protection Department (CEPD)

The CEPD plays a crucial role in protecting consumer rights in the Indian financial sector. Here's a breakdown of their activities and upcoming initiatives:

FY 2023-24 Activities:

- **Customer Service Guidelines:** Reviewed, consolidated, and updated existing Reserve Bank guidelines on customer service for REs (Regulated Entities). **Data Analytics Enhancement:** Digitalized data collected through incognito visits to improve its utility and analysis for better decision-making.
- **Multilingual Contact Center Expansion:** Established Reserve Bank contact centres in two additional locations with disaster recovery (DR) and business continuity plan (BCP) facilities to offer support in local languages.
- **Internal Ombudsman Scheme Integration:** Reviewed and integrated the internal Ombudsman schemes applicable to different REs.

Major Developments:

- **Ombudsman Offices:** Opened/reorganised Offices of RBI Ombudsman (ORBIOs) to improve accessibility for consumers.
- **Customer Service Standards Review:** A committee was formed to review customer service standards and practices across REs.
- **Customer-Centric Initiatives:** The RBI implemented around 130 customer-centric measures.

FY 2024-25 Initiatives:

- **Complaint Management System Improvement:** Focusing on enhancing support for lodging complaints and ensuring consistency in decisions and outcomes.
- **Consumer Protection Assessment Matrix:** Developing a matrix to assess the effectiveness of consumer protection measures implemented by REs.
- **Internal Grievance Redress Framework:** Strengthening the internal grievance redress framework to encourage banks to proactively improve customer service.
- **Rural/Semi-Urban Complaint Awareness:** Conducting surveys to understand the reasons for low complaint levels in rural and semi-urban areas.
- **Nationwide Awareness Program:** Reviewing and rolling out a nationwide intensive consumer awareness program based on feedback from REs and ORBIOs.

Overall, the CEPD is actively working to improve customer service standards, streamline complaint redressal processes, and enhance consumer awareness in the financial sector.

Deposit Insurance and Credit Guarantee Corporation (DICGC)

The DICGC, which is a wholly owned subsidiary of RBI under the DICGC Act, 1961, which administers the deposit insurance system, and plays an important role in maintaining the financial system by assuring small depositors of protection for their deposits, thereby preserving public confidence in the financial system.

The current limit of deposit insurance in India is INR 5 lakh per depositor of a bank and to ensure this Deposit Insurance Fund (DIF) through transfer of its surplus over expense each year, net of taxes.

During the year 2023-24, deposit insurance premium received was INR 23,879 crore, which is a y-o-y growth of 11.7%, while the total claims settled were INR 1,431.5 crore.

The size of DIF stood at INR 1,98,310 crore as on 31 March 2024, as compared to INR 1,69,602 crore as on 31 March 2023, marking an overall growth of approximately 16.93%.

Conclusion

The RBI endeavours to safeguard the financial system of the country by strengthening the regulatory and supervisory framework as per the global best practices. Additionally, the Bank has been continuously working on the betterment of the compliance framework of the financial system by introducing various measures including usage of technologically advanced systems, usage of AI and ML has been pushed by the RBI. There are a lot of new measures in the pipeline of RBI for the FY 2024-25, which will not only help in preventing the AML instances but also help the organisation to achieve better customer satisfaction by improved means of transparent functioning of REs and grievance redressals.



Currency management

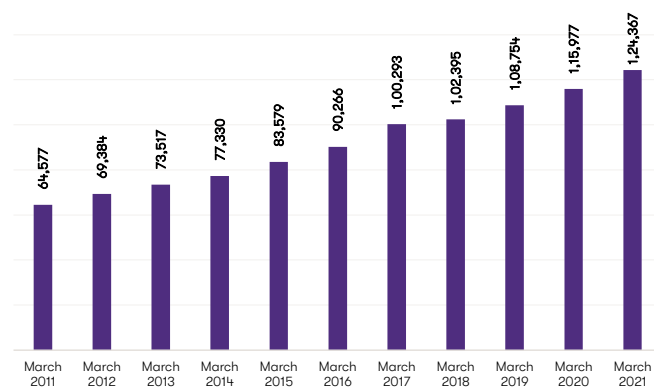
Introduction

The Department of Currency Management of the RBI has the responsibility of managing the issuance of notes, circulation of coins and notes in the Indian economy. The Department of Currency Management performs the following functions:

- Designing of banknotes;
- Forecasting demand for notes and coins;
- Ensuring smooth distribution of banknotes and coins throughout the country and retrieval of unfit notes and uncurrent coins from circulation;
- Ensuring the integrity of bank notes;
- Administering the RBI (Note Fund) Rules;
- Reviewing/rationalising the work systems/procedures at the issue offices on an ongoing basis;
- Dissemination of information on currency related matters to the general public.

The e-publication of Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) dated February 2023, captures the increased demand for cash over the years. The same can be seen in the graph below.

Notes in Circulation (pieces in mn)



RBI Annual Report for FY 2023-24 highlights the initiatives undertaken by RBI towards currency management during the FY. The RBI had also undertaken a survey on the quality of notes in circulation.

As per the Annual Report, the value and volume of banknotes in circulation increased by 3.9% and 7.8%, respectively, in comparison to the last FY.

Key Takeaways and Our Analysis

The latest development towards currency management is the RBI notification on withdrawal of INR 2,000 denomination note dated 19 May 2023. The notification has been introduced pursuant to the Clean Note Policy of the RBI. Further, the RBI also introduced a live pilot of digital Rupees. The key initiatives undertaken during FY 2023-24 are as under:

Withdrawal of INR 2,000 Denomination Banknotes from Circulation

INR 2,000 denomination notes were introduced in 2016 to meet the currency requirements at the time of demonetisation. The RBI vide its notification dated 19 May 2023, decided to withdraw these banknotes from circulation. The rationale for withdrawal as mentioned in the notification is that the INR 2,000 denomination is not commonly being used for transactions and that the stock of bank notes in other denominations continues to be adequate to meet the currency requirement.

Live Pilot of e₹ (digital rupee)

Union Budget 2022-23 proposed issuance of CBDC by RBI in FY 2022-23. The budget speech stated, "Introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. It is, therefore, proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23."

On 7 October 2022, the RBI issued a press release on 'Concept note on Central Bank Digital Currency (CBDC) for India'. The pilot for CBDC, e-Rupee was launched in both wholesale and retail segments in November-December 2022. The value of e-Rupee wholesale and e-Rupee retail in circulation as at FY2024, stood at INR 8 lakh and INR 234 crore, respectively.



Note Sorting Machines (NSMs)

Considering the increase in physical bank notes and the risk of fake currency, the RBI vide its Circular dated 19 November 2009, mandated banks to ensure that all notes in the denomination of INR 100 and above are processed through NSMs. RBI Circular on Note Sorting Machines – Authentication and Fitness Sorting Parameters dated 1 July 2022 requires banks to carry periodical testing of NSMs and bank officials to provide signed certificate in this respect. The RBI during FY 2023-24 finalised standards for certification. The ‘Note Sorting Machines (NSMs) Specification IS 18663 : 2024’ was published in ‘The Gazette of India’ on 19 March 2024. These standards shall be utilised for certification of NSMs used by banks across the country and will bring in uniformity in note sorting across the banks.

Adversarial Analysis Laboratory

Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL), wholly owned subsidiary of the RBI, was established with a view to augment the production of bank notes in India. During FY 2023-24, an adversarial analysis laboratory has been operationalised at the Mysuru campus of BRBNMPL for conducting cutting-edge research on banknotes. As per the e-Magazine published by BRBNMPL, “the laboratory would also be able to study the latest trends in counterfeiting & reprographics, liaison with law investigating agencies and aid and assist RBI in strengthening the security features on its banknotes.”

