Chapter III

Regulatory Initiatives in the Financial Sector

The global financial system faces mounting challenges from trade tensions, cyber threats, and climate-related risks. In response, global regulators are working to build systemic resilience through strengthened Basel standards, improved liquidity management, enhanced cybersecurity, and comprehensive climate risk frameworks. Domestically, regulators are aligned with these efforts, focusing on digital fraud prevention, secure digital lending, and mutual fund reforms. The Financial Stability and Development Council (FSDC) and its Sub-Committee continues to play a vital role in building a resilient and secure financial system.

Introduction

3.1 In response to growing economic uncertainty and structural shifts in the global financial landscape, regulators remain committed to enhance the resilience of the global financial system. Policymakers and global standard-setting bodies are advancing measures to strengthen the system's resilience to complex securitisation structures, rapid technological changes, rising cyber threats and escalating climate-related risks. Since the December 2024 issue of Financial Stability Report, several regulatory initiatives have been undertaken in key areas including cyber security, cross-border payments, and climate-related risks.

3.2 Against this backdrop, this chapter reviews the recent major regulatory initiatives, both global and domestic, aimed at enhancing the stability and resilience of the financial system.

III.1 Global Regulatory Developments

III.1.1 Banking

3.3 The Basel Committee on Banking Supervision (BCBS) regularly reviews the impact of the Basel III standards on banks and publishes the results reflecting different degrees of implementation of these standards such as risk-based capital ratio, leverage ratio framework and disclosure requirements, liquidity metrics such as LCR and NSFR. The latest Basel III monitoring exercise covered both large international active banks (Group 1) and other smaller banks (Group 2). The results[1] highlighted that for Group 1 banks, NSFR remained stable while the LCR decreased slightly. Group 2 banks[2] showed an increase in both LCR and NSFR.

3.4 The BCBS also revised its principles for management of credit risk[3] ('Credit Risk Principles') issued in 2000, to align them with the current Basel Framework and the latest guidelines issued by the Committee. The updated principles provide guidelines for banking supervisors to evaluate banks' credit risk management processes in four key areas: (i) establishing a suitable credit risk environment; (ii) operating under a sound credit-granting process; (iii) maintaining an appropriate credit administration, measurement, and monitoring process; and (iv) ensuring adequate controls over credit risk.

[1] BCBS (2025), "Basel III monitoring report", March.

[2] Group 1 banks are those that have Tier 1 capital of more than €3 billion and are internationally active. All other banks are considered Group 2 banks.

[3] BCBS (2025), "Principles for the management of credit risk", April.

III.1.2 Financial Markets

3.5 The complex structuring and multi-layered distribution chains in certain securitisation structures create misaligned incentives between originator of securitised products and their investors while encouraging rapid and largely undetected build-up of leverage and maturity mismatches. To address such vulnerabilities, a recent evaluation report[4] by the Financial Stability Board (FSB) assesses the extent to which G20 reforms on securitisation have achieved their financial stability objectives. The report reviews the implementation status of the International Organisation of Securities Commission (IOSCO) policy recommendations[5] across FSB jurisdictions and revised prudential standards for bank exposures to securitisation in the residential mortgage-backed securities (RMBS) and collateralised loan obligation (CLO) markets. The report observes that though the reforms have improved the overall resilience of securitisation markets while increasing market transparency, it is difficult to definitively assess their resilience as these markets have not yet been tested through a full credit cycle. This is particularly relevant for CLOs, which have expanded rapidly but have not yet faced a prolonged downturn. The report has identified a few issues for consideration of national and international authorities, including: (a) monitoring risks in securitisation markets given the developments in synthetic risk transfers and private credit activity in securitisation structures; (b) risk retention requirements in CLO market, given that a large portion of global CLO issuance remains outside the scope of these requirements and often involves third-party risk financing; and (c) divergences in reform implementation across jurisdictions and the implications for regulatory consistency and effectiveness.

3.6 The IOSCO has assessed[6] the implementation by market authorities[7] of its earlier recommendations to develop regulatory tools for addressing challenges arising due to technological adoption, particularly with respect to improving surveillance capabilities on a cross-market and cross-asset basis. Key recommendations of the latest report include regular review and updation of surveillance capabilities by market authorities in the context of their own markets and trading environment and collective efforts by market authorities on strengthening their cross-border surveillance capabilities.

3.7 The IOSCO published its final report on IOSCO Standards Implementation Monitoring (ISIM) for Principles (6-7) relating to the regulator in April 2025[8]. The IOSCO Assessment Committee, established in 2012, developed the ISIM review as a tool to monitor the implementation of the IOSCO Principles and Standards by member jurisdictions. The three IOSCO core objectives of securities regulation are protection of investors, ensuring that markets are fair, efficient, and transparent, and reduction of systemic risk. The ISIM review

[4] FSB (2025), "Evaluation of the Effects of the G20 Financial Regulatory Reforms on Securitisation", January.

[5] IOSCO's policy recommendations in 2012 prescribed minimum risk retention requirements and standardised disclosure templates. Risk retention, or 'skin in the game', was identified as one way to address the misaligned incentives that was embedded in the 'originate to distribute' model of some securitisation products.

[6] IOSCO (2025), "Thematic Review on Technological Challenges to Effective Market Surveillance Issues and Regulatory Tools", February.

[7] A statutory regulator, a self-regulatory organisation or the operator of a trading venue, responsible for conducting and/ or overseeing market surveillance efforts.

[8] IOSCO (2025), "IOSCO Standards Implementation Monitoring (ISIM)", April.

covered two IOSCO Principles (Principles 6 and 7) relating to the regulator:

a. **Principle 6: The regulator should have or contribute to a process to identify, monitor, mitigate and manage systemic risk, appropriate to its mandate.**

Principle 6 recognises that promoting financial stability is a shared responsibility amongst the financial sector regulatory community and the tools available to reduce systemic risk generally consist of strong investor protection standards and enforcement measures, disclosure and transparency requirements, business conduct regulation and resolution regimes, *etc.* The Principle explicitly recognises that securities regulators may not have the appropriate tools to address certain forms of systemic risk and, therefore, it is important that they cooperate with other regulators. Overall compliance with Principle 6 was generally high among the participating jurisdictions. In case of India, the report states, *"India SEBI has a comprehensive process for identification, monitoring of various risk indicators, and contribution to financial stability encompassing multiple groups/ forums under the umbrella of the Financial Stability Development Council*[9] *(FSDC) to analyse the various sources of risks, such as an Early Warning Group for detection of early warning signals, Forum for supervision of Financial Conglomerates, Technical Group for discussion of risks to systemic financial stability and inter-regulatory coordination, etc. India IFSCA is also a member of the FSDC and participates in the various groups such as FSDC Sub-Committee and Inter Regulatory Technical Group."*

b. **Principle 7: The regulator should have or contribute to a process to review the perimeter of regulation regularly.**

Principle 7 seeks to ascertain whether securities regulator performs a regular review of the perimeter of regulation, thereby promoting a regulatory framework that supports investor protection, fair, efficient and transparent markets, and the reduction of systemic risk. Overall, a high level of implementation by participating jurisdictions has been observed for Principle 7. India is among the participating jurisdictions that have affirmative answers to all the key questions relating to Principle 7, as summed up in the Report: *"The regulatory review process in India is structured within the group of regulators around the working of its FSDC. Both India SEBI and India IFSCA are members of the FSDC. India SEBI, upon identification of any potential risks, also constitutes an expert committee/ working group. It also coordinates within formal frameworks of State Level Coordination Committees and Regional Economic Intelligence Committee with other financial/ non-financial authorities for information sharing."*

[9] The Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010 and is chaired by the Hon'ble Finance Minister. Members are Minister of State (Finance), Reserve Bank of India (RBI), Chief Economic Adviser to the Ministry of Finance, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), Insolvency and Bankruptcy Board of India (IBBI), International Financial Services Centre Authority (IFSCA), Secretaries of the Departments of (i) Economic Affairs, (ii) Financial Services, (iii) Revenue, (iv) Expenditure, (v) Ministry of Corporate Affairs and (v) Ministry of Electronics and Information Technology.