Other Initiatives

Use of technology and automation

Action plan formulated for redesigning and modernizing currency management architecture through use of technology, solutions, automation and business process re-engineering

Surveys and analysis

- Public perception of quality of banknotes
- Recent trends in household cash usage for transactional purposes

Procurement of new shredding and briquetting systems

Purchase orders were placed for procurement of new shredding and briquetting systems for 21 ROs. Delivery and installation will commence from Q1, 2024-25

Counterfeit notes

During FY 2023-24, 7.9% of the total fake Indian currency notes were detected at RBI

Mobile Coin Vans (MCVs)

MCVs distribute coins and banknotes to the public in semi-urban, rural and remote areas. The scope of services has been broadened to facilitate exchange of lower denomination notes.

Mani

Mani app was launched on 1 January 2020 to facilitate visually impaired persons to identify denomination of Indian banknotes.



Conclusion

Overall, the RBI has taken significant steps to ensure the efficient supply and management of currency, including withdrawing high-denomination notes, enhancing infrastructure, and leveraging technology to improve operational efficiency. The ongoing efforts aim to balance the demand for cash with the growing trend of digital payments.

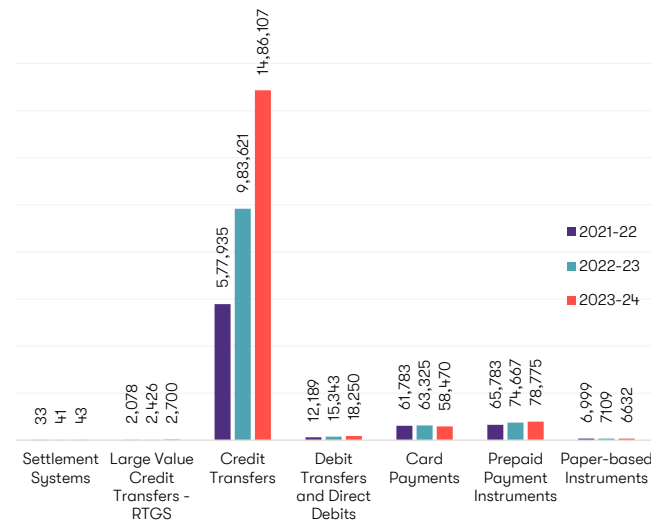
- 1 Carrying forward the project on modernization of the currency management infrastructure
- 2 Replacement of existing SBS machines
- 3 Exploring more sustainable and ecofriendly disposal of currency note briquettes
- 4 Finetuning policies and initiating measures for improving delivery of banknotes/coins to members of the public
- 5 Implementation of technical standards issued by BIS for NSMs used by banks across the country.



Payment and settlement systems and information technology

Introduction

Enhancing payment and settlement systems has become crucial for driving the economic growth, maintaining financial stability, and facilitating financial inclusion within India. The primary strategic objective of the RBI is to ensure the safety and efficiency of payment systems. As a catalyst for innovation in the payments landscape, the RBI actively is assessing the risks and challenges while striving to extend the benefits of advancements to a broader population. To expand the reach of UPI and RuPay cards internationally, the RBI has initiated various engagements with central banks across different nations.



It is clearly evident from the graph that credit transfers are the most popular mode of payments. Further, a 51% increase was noted from FY 22-23 to FY 23-24. Credit transfers include Aadhaar Enabled Payment System (AePS), Aadhaar Payment Bridge System (APBS), Electronic Clearing Service (ECS), Immediate Payment Service (IMPS), National Automated Clearing House (NACH), National Electronic Funds Transfer (NEFT) and UPI. However, CCIL Operated Systems had the highest value of transactions.

It is clearly evident from the graph that credit transfers are the most popular mode of payments. Further, a 51% increase was noted from FY 22-23 to FY 23-24. Credit transfers include Aadhaar Enabled Payment System (AePS), Aadhaar Payment Bridge System (APBS), Electronic Clearing Service (ECS), Immediate Payment Service (IMPS), National Automated Clearing House (NACH), National Electronic Funds Transfer (NEFT) and UPI. However, CCIL Operated Systems had the highest value of transactions.

UPI has been key in revolutionising India's digital payments landscape, with its user-friendly interface, robust safety measures, and real-time functionality. Having said that, the following new enhancements were introduced in UPI during 2023-24:

- A novel payment method known as 'Conversational Payments' has been introduced within UPI, enabling users to interact with an AI-powered system for secure transaction initiation and completion. This feature is accessible on both smartphones and feature phones, aiming to enhance digital adoption across India.
- The UPI Lite on-device wallet has seen significant growth, handling over 10 million transactions monthly. To encourage its adoption, offline transactions are now possible through near-field communication (NFC) technology. This not only facilitates digital payments in areas with poor connectivity but also ensures swift transactions with minimal rejections.
- The UPI network now supports payments backed by bank credit, potentially lowering associated costs and fostering the creation of specialised products tailored to Indian markets.

Another positive occurrence during the year was that the RBI issued Certificates of Authorization to 22 online Payment Aggregators (PAs), two non-bank Prepaid Payment Instrument (PPI) issuers, and one Trade Receivables Discounting System (TReDS) platform operator. Additionally, in-principle authorisation was granted to several other online PAs, PPIs, a white-label ATM (WLA) operator, and a TReDS platform operator. Furthermore, the RBI approved one bank for PPI issuance, two banks to operate as Bharat Bill Payment Operating Units (BBPOUs), and 52 banks to offer mobile banking services to their customers.



Key Takeaways and Our Analysis

Department of payment and settlement systems (DPSS)

During the year, Department of Payment and Settlement Systems (DPSS) launched various initiatives with respect to integrity, inclusion, innovation, and internationalisation. The objective of these initiatives was to improve the payments ecosystem and create a regulatory environment that supports the growth of payment systems. Below is a summary of the initiatives:

Integrity

- **Regulation of Payment Aggregators - Cross Border (PAs - Cross Border):** The RBI issued guidelines to bring all such entities under its direct regulation. These guidelines were designed to ensure oversight and regulation of PAs-CrossBorder in line with evolving payment systems and international trade practices.
- **Creating a Common Corporate Governance Structure for RTGS and NEFT:** A committee was set up to provide a structured platform aiming to establish a unified corporate governance framework for RTGS and NEFT systems.
- **Card-on-File Tokenisation (CoFT):** Enabling tokenisation through card issuing banks offers cardholders an extra option to tokenise their cards for multiple merchant websites using a single process. It simplifies the tokenisation process and enhances convenience for cardholders when making online transactions across various merchants.
- **Cyber Resilience and Payment Security Controls of PSOs:** A draft master direction has been developed to outline comprehensive governance mechanisms for Payment System Operators (PSOs). This direction aims to establish robust frameworks to identify, analyze, monitor, and manage information security and cyber security risks and vulnerabilities. Furthermore, it specifies baseline security measures to ensure the safety and security of digital payment transactions.
- **Arrangements with Card Networks for Issue of Credit Cards:** The RBI directed card issuers who have issued 10 lakh or more active cards not to engage in any agreements with card networks that could restrict their ability to collaborate with other networks.
- **Amendments to Master Direction on PPIs:** The RBI authorised PPI issuers to issue PPIs tailored for mass transit systems (PPI-MTS), enabling payments across different public transport systems. This initiative aims to offer commuters the benefits of convenience, speed, affordability, and safety associated with digital payment methods for transit services.
- A self-assessment of RTGS and NEFT Under Principles for Financial Market Infrastructures (PFMIs) was carried out and going forward shall be carried out annually. The report shall be published on the RBI website.

Innovation

Internet banking transactions processed through Payment Aggregators (PAs) lacked interoperability, requiring banks to integrate separately with each PA of different online merchants. This fragmentation led to delays in merchants receiving payments, posing settlement risks. To address this concern, the RBI approved the implementation of an interoperable payment system for internet banking transactions by NPCI Bharat BillPay Ltd. (NBBL). This system aims to expedite fund settlement for merchants.