3.8 As part of the comprehensive efforts jointly taken by the BCBS, IOSCO and the FSB to improve transparency in derivatives, increasing the predictability of margin requirements and improving the liquidity preparedness of non-bank market participants for margin calls, policy prescriptions[10] were issued on the initial margin in centrally cleared markets. The recommendations on initial margin, *inter alia*, include (a) availability of margin simulation tools to all clearing members; (b) disclosure of anti pro-cyclicality tools; and (c) identification of an internal analytical and governance framework appropriate to their business lines and risk profile, *etc.*

3.9 A joint report[11] was also published on margins in non-centrally cleared markets. The report suggested industry practices to improve effectiveness of variation margin, especially during stress periods. These include resolving margin and collateral exchange issues, allowing flexibility in accepting non-cash collateral, adopting standardised and automated margin processes, and evaluating third-party services. To enhance initial margin responsiveness, the report suggests improvements in ISDA Standard Initial Margin Model (SIMM) including regular back testing, operational readiness for shortfalls and preparation for recalibrations. Besides, firms should also ensure sufficient liquidity to meet unexpected margin changes.

III.1.3 Cyber Resilience

3.10 Cyberattacks and technology failures have become a significant threat to financial stability, especially in a world marked by rising digitalisation, evolving technologies and interconnectedness. Supervisory authorities need timely incident reporting to monitor such disruptions and coordinate effective responses and recovery efforts. Recognising the challenges posed by fragmented reporting frameworks across jurisdictions, the FSB has finalised a common framework[12] to promote common information elements for incident reporting while allowing for flexible implementation practices. The Format for Incident Reporting Exchange (FIRE) encompasses a broad spectrum of operational incidents, including cyber incidents, and is designed to be applicable to third-party service providers and entities outside the financial sector. To support global implementation, the FSB has also issued a taxonomy package that uses the Data Point Model approach. Data Point Model is a data-centric method for organising objects hierarchically and can model various reporting scenarios derived from the underlying legal requirements in a business-friendly and non-technical manner.

III.1.4 Climate Finance

3.11 Climate-related shocks have the potential to disrupt business operations through the materialisation of physical hazards, such as floods, droughts or windstorms (physical risks) and/ or due to changes in regulatory policies, technological innovation and/ or consumer preferences (transition risks). Climate shocks can interact with existing vulnerabilities in the financial system and threaten financial stability through various transmission channels and amplification mechanisms. In order to trace how physical and transition climate risks can be transmitted to the

[10] BCBS-CPMI-IOSCO (2025), "Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals", January.

[11] BCBS-IOSCO (2025), "Streamlining VM processes and IM responsiveness of margin models in non-centrally cleared markets", January.

[12] FSB (2025), "Format for Incident Reporting Exchange (FIRE): Final report", April.

global financial system, the FSB has introduced an analytical framework[13] for assessing climate-related vulnerabilities. The analytical toolkit sets out three high-level categories of metrics: a) proxies; b) exposure metrics; and c) risk metrics. Monitoring these metrics can provide early signals on potential drivers of transition and physical risks that can impact the financial system and quantify the scale of financial impacts. The report also compiles a set of forward-looking metrics currently used by the FSB jurisdictions to monitor climate-related vulnerabilities. Notable risk metrics for quantifying physical and transitions risks include carbon earnings at risk[14] (used by the IMF and the Hong Kong Monetary Authority), climate beta[15] and CRISK[16] (used by the ECB).

3.12 The FSB also released a report[17] on the transition plans, examining how firms' climate transition strategies and their associated transition plans can support financial stability. Transition plans offer forward-looking insights into how financial and non-financial firms intend to align their operations with their climate goals. These plans can serve multiple functions: they inform firms' strategic responses to climate risks, help investors make better-informed decisions by closing information gaps, and provide authorities with valuable data to monitor systemic risk and assess the alignment of financial flows with broader climate objectives. The FSB notes that the use of transition plans for financial stability assessment and macro-prudential analysis remains in its early stages and is currently limited to a small set of firms and shows wide variation in scope, methodology, and quality of key metrics. Enhanced comparability and consistency, supported by international standard-setting bodies, could significantly improve the usability of these plans for supervisory purposes, thereby reinforcing the financial system's ability to manage climate-related risks over the long term.

3.13 The International Association of Insurance Supervisors (IAIS), an international standard-setting body, published an application paper[18] highlighting the significance of climate risks for the insurance sector given their impact on the insurability of the assets under consideration as well as insurers' own operations and investments. Also, on the other hand, opportunities exist for the insurance sector as it plays a critical role in the management of climate-related risks in its capacity as an assessor, manager and carrier of risk, and as an investor. The paper makes several recommendations in areas such as corporate governance, internal controls, scenario analysis, market conduct and public disclosures.

3.14 In January 2025, the International Auditing and Assurance Standards Board issued a new global sustainability assurance standard, the '*International Standard on Sustainability Assurance (ISSA 5000)*', designed to strengthen the global sustainability disclosure ecosystem. The standard is designed to be used along with the International Ethics Standards for Sustainability Assurance (IESSA) issued by the International

[13] FSB (2025), "Assessment of Climate-related Vulnerabilities: Analytical framework and toolkit", January.

[14] Shows the modelled increase in carbon costs relative to company earnings under different climate scenarios.

[15] Reflects the sensitivity of financial or non-financial stock prices to climate transition or physical risks.

[16] Expected capital shortfall of a financial institution in a climate stress generated via climate-related market and credit risk channels.

[17] FSB (2025), "The Relevance of Transition Plans for Financial Stability", January.

[18] International Association of Insurance Supervisors (2025), "Application Paper on the supervision of climate-related risks in the insurance sector", April.

Ethics Standards Board for Accountants. ISSA 5000 contains principle-based requirements that support limited or reasonable assurance engagements of sustainability information reported by entities. The standards are profession agnostic and framework neutral, *i.e.*, they can be applied in relation to sustainability information prepared under any suitable sustainability reporting framework.

III.2 Initiatives from Domestic Regulators/ Authorities

3.15 During the period under review, financial regulators undertook several initiatives to improve the resilience of the Indian financial system (major measures are listed in Annex 3).