Financial Inclusion

- The Scope of TReDS has been expanded to improve the cash flows of MSMEs.
- The Bharat Bill Payment System (BBPS) Processes and Membership Criteria has been streamlined, enabling greater participation and enhancing customer protection.
- Pradhan Mantri Vishwakarma Scheme beneficiaries nationwide were designated as merchants eligible for deployment under the PIDF scheme. Additionally, soundbox and Aadhaar-enabled biometric devices were included and made eligible for subsidy under this scheme.
- The limits for recurring transactions have been enhanced without additional factor of authentication from INR 15,000 to INR 1,00,000 per transaction for subscription to mutual funds, payment of insurance premia and credit card bill payments.
- The RBI increased the limit for UPI payments to hospitals and educational institutions from INR 1 lakh to INR 5 lakh per transaction.
- The RBI suggested streamlining the onboarding process, which includes mandatory due diligence, for AePS touchpoint operators, to be adhered to by banks.
- The RBI has committed to transitioning CTS from a structure of three regional grids to a single national grid to increase efficiency in cheque processing.
- The RBI periodically conducts electronic banking awareness and training (e-BAAT) programmes nationwide, benefiting diverse segments of society and educating them.
- In March 2024, the RBI hosted a Digital Payments Awareness Week. All regional offices of the RBI will initiate local campaigns to transform marketplaces like vegetable markets and public transport areas into clusters enabled for digital payments.



Internationalisation

- The RBI is currently engaging in discussions with central banks of different nations to establish collaborative agreements in the near future, as part of a global outreach initiative for payment systems.
- The RBI and the Central Bank of the UAE signed a memorandum of understanding to interlink their payments infrastructure.
- RuPay cards and UPI connectivity between India and Mauritius were launched in February 2024, allowing travelers from India to make payment to merchants in Mauritius using UPI apps and vice versa.
- UPI connectivity between India and Sri Lanka was inaugurated in February 2024, allowing Indian travelers to utilise UPI apps for QR code-based payments at merchant venues in Sri Lanka.
- The RBI is collaborating with Nepal Rastra Bank to explore linkages for enabling cross-border payments.

Department of Information Technology (DIT)

Enhancements in e-Kuber and payment systems were implemented to address evolving business needs such as the rollout of central bank digital currency (CBDC), reversal of facilities under liquidity adjustment facility (LAF), and ensuring NEFT compliance with ISO 20022 standards. Additionally, the Department focused on digitally transforming the work culture within the RBI, undertaking a comprehensive overhaul of major internal applications including Enterprise Knowledge Portal-Intranet (EKP), SWAGAT (access management system), Sarthi (electronic document management system), and SAMWAD (video conferencing system). EKAMEV for identity access management (IAM) and mobile device management (MDM) were also introduced to bolster cyber security measures within the Reserve Bank.

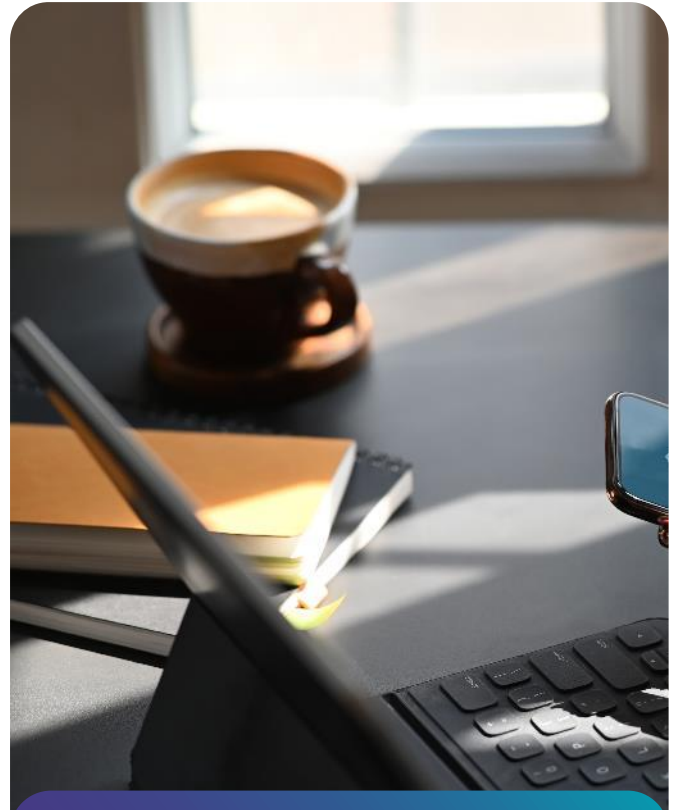
- **Central Bank Digital Currency (CBDC):** CBDC (₹) has been implemented in both wholesale and retail pilot phases. In October 2023, the RBI introduced another use case in the ₹-Wholesale (₹-W) pilot to facilitate inter-bank call money trades using ₹.
- **Just-in-Time Release of Centrally Sponsored Schemes (CSS) Funds Through e-Kuber:** The implementation of the e-Kuber platform for releasing funds under Central Sector Schemes (CSS) by the Department of Expenditure, Ministry of Finance, Government of India, has commenced. e-Kuber manages the CSS funds flow 'just in time' from the central government and state governments to beneficiaries. Seven state governments are currently onboarded, with others in the process of joining.
- **Reversal of Facilities under LAF:** A proposal was made to permit the reversal of liquidity facilities under both the Standing Deposit Facility (SDF) and Marginal Standing Facility (MSF) even during weekends and holidays due to observed high utilisation in both MSF and SDF. This measure aimed to enhance banks' fund management.

- **Making NEFT Compliant to ISO 20022 Messaging Standards:** The RBI has effectively transitioned the NEFT system to adhere to ISO 20022 messaging standards. The initiation of onboarding more than 230 member banks onto these standards has begun, with a projected completion date in early 2024. Embracing ISO 20022 will allow for structured and comprehensive data, advanced analytics, increased automation, and better international conformity. Moreover, it will promote interoperability between RTGS and NEFT.
- **Continuous Upgradation of IT and Cyber Security:** The Department upgraded the 'Security Automation, Threat Analysis and Response Centre (SATARC): Next Generation Security Operation Centre (NGSOC)' with advanced features including security orchestration, automation, response capabilities, user entity behavior analytics, and extended detection and response functionalities. This aims to enhance efficiency and effectiveness of tackling the emergent threats.
- **Private Cloud Infrastructure Augmentation:** The expansion of private cloud infrastructure aims to enhance existing cluster capacities and replace outdated servers. This increased capacity will support the next-generation core banking solution, e-Kuber 3.0, as well as upcoming non-payment applications. The private cloud offers several benefits, including centralized server management, scalability, and reduced hosting expenses.
- **Centralised Digital Application Receipts and Tracking System:** PRAVAAH is a secure online portal introduced by the RBI to simplify the application process for licenses, authorisations, and regulatory approvals. It digitises the entire application lifecycle, enhancing regulatory efficiency and facilitating business for regulated entities. The portal provides real-time updates on application status and allows for easy creation and modification of online forms by regulatory departments. Completed forms are directed to Sarthi for internal processing, and the portal enables communication with applicants, reducing the reliance on emails or letters.
- **Revamping of Video Conference:** The SAMWAD project aims to upgrade the Reserve Bank's video conferencing system to create a uniform and advanced audio-video setup across all offices. This includes features like active speaker tracking and native 4K resolution displays, alongside increased server capacity for more concurrent meetings. The project is currently underway.