III.2.1 Use of Indian Rupee for Cross Border Settlements

3.16 The Reserve Bank has progressively implemented a suite of measures to increase the use of Indian Rupee (INR) in cross-border settlements. In July 2022, in order to give a fillip to trade in INR, the Reserve Bank introduced the Special Rupee Vostro Account (SRVA) framework, an additional arrangement for effecting payment and settlement of exports/ imports in INR, by enabling foreign banks to open and maintain SRVAs with Indian banks, and with the additional provision of utilizing the INR balances therein for permissible capital and current account transactions. Use of INR for cross-border settlements was further bolstered by (i) notification of the Foreign Exchange Management (Manner of Receipt and Payment) Regulations in December 2023, which enables settlement of cross border transactions (other than those involving Nepal/ Bhutan and the ACU Mechanism) in any foreign currency (including local currencies of trading partner countries) alongside INR; and (ii) Memoranda of Understanding (MOU) with the central banks of the United Arab Emirates, Indonesia, Maldives and Mauritius to promote local currency settlement.

3.17 In continuation of the above initiatives, the Reserve Bank, in consultation with the Government of India, has further liberalised the FEMA framework as follows: (i) overseas branches of Authorised Dealer banks may open INR accounts for non-residents to conduct all permissible current and capital account transactions with Indian residents and for any transaction with a non-resident; and (ii) non-resident entities may utilise balances in their repatriable INR accounts (including SRVAs) to settle *bona fide* transactions with other non-residents and to invest in non-debt instruments, including foreign direct investment; and (iii) Indian exporters are now permitted to maintain foreign currency accounts abroad for receipt of export proceeds and use them for payment of imports.

III.2.2 Prevention of Financial and Digital Payments Fraud

3.18 The rapid growth of digital transactions, though instrumental in enhancing convenience and efficiency, has been accompanied by a significant rise in financial frauds. The Reserve Bank, in conjunction with other regulatory agencies, has taken two major measures to combat financial and payments related frauds: (i) introduction of '.bank.in' exclusive internet domain for Indian banks which helps customers identify legitimate bank websites and reduces the risk of phishing and other cyberattacks; (ii) steps to mitigate the misuse of mobile numbers of customers by fraudsters by directing the regulated entities to undertake transaction/ service calls and promotional voice calls only using '1600xx' numbering series and '140xx' numbering series, respectively. Additionally, SEBI has also advised its regulated/ registered entities to use only the '1600' phone number series exclusively for service and transactional voice calls to their existing customers.

3.19 In further efforts to combat financial fraud using voice calls and SMS, RBI, as requested by Telecom Regulatory and Authority of India (TRAI), *vide* Circular 'Prevention of financial frauds perpetrated through voice calls and SMS – Regulatory prescriptions and Institutional Safeguards', advised the Regulated Entities to (a) make use of Mobile Number Revocation List[19] (MNRL) published by Department of Telecommunication (DoT) to monitor and clean their customer databases and develop standard operating procedures for enhanced monitoring of accounts linked to revoked mobile numbers for preventing the linked accounts from being operated as Money Mules and/ or being involved in cyber frauds *etc.*; (b) provide their customer care number details to DoT for publishing in Digital Intelligence Platform (DIP) of DoT; (c) make marketing and transaction alert calls only from specific number series (as mentioned above) allotted to them by Telecom Service Providers (TSPs); and (d) undertake necessary awareness initiatives.

III.2.3 Reserve Bank of India (Project Finance) Directions, 2025

3.20 To provide a harmonised framework for financing of projects in infrastructure and non-infrastructure (including commercial real estate & commercial real estate - residential housing) sectors by regulated entities (REs), the project finance directions were issued. The Directions lay down prudential framework for financing of projects, including treatment of RE exposures upon change in the date of commencement of commercial operations of such projects.

III.2.4 Amendments to Liquidity Coverage Ratio (LCR) Framework

3.21 The banking turmoil[20] in March 2023 highlighted, *inter alia*, the role of social media and digitalisation of financing in hastening the speed and impact of liquidity stress. Advances in digitalisation of finance have reduced friction, resulting in the actual scale and speed of the deposit outflows far exceeding the run-off rate assumptions under LCR framework. To address this concomitant increase in liquidity risk due to usage of technology, the Reserve Bank has undertaken calibrated amendments to the LCR framework by introducing additional run-off rate[21] factors for internet and mobile banking enabled retail deposits (recognising their higher propensity for withdrawal). Haircuts on market value of Level 1 High-Quality Liquid Assets (HQLA) have also been calibrated to capture their liquidity generating capacity during periods of stress. These amendments are intended to improve the liquidity risk resilience of banks in India.

III.2.5 Reserve Bank of India (Digital Lending Directions), 2025

3.22 As part of innovation in financial system, products, and credit-delivery methods, digital lending has emerged as a prominent way to design, deliver and service credit. However, unchecked third-party involvement, mis-selling, data-privacy

[19] MNRL comprises numbers that have been disconnected due to various reasons.

[20] The March 2023 banking turmoil in the U.S. was characterised by the swift collapse of few U.S. banks, driven by rising interest rates and erosion of their bond portfolios, exacerbated by a heavy reliance on digital bank deposits which accelerated depositor withdrawals.

[21] The runoff rate factor represents the estimated percentage of deposits a bank expects to be withdrawn or transferred during a period of stress.

breaches, unfair practices, exorbitant interest rates, and unethical recovery methods threaten public confidence in the digital-lending ecosystem. In this context, the Reserve Bank has issued Reserve Bank of India (Digital Lending) Directions, 2025 consolidating the previous instructions on Digital Lending and introduced two new measures for arrangements involving Lending Service Providers (LSPs) partnering with multiple regulated entities and for creation of a directory of digital lending apps (DLAs). The first measure aims to promote transparency and fairness in digital lending by enabling borrowers to compare loan offers objectively. It also aims to prevent biased or deceptive presentation of loan options by LSPs. The second measure aims to aid the borrowers in verifying the claim of a DLA's association with a RE.

III.2.6 Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025

3.23 Over the past few years, the Reserve Bank has been expanding the suite of interest rate derivative products available to market participants to manage their interest rate risks. In addition to Interest Rate Swaps, products such as Interest Rate Options, Interest Rate Futures, Interest Rate Swaptions, Forward Rate Agreements, *etc.* are available to market participants. To further develop the market for interest rate derivatives, forward contracts in government securities have now been permitted. Such forward contracts will enable long-term investors such as insurance funds to manage their interest rate risk across interest rate cycles. They will also enable efficient pricing of derivatives that use bonds as underlying instruments.

III.2.7 Introduction of Mutual Funds Lite (MF Lite) Framework

3.24 A light-touch regulation regime for passively managed mutual fund schemes, 'MF Lite Framework' was introduced by SEBI with an intent to promote ease of entry, encourage new players, reduce compliance requirements, increase penetration, facilitate investment diversification, increase market liquidity and foster innovation. The framework is applicable to passive funds (with specific asset under management requirements) with underlying as domestic equity and debt indices and select commodity-based exchange traded funds (ETFs) such as gold and silver as well as fund of funds (FoFs) based on such ETFs.

III.2.8 Introduction of Specialised Investment Funds

3.25 SEBI introduced a comprehensive regulatory framework for Specialised Investment Funds (SIF) aimed at bridging the gap between mutual funds and portfolio management services. SIFs are required to operate under a distinct brand name, logo and website, clearly differentiated from the mutual fund business. SIFs may offer investment strategies across equity, debt and hybrid categories. Comprehensive disclosure requirements include alternate month portfolio disclosures and scenario analysis for derivatives and risk depiction. This regulatory initiative is a significant step towards diversifying India's pooled investment landscape. The introduction of SIFs is expected to encourage innovation in investment strategies while ensuring appropriate safeguards for investor protection and market integrity.

III.2.9 Safer Participation of Retail Investors in Algorithmic Trading

3.26 SEBI issued a regulatory framework to facilitate safer participation of retail investors in algorithmic trading through brokers, which has outlined the rights and responsibilities of the main stakeholders of the trading ecosystem, *viz.*, investors, stockbrokers, model providers/ vendors and market infrastructure institutions so as to enable use of algorithmic models by retail investors with appropriate safeguards. The said measure aims to enhance investor protection and promote market integrity.

III.2.10 Identifying Unclaimed Assets

3.27 SEBI has put in place a framework in collaboration with National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY) for '*Harnessing DigiLocker as a Digital Public Infrastructure for reducing unclaimed assets in the Indian Securities Market*'. Investors/ users can now download their mutual fund and demat holding statements as well as consolidated account statements through DigiLocker, the digital document wallet of the Government of India. By facilitating seamless access to financial records, this mechanism is expected to ensure the identification and reduction of unclaimed assets. By building on the centralised mechanism for reporting the demise of an investor through KYC Registration Agencies and the reforms to the nomination facilities in the Indian securities market, the current framework has been assisting the families and survivors of investors/ consumers after their demise. The SEBI has also developed a platform named 'Mutual Fund Investment Tracing and Retrieval Assistant (MITRA)' to provide investors with a searchable database of inactive and unclaimed mutual fund investor folios at an industry level, empowering the investors to identify the overlooked investments or any investments made by any other person for which he/ she may be the rightful legal claimant. The platform is aimed at reduction in the unclaimed mutual fund investor folios and incorporating mitigants against fraud risk.

III.2.11 System Audit of Stock Brokers (SBs) through Technology-based Measures

3.28 The framework aims to strengthen and enhance the quality of system audit of stock brokers through online monitoring. Stock exchanges are required to develop a web portal to supervise system audit of stock brokers, wherein brokers and auditors will be mandated to provide details, such as date of appointment of auditor, audit official conducting the inspection, *etc.* during various stages of audit. The web portal shall capture geo-location of the auditor to ensure that the auditor visits the premises of the stock brokers physically for audit. Additionally, stock exchanges are also empowered to conduct surprise visits to verify the audit being actually carried out by the authorised auditor or authorised person of the audit firm.

III.2.12 Access to Negotiated Dealing System – Order Matching (NDS-OM)

3.29 In order to further the objective of the Government of India to facilitate retail participation in purchase and trading of government securities, the SEBI has facilitated registered stock broker to access G-Secs market through NDS-OM under a Separate Business Unit (SBU). The securities market related activities of stock brokers would be segregated and ring-fenced from NDS-OM related activities of the SBU by way of maintenance of separate accounts and net worth. The framework ensures ease of doing investment for retail investors while ensuring ease of doing business for brokers.

III.2.13 Intraday Monitoring of Position Limits for Index Derivatives

3.30 Position limits for various participants/ product types are specified by SEBI and these positions are monitored by the market infrastructure institutions (MIIs) at the end of day. In this situation, there is a possibility of undetected intraday positions (particularly on the day of expiry) beyond permissible limits, as end of day open positions will be negligible. Therefore, it was decided that in addition to the end of day monitoring mechanism, the position limits for equity index derivatives contracts will be monitored on an intraday basis from April 2025 onwards. The number of snapshots may be decided by the respective stock exchanges, subject to a minimum of four snapshots in a day. The snapshots will be randomly taken during pre-defined time windows. However, there shall be no penalty for breach of existing position limits intraday and such intraday breaches are not considered as violations.

III.2.14 Operational Resilience of Financial Market Intermediaries

3.31 To streamline the reporting process of technical glitches across MIIs and facilitate the creation of a centralised repository of technical glitches, SEBI has developed a web-based portal, *i.e.*, Integrated SEBI Portal for Technical Glitches (ISPOT), for submission of preliminary and final root cause analysis reports of technical glitches by the MIIs. This would help to improve the data quality, traceability of historical submissions related to technical glitches at the end of SEBI and MIIs, and preparation of system generated reports for monitoring of various compliance requirements in a more focused manner. SEBI has also stipulated a framework for business continuity for interoperable segments of stock exchanges. The said framework, *inter alia*, covers availability of identical or correlated trading products on another trading venue, creation of reserve contracts for scrips and single stock derivatives not traded on one stock exchange for invocation at the time of outage on the other stock exchange.

III.2.15 Changes to Disclosure Requirements

3.32 SEBI introduced the 'Additional Disclosures Framework' for Offshore Derivative Instruments (ODIs) and FPIs with segregated portfolios, to address concerns of regulatory arbitrage. The concentration criteria and size criteria of the framework shall now be applicable directly to ODI subscribers. For FPIs with segregated portfolios, the concentration criteria shall be applied to each segregated portfolio independently. Further, issuance of ODIs (other than those with government securities as underlying) by FPIs shall be permitted only through a separate dedicated FPI registration, with no proprietary investments under such registration. ODI issuing FPIs shall neither issue ODIs with derivatives as reference/ underlying nor hedge their ODIs with derivative positions on stock exchanges. SEBI also enhanced the disclosure requirements for mutual fund schemes, mandating equity oriented mutual fund schemes to disclose Risk Adjusted Return (RAR) which shall be calculated as a ratio of portfolio rate of return less benchmark rate of return (*i.e.*, excess return) to the standard deviation of this excess return. The move is aimed at making a holistic assessment of the portfolio manager's level of skill and ability to generate excess returns.

III.3 Other Developments

III.3.1 Customer Protection

3.33 The number of complaints received by the Offices of the Reserve Bank of India Ombudsman (ORBIOs) for the previous two quarters indicates that majority of the complaints pertained to loans/ advances and credit cards constituting approximately 30 per cent and 18 per cent, respectively, of the complaints during Q3 and Q4 of 2024-25 (Table 3.1).

3.34 Complaints under the category 'Loans and Advances' and 'Credit card' emanated mainly

Table 3.1: Category of Complaints Received under the RB-IOS, 2021

Sr. No.	Grounds of Complaint	Oct-Dec 2024		Jan-Mar 2025	
		Number	Share *(per cent)*	Number	Share *(per cent)*
1	Loans and Advances	21,847	30.04	21,701	29.76
2	Credit Card	13,218	18.17	13,609	18.66
3	Opening/ Operation of Deposit accounts	12,133	16.68	12,375	16.97
4	Mobile/ Electronic Banking	11,951	16.43	11,472	15.73
5	Other products and services*	6,875	9.45	7,335	10.06
6	ATM/ CDM/ Debit card	4,204	5.78	4,142	5.68
7	Remittance and Collection of instruments	943	1.30	883	1.21
8	Para-Banking	809	1.11	750	1.03
9	Pension related	659	0.91	563	0.77
10	Notes and Coins	97	0.13	99	0.14
Total		**72,736**	**100.00**	**72,929**	**100.00**

Note: * includes bank guarantee/ letter of credit, customer confidentiality, premises and staff, grievance redressal, etc.
Source: RBI.

due to, *inter alia*, revision in EMI without proper communication, excessive charges for delayed payments, inappropriate recovery practices, wrong/ delayed reporting of credit information and unsolicited credit cards.

3.35 With respect to the Indian securities market, the number of complaints received during Jan-Mar 2025 declined by 14.2 per cent over the previous quarter. Complaints related to stock brokers and listed companies accounted for 54.6 per cent of the total number of complaints received during the quarter (Table 3.2).

3.36 Under the SEBI Circular on Online Resolution of Disputes in the Indian securities market, MIIs are required to establish and operate a common Online Dispute Resolution Portal to harness online conciliation and online arbitration for resolution of disputes arising in the Indian securities market, the status of which is given in Table 3.3.

Table 3.2: Type/ Category of Complaints

Sr. No.	Category	Oct-Dec 2024	Jan-Mar 2025
1	Stock Broker	6,174	4,898
2	Listed Company- Equity Issue (Dividend/ Transfer/ Transmission/ Duplicate Shares/ Bonus Shares *etc.*)	3,261	3,156
3	Registrar and Share Transfer Agent	2,373	2,161
4	Mutual Fund	942	749
5	Listed Company-IPO/ Prelisting/ Offer document (shares)	925	619
6	Research Analyst	511	618
7	Stock Exchange	649	549
8	Depository Participant	603	500
9	Listed Company-IPO/ Prelisting/ Offer Document (Debentures and Bonds)	359	304
10	Banker to the issue	426	260
11	Investment Advisor	248	230
12	Depository	242	196
13	Listed Company-Delisting of securities	73	139
14	Portfolio Manager	37	67
15	KYC Registration Agency	77	55
16	Listed Company- Debt Issue (Interest/ Redemption/ Transfer/ Transmission *etc.*)	69	53
17	Debenture Trustee	40	42
18	Mutual Fund trading on Exchange Platform	37	36
19	Clearing Corporation	60	28
20	Listed Company- Buy Back of Securities	26	24
21	Merchant Bankers	31	20
22	Category 2 Alternative Investment Fund	2	18
23	Category 1 Alternative Investment Fund	3	11
24	Vault Manager	1	7
25	Category 3 Alternative Investment Fund	7	4
26	Credit Rating Agency	4	3
27	Infrastructure Investment Trust (InvIT)	0	3
28	Venture Capital Fund	8	2
29	Securitised Debt Instrument (SDI)	0	1
30	Small and Medium Real Estate Investment Trust (SM REIT)	0	1
31	Real Estate Investment Trust (REIT)	4	1
32	Collective Investment Scheme	1	0
Total		**17,193**	**14,755**

Source: SEBI.

Table 3.3: Status of Disputes on SmartODR.in (Value in ₹crore)

Period (FY)	Opening Balance of Disputes		Disputes Received		Disputes Resolved		Outstanding Balance as at end of FY	
	No.	Value	No.	Value	No.	Value	No.	Value
2023-24	-	-	2,034	143.8	1,414	47.7	620	96.1
2024-25	620	96.1	5,114	490.9	4,426	402.1	1,308	184.8

Notes: 1. The data includes disputes of Listed Companies also.
2. SEBI introduced SMART ODR vide Circular dated July 31, 2023. Hence, the opening balance of disputes for 2023-24 is Nil.

Source: SEBI.

III.3.2 Enforcement

3.37 During December 2024 – May 2025, the Reserve Bank undertook enforcement action against 177 REs (10 PSBs; 12 PVBs; three SFBs; one PB, three foreign banks, three RRBs; 118 co-operative banks; 22 NBFCs, one ARC, three HFCs and one CIC) and imposed an aggregate penalty of ₹29.15 crore for non-compliance with/ contravention of statutory provisions and/ or directions issued by the Reserve Bank.

3.38 During November 2024 - April 2025, prohibitive directions under Section 11 of the SEBI Act, 1992 were issued against 296 entities, while cancellation, suspension and warnings under SEBI (Intermediaries) Regulations, 2008 were taken against 23, six and one intermediaries, respectively. A total of 19 prosecution cases were filed during November 2024 - April 2025. Penalties under adjudication proceedings were imposed against 277 entities amounting to ₹38.5 crore during November 2024 to April 2025.

III.3.3 Deposit Insurance

3.39 The Deposit Insurance and Credit Guarantee Corporation (DICGC) extends insurance cover to depositors of all the banks operating in India. As on March 31, 2025, the number of banks registered with the DICGC was 1,982, comprising 139 commercial banks (including 11 small finance banks, six payment banks, 43 regional rural banks, two local area banks) and 1,843 co-operative banks.

3.40 With the present deposit insurance limit of ₹5 lakh, 97.6 per cent of the total number of deposit accounts (293.7 crore) were fully insured and 41.5 per cent of the total value of all assessable deposits (₹241 lakh crore) were insured as on March 31, 2025 (Table 3.4).

3.41 The insured deposits ratio (*i.e.*, the ratio of insured deposits to assessable deposits) was higher for co-operative banks (61.9 per cent) followed by commercial banks (40.4 per cent) (Table 3.5). Within commercial banks, PSBs had higher insured deposit ratio *vis-à-vis* PVBs.

3.42 Deposit insurance premium received by the DICGC grew by 12.1 per cent (y-o-y) to ₹26,764 crore during 2024-25 (Table 3.6), of which, commercial banks had a share of 94.7 per cent.

Table 3.4: Coverage of Deposits

(Amount in ₹crore and No. of Accounts in crore)

Sr. No.	Item	Mar 31, 2024	Sep 30, 2024	Mar 31, 2025*	Percentage Variation *(y-o-y)*	
					Mar 31, 2024	Mar 31, 2025
(A)	Number of Registered Banks	1,997	1,989	1,982		
(B)	Total Number of Accounts	289.7	293.7	293.7	4.9	1.4
(C)	Number of Fully Protected Accounts	283.3	286.9	286.5	4.7	1.1
(D)	**Percentage (C)/ (B)**	**97.8**	**97.7**	**97.6**		
(E)	Total Assessable Deposits	2,18,52,160	2,27,26,914	2,40,95,727	12.3	10.3
(F)	Insured Deposits	94,12,705	96,74,623	1,00,04,919	9.1	6.3
(G)	**Percentage (F)/ (E)**	**43.1**	**42.6**	**41.5**		

Note: *Provisional.
Source: DICGC

Table 3.5: Bank Group-wise Deposit Protection Coverage
(as on March 31, 2025)

Bank Groups	As on September 30, 2024				As on March 31, 2025*			
	Insured Banks *(number)*	Insured Deposits *(₹crore)*	Assessable Deposits *(₹crore)*	IDR *(ID/ AD, per cent)*	Insured Banks *(number)*	Insured Deposits *(₹crore)*	Assessable Deposits *(₹crore)*	IDR *(ID/ AD, per cent)*
I. Commercial Banks	**139**	**89,34,151**	**2,15,53,399**	**41.5**	**139**	**92,32,113**	**2,28,46,848**	**40.4**
i) PSBs	12	57,93,657	1,19,84,450	48.3	12	59,53,830	1,26,11,152	47.2
ii) PVBs	21	24,76,339	75,95,372	32.6	21	25,70,617	81,89,779	31.4
iii) FBs	44	49,158	10,86,877	4.5	44	52,084	10,91,743	4.8
iv) SFBs	11	98,498	2,41,745	40.7	11	1,07,719	2,70,601	39.8
v) PBs	6	18,375	18,470	99.5	6	26,142	26,294	99.4
vi) RRBs	43	4,97,161	6,25,151	79.5	43	5,20,703	6,55,870	79.4
vii) LABs	2	962	1,334	72.1	2	1,018	1,409	72.3
II. Co-operative Banks	**1,850**	**7,40,473**	**11,73,515**	**63.1**	**1,843**	**7,72,806**	**12,48,879**	**61.9**
i) UCBs	1,465	3,73,715	5,56,862	67.1	1,457	3,80,261	5,84,539	65.1
ii) StCBs	33	63,262	1,47,586	42.9	34	66,285	1,57,076	42.2
iii) DCCBs	352	3,03,496	4,69,067	64.7	352	3,26,260	5,07,264	64.3
Total (I+II)	**1,989**	**96,74,623**	**2,27,26,914**	**42.6**	**1,982**	**1,00,04,919**	**2,40,95,727**	**41.5**

Note: 1 IDR: Insured Deposit Ratio is calculated as Insured Deposit by Assessable Deposit.
2. The insured deposits to assessable deposits ratio may not tally due to rounding off.
3. *Provisional.

Source: DICGC

3.43 The Deposit Insurance Fund (DIF) with the DICGC is primarily built out of the premium paid by insured banks, investment income and recoveries from settled claims, net of income tax. DIF recorded a 15.2 per cent y-o-y increase to reach ₹2.29 lakh crore as on March 31, 2025. The reserve ratio (*i.e.*, ratio of DIF to insured deposits) increased to 2.29 per cent from 2.11 per cent a year ago (Table 3.7).

Table 3.6: Deposit Insurance Premium
(₹crore)

Period	Commercial Banks	Co-operative Banks	Total
	2023-24		
H1	10,962	666	11,628
H2	11,581	670	12,251
Total	**22,543**	**1,336**	**23,879**
	2024-25		
H1	12,419	707	13,127
H2	12,932	704	13,637
Total	**25,352**	**1,412**	**26,764**

Note: Constituent items may not add up to the total due to rounding off.

Source: DICGC

III.3.4 Corporate Insolvency Resolution Process (CIRP)

3.44 Since the provisions relating to the corporate insolvency resolution process (CIRP) came into force in December 2016, a total of 8,308 CIRPs have been initiated till March 31, 2025 (Table 3.8), out of which 6,382 (76.8 per cent of total) have been closed. Out of the closed CIRPs, around 20 per cent have been closed on appeal or review or settled, 18 per cent have been withdrawn, around 43.2 per cent have ended in orders for liquidation and 18.7

Table 3.7: Deposit Insurance Fund and Reserve Ratio
(₹crore)

As on	Deposit Insurance Fund (DIF)	Insured Deposits (ID)	Reserve Ratio (DIF/ ID) (Per cent)
Mar 31, 2024	1,98,753	94,12,705	2.11
Sep 30, 2024	2,13,513	96,74,623	2.21
Mar 31, 2025	2,28,933	1,00,04,919*	2.29*

Note: *Provisional.

Source: DICGC

Table 3.8: Status of Corporate Insolvency Resolution Process
(as on March 31, 2025)

Year/ Quarter	CIRPs at the beginning of the Period	Admitted	Closure by				CIRPs at the end of the Period
			Appeal/ Review/ Settled	Withdrawal under Section 12A	Approval of RP	Commencement of Liquidation	
2016 - 17	0	37	1	0	0	0	36
2017 - 18	36	707	95	0	18	91	539
2018 - 19	539	1157	158	97	75	305	1061
2019 - 20	1061	1991	350	220	132	537	1813
2020 - 21	1813	536	92	168	119	349	1621
2021 - 22	1621	891	129	200	142	340	1701
2022 - 23	1701	1262	192	230	186	406	1949
2023 - 24	1949	1003	160	168	263	444	1917
Apr - Jun, 2024	1917	241	39	24	71	79	1945
July – Sept, 2024	1945	211	31	23	58	86	1958
Oct - Dec, 2024	1958	145	10	15	60	84	1934
Jan - Mar, 2025	1934	127	19	9	70	37	1926
Total	**NA**	**8308**	**1276**	**1154**	**1194**	**2758**	**1926**

Note: 1. The numbers are subject to change due to constant data updates and reconciliation.
2. These CIRPs are in respect of 7919 Corporate Debtors. This excludes 1 corporate debtors which has moved directly from Board for Industrial and Financial Reconstruction (BIFR) to resolution.

Source: Insolvency and Bankruptcy Board of India (IBBI).

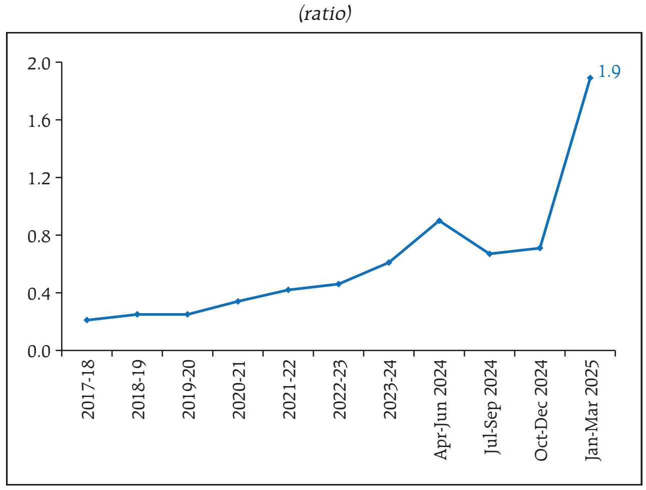
per cent have ended in approval of resolution plans (RPs). A total of 1,926 CIRPs (23.2 per cent of total) are ongoing. The sectoral distribution of corporate debtors under CIRP is presented in Table 3.9.

3.45 The outcome of CIRPs as on March 31, 2025 shows that out of the operational creditor initiated CIRPs that were closed, 63.6 per cent were closed on appeal, review or withdrawal (Table 3.10).

3.46 The primary objective of the Insolvency and Bankruptcy Code (hereinafter referred as "Code") is rescuing corporate debtors in distress. The Code has rescued 3,624 corporate debtors (1,194 through resolution plans, 1,276 through appeal or review or settlement and 1,154 through withdrawal) till March 2025. It has referred 2,758 corporate debtors for liquidation. Several initiatives are being taken to improve the outcomes of the Code which have steadily increased the number of cases ending with resolution *vis-à-vis* cases in which liquidation is ordered (Chart 3.1).

3.47 Cumulatively till March 31, 2025, creditors have realised ₹3.89 lakh crore under the resolution plans, which is around 170.1 per cent of liquidation value and 93.41 per cent of fair value (based on 1082 cases, where fair value has been estimated). In terms of percentage of admitted claims, the creditors have realised 33 per cent. Furthermore,

Chart 3.1: Summary of Outcomes - Resolution to Liquidation Ratio
(ratio)



Source: Insolvency and Bankruptcy Board of India (IBBI).

Table 3.9: Sectoral Distribution of CIRPs
(as on March 31, 2025)

Sector	No. of CIRPs						
	Admitted	Closed					Ongoing
		Appeal/ Review/ Settled	Withdrawal under Section 12 A	Approval of RP	Commencement of Liquidation	Total	
Manufacturing	**3068**	**431**	**442**	**545**	**1112**	**2530**	**538**
Food, Beverages & Tobacco Products	395	47	58	66	148	319	76
Chemicals & Chemical Products	335	57	66	56	104	283	52
Electrical Machinery & Apparatus	217	27	23	29	99	178	39
Fabricated Metal Products	163	25	28	27	52	132	31
Machinery & Equipment	335	62	58	39	112	271	64
Textiles, Leather & Apparel Products	521	61	78	74	221	434	87
Wood, Rubber, Plastic & Paper Products	358	48	51	71	123	293	65
Basic Metals	509	62	46	136	185	429	80
Others	235	42	34	47	68	191	44
Real Estate, Renting & Business Activities	**1823**	**334**	**280**	**190**	**509**	**1313**	**510**
Real Estate Activities	527	106	78	58	81	323	204
Computer and related activities	241	30	41	20	90	181	60
Research and Development	11	2	3	1	2	8	3
Other Business Activities	1044	196	158	111	336	801	243
Construction	**995**	**192**	**159**	**146**	**210**	**707**	**288**
Wholesale & Retail Trade	**834**	**112**	**79**	**79**	**368**	**638**	**196**
Hotels & Restaurants	**169**	**34**	**27**	**31**	**43**	**135**	**34**
Electricity & Others	**228**	**29**	**21**	**51**	**89**	**190**	**38**
Transport, Storage & Communications	**226**	**26**	**25**	**23**	**96**	**170**	**56**
Others	**965**	**118**	**121**	**129**	**331**	**699**	**266**
Total	**8308**	**1276**	**1154**	**1194**	**2758**	**6382**	**1926**

Note: The distribution is based on the CIN of corporate debtors and as per National Industrial Classification (NIC 2004).
Source: Insolvency and Bankruptcy Board of India (IBBI).

Table 3.10: Outcome of CIRPs, Initiated Stakeholder-wise
(as on March 31, 2025)

Outcome	Description	CIRPs initiated by				
		Financial Creditor	Operational Creditor	Corporate Debtor	FiSPs	Total
Status of CIRPs	Closure by Appeal/ Review/ Settled	402	863	11	0	1276
	Closure by Withdrawal u/s 12A	343	803	8	0	1154
	Closure by Approval of RP	725	383	82	4	1194
	Closure by Commencement of Liquidation	1290	1172	296	0	2758
	Ongoing	1133	678	114	1	1926
	Total	**3893**	**3899**	**511**	**5**	**8308**
CIRPs yielding RPs	Realisation by FCs as per cent of Liquidation Value	187.0	128.0	144.9	134.9	170.1
	Realisation by FCs as per cent of their Claims	33.2	25.2	18.1	41.4	32.8
	Average time taken for Closure of CIRP (days)	723	724	577	677	713
CIRPs yielding Liquidations	Liquidation Value as per cent of Claims	5.3	8.2	8.1	-	6.0
	Average time taken for Closure of CIRP (days)	518	511	455	-	508

Note: FiSPs = Financial service providers. A "Financial service provider" means a person engaged in the business of providing financial services (other than banks) in terms of authorisation issued or registration granted by a financial sector regulator.
Source: Insolvency and Bankruptcy Board of India (IBBI).

realisable value through RPs does not include (a) possible realisation through corporate and personal guarantors and recovery against avoidance transactions; (b) the CIRP cost; and (c) other probable future realisations, such as increase in value of diluted equity and funds infused into the corporate debtor, including capital expenditure by the resolution applicants. About 40 per cent of the CIRPs that yielded resolution plans were defunct companies. In these cases, the claimants have realised 152 per cent of the liquidation value and 19 per cent of their admitted claims.

3.48 Till March 2025, the total number of CIRPs ending in liquidation was 2,758, of which final reports have been submitted for 1,374 corporate debtors. These corporate debtors together had outstanding claims of ₹4.27 lakh crore, but the assets were valued at only ₹0.16 lakh crore. The liquidation of these companies resulted in realisation of 90 per cent of the liquidation value. The 1,194 CIRPs which have yielded resolution plans till March 2025 took an average of 597 days for conclusion of process, while incurring an average cost of 1.2 per cent of liquidation value and 0.8 per cent of resolution value. Similarly, the 2,758 CIRPs, which ended up in orders for liquidation, took an average 508 days for conclusion.

III.3.5 Developments in International Financial Services Centre (IFSC)

3.49 To establish a world-class regulatory framework for firms operating in GIFT-IFSC, the International Financial Services Centres Authority (IFSCA) has issued 35 new regulations and 16 frameworks since 2021 which are aligned with international best practices. As of end-March 2025, the total number of registrations/ authorisations given by IFSCA has reached 865.

3.50 Nearly 161 Fund Management Entities (FMEs) registered in IFSC have launched 229 Funds (AIFs) with a total targeted corpus of US$ 50 billion. In terms of exchanges at IFSCA, the monthly turnover on GIFT IFSC Exchanges was US$ 95.30 billion in March 2025, whereas the average daily turnover of NIFTY derivative contracts on NSE International Exchange (NSE IX) was US$ 4.53 billion in the same period. A total of US$ 63.68 billion debt securities has been listed on the IFSC exchanges including US$ 15.43 billion of green bonds, social bonds, sustainable bonds and sustainability-linked bonds till March 2025.

3.51 The banking ecosystem at GIFT-IFSC comprises 29 banks (IFSC banking units), including 13 foreign banks, 16 domestic banks and one multilateral bank offering a wide spectrum of financial services. In addition to the banking units, two Global Administrative Offices (GAOs) are already operational in IFSC. The total banking asset size has grown from US$ 14 billion in September 2020 to US$ 88.7 billion in March 2025. The cumulative banking transactions have grown from US$ 53 billion in September 2020 to US$ 1.24 trillion till March 2025.

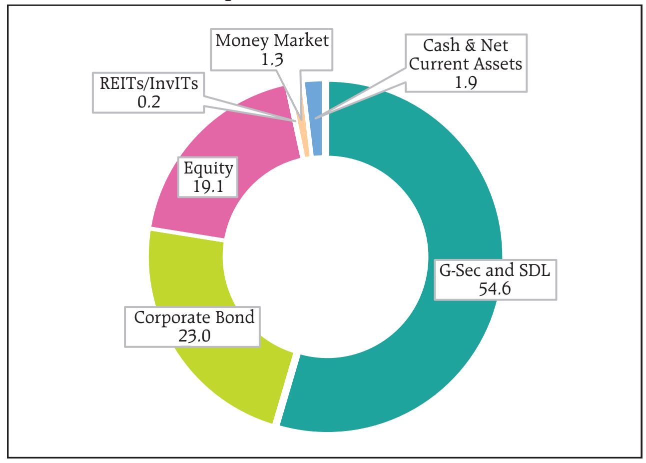
3.52 The India International Bullion Exchange (IIBX), a vibrant gold trading hub, has seen transactions and imports amounting to 101 Tonnes of Gold (equivalent to US$ 8.46 billion) and 1,147.98 Tonnes of Silver (equivalent to US$ 927 million). The registered aircraft leasing entities in GIFT-IFSC have grown to 33, while the total registered ship leasing/ ship financing entities have grown to 24 till March 2025.

III.3.6 Pension Funds

3.53 The National Pension System (NPS) and Atal Pension Yojana (APY) have steadily grown, with increases in both subscriber count and assets under management. As of March 31, 2025, in terms of number of subscribers, NPS and Atal Pension Yojana (APY) have shown a growth of 14.2 per cent since March 2024, whereas the asset under management (AUM) has recorded a growth of 23.1 per cent in the same period. The combined subscriber base under NPS and APY has reached 8.4 crore in March 2025, with an AUM of ₹14.4 lakh crore (Chart 3.2), which is primarily invested in fixed income instruments (Chart 3.3).

Chart 3.3: NPS and APY AUM: Asset Class-wise Bifurcation

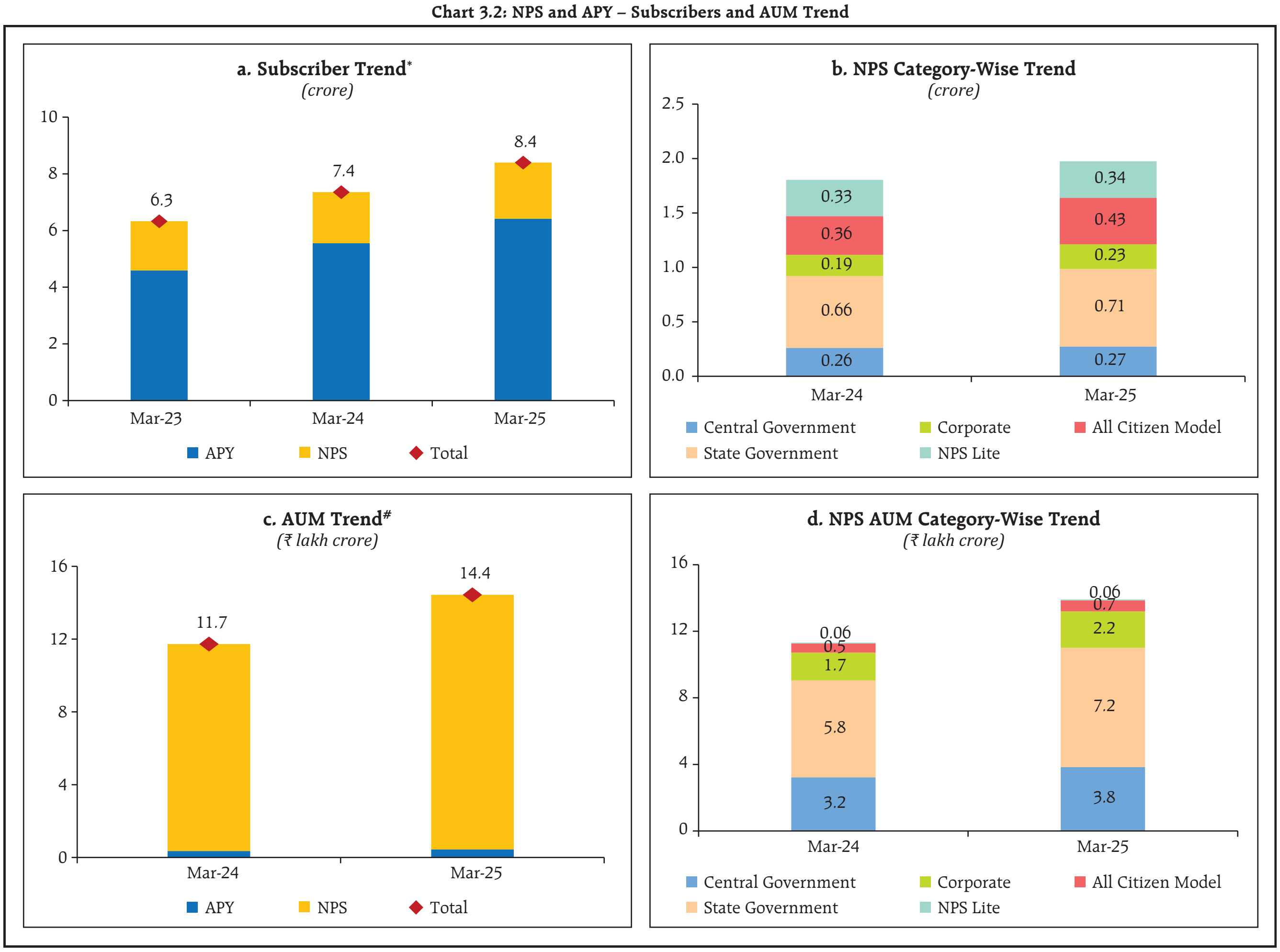
(per cent of Total AUM)



Source: PFRDA.

3.54 The Unified Pension Scheme (UPS) as an option under NPS, was issued by the Department of Financial Services *vide* Notification dated January 24, 2025. In terms of Para 15 of the said notification, the PFRDA *vide* Gazette notification dated 19th

Chart 3.2: NPS and APY – Subscribers and AUM Trend



Note: 1. * The total includes subscribers under NPS Vatsalya.

2. # The total also includes AUM from Tier II, TTS and NPS Vatsalya.

Source: PFRDA.

March 2025 has issued PFRDA (Operationalisation of the Unified Pension Scheme under NPS) Regulations, 2025 and Central Recordkeeping Agencies has rolled out the processes for subscribers who are desirous of exercising choice of UPS.

III.3.7 Insurance

3.55 The life insurance sector has witnessed steady growth in premium income over the years, driven by factors such as increasing disposable incomes, regulatory reforms, improved ease of doing business and greater public awareness about the importance of insurance. The total insurance premium collected by life insurers increased to ₹8.7 lakh crore in 2024-25 from ₹8.3 lakh crore in 2023-24, registering a growth rate of 5.2 per cent. Similarly, new business premium of life insurance industry rose by 5 per cent, reaching ₹4.0 lakh crore in 2024-25 from ₹3.8 lakh crore