Forward-looking Plans for Payment and Settlement Systems and Information Technology

- **Extension of Central Payments Fraud Information Registry (CPFIR):** Reporting of payment frauds will be extended to local area banks, state cooperative banks, and regional rural banks (RRBs), enhancing the scope of the CPFIR.
- **On-realisation Settlement Model:** The implementation of this model will enable a single settlement process where each bank's net position is determined after the return session closure, improving liquidity efficiency within the Cheque Truncation System (CTS).
- **Expansion of UPI Internationally:** RBI, in partnership with NPCI International Payments Ltd. (NIPL), plans to extend the Unified Payments Interface (UPI) to 20 countries, starting in 2024-25, with completion expected by 2028-29.
- **Fast Payment System (FPS) Collaboration:** Collaborative efforts for the FPS will be explored with groups of countries such as the European Union and the South Asian Association for Regional Cooperation (SAARC), along with establishing multilateral linkages.
- **Alternative Risk-based Authentication:** An alternative authentication method leveraging behavioral biometrics, location or historical payment data, digital tokens, and in-app notifications will be introduced. This will replace the current SMS-based one-time password (OTP) as an additional authentication factor.
- **Real-time Validation of Payee Names:** RBI is exploring the implementation of real-time validation of payee names before fund transfers, in alignment with 'The Digital Personal Data Protection Act, 2023'.
- **Next-generation Data Center:** RBI has commenced a project to build a new, advanced greenfield data center to overcome capacity limitations, accommodate growing IT requirements, and mitigate region-specific risks.
- **Cloud Facility for Data Security:** To reinforce data security, integrity, and privacy within the Indian financial sector, a cloud facility will be established and initially managed by the Indian Financial Technology & Allied Services (IFTAS).
- **Global SFMS Hub for INR Transactions:** To elevate the global presence of the Indian Rupee (INR), RBI plans to expand India's domestic messaging system SFMS into a Global SFMS Hub for cross-border payment messaging. This will allow interested countries to link their local messaging systems to the Global SFMS Hub, facilitating cross-border transactions in their respective currencies and aiding in foreign exchange management.
- **Alternative Messaging System Framework:** RBI plans to create an alternative messaging system framework to facilitate both domestic and cross-border communication of financial and non-financial messages.



Conclusion

Throughout the year, the RBI remained committed to advancing cutting-edge payment and settlement systems in India, aligning with the Payments Vision Document 2025 and its key pillars: integrity, inclusion, innovation, and internationalisation. Several initiatives were launched to achieve these objectives, including efforts to expand the global presence of UPI and RuPay. Furthermore, significant enhancements were made to e-Kuber and payment systems, alongside a comprehensive overhaul of major internal applications. Embracing best practices in cyber hygiene, the RBI prioritised IT infrastructure security. Initiatives were also initiated to establish a cloud facility, aiming to bolster security, integrity, and privacy within the Indian financial sector. Looking ahead, plans are underway to establish a state-of-the-art next-generation data centre, ensuring scalability, meeting evolving IT landscape demands, and mitigating region-specific risks.



03

Other notifications in May 2024



Instructions on Money Changing Activities

(Release date - 27 May 2024)

This RBI circular is applicable to all Authorised Persons in Foreign Exchange, effective from 1 July 2024. It requires the FFMCS/non-bank ADs Category-II who have purchased foreign currency from other FFMCS/ADs to sell at least 75% on a quarterly basis of the said foreign currency to the public for permitted purposes and maintain all the records of such transactions for audit/inspection. The FFMCS/ADs selling foreign currency may seek data from the FFMCS/ADs buying the said currency for ascertaining the 'sale to public' requirement. Also, the FFMCS/non-bank ADs Category-II shall submit their annual audited balance sheets to the concerned Regional Office of the RBI along with a certificate from their statutory auditors regarding the NOF as on the date of the balance sheet, latest by 31 October of the year concerned.

Exclusion of "Fincare Small Finance Bank Limited" from the Second Schedule to the Reserve Bank of India Act, 1934 and Cessation as a Banking Company

(Release date - 24 May 2024)

The RBI has excluded 'Fincare Small Finance Bank Limited' from the list of banks authorised to operate in India. This change is effective from 1 April 2024, as the bank ceased its banking operations on the same date.

Internal Review – Interim Recommendations – Withdrawal of Circulars

(Release date - 22 May 2024)

This RBI circular notifies to all Scheduled Commercial Banks and all Primary (Urban) Co-Operative Banks about the withdrawal of certain circulars owing to obsolete/outdated/superfluous instructions contained therein. Link for such list is available here:

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12687&Mode=0#AS>

Issuance of Partly Paid Units to Persons Resident Outside India by Investment Vehicles under Foreign Exchange Management (Non-debt Instruments) Rules, 2019

(Release date - 21 May 2024)

This RBI circular notifies all Authorised Dealer Category-I Banks, it states that issue of partly paid up units made by Alternative Investment Funds to persons resident outside India, prior to amendment made in the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, AD Category-I Banks may approach the RBI for compounding of such offences, however, prior to approaching RBI, they must ensure that the reporting under the FIRMS portal and issuing of conditional acknowledgements for such reporting, has been done by the Alternative Investment Funds.

Formation of New District in the State of Assam – Assignment of Lead Bank Responsibility

(Release date - 16 May 2024)

This RBI circular notifies about the responsibility given to the Indian Bank to act as a Lead Bank in the new district 'Biswanath' notified by the Government of Assam vide Gazette Notification ECF.No.367433/29 dated 7 September 2023.

Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 202

(Release date - 10 May 2024)

The RBI amended the Foreign Exchange Management (Deposit) Regulations to allow residents outside India to hold interest-bearing accounts in India. This applies specifically to accounts used for margin requirements on derivative contracts, following guidelines set by the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020. This change came into effect on 6 May 2024.

Margin for Derivative Contracts

(Release date - 08 May 2024)

The RBI amended the Foreign Exchange Management (Deposit) Regulations to allow residents outside India to hold interest-bearing accounts in India. This applies specifically to accounts used for margin requirements on derivative contracts, following guidelines set by the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020. This change came into effect on 6 May 2024.

Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024

(Release date - 08 May 2024)

The RBI introduced new margin requirements for OTC derivative contracts (NCCDs) starting November 2024. These rules establish categories of entities (domestic and foreign) required to exchange margins, mandate two types of margins (daily variation margin and upfront initial margin) and dictate how these margins are calculated and exchanged. This aims to improve risk management for NCCDs in India.

Master Direction – Risk Management and Inter-Bank Dealings: Amendments

(Release date - 03 May 2024)

The RBI amended the Master Direction on Risk Management and Inter-Bank Dealings. The key changes are as follows: Standalone Primary Dealers (SPDs) are now included under the directions. Reporting requirements for OTC foreign exchange and interest rate derivative contracts to the Trade Repository have been updated. Reporting formats and timelines for various reports have been changed. These reports include foreign exchange turnover, exposures in foreign currency, option transactions, foreign currency borrowings, and Rupee accounts of non-resident banks.



Acknowledgments

For more details contact



Vivek Iyer
Partner, FS Risk
vivek.iyer@in.gt.com



Vernon Dcosta
Partner, FS Risk
vernon.dcosta@in.gt.com



Rajeev Khare
Director, FS Risk
rajeev.khare@in.gt.com

Contributors

Mamta Vora
Manager, FS Risk

Pranav Panchal
Manager, FS Risk

Viraj Parikh
Manager, FS Risk

Anushka Vohra
Consultant, FS Risk

Tanya Maria
Manager, FS Risk

Jagmeet Singh
Consultant, FS Risk

Naroise Zakir
Manager, FS Risk

Ameet Nair
Consultant, FS Risk



We are Shaping Vibrant Bharat

A member of Grant Thornton International Ltd., Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more **#VibrantBharat**.

Our offices in India

- Ahmedabad ● Bengaluru ● Chandigarh ● Chennai
- Dehradun ● Goa ● Gurugram ● Hyderabad ● Kochi
- Kolkata ● Mumbai ● New Delhi ● Noida ● Pune



Scan QR code to see our office addresses
www.grantthornton.in

Connect with us on



@Grant-Thornton-Bharat-LLP



@GrantThorntonBharat



@GrantThornton_Bharat



@GrantThorntonIN



@GrantThorntonBharatLLP



GTBharat@in.gt.com

© 2024 Grant Thornton Bharat LLP. All rights reserved.

"Grant Thornton Bharat" means Grant Thornton Advisory Private Limited, a member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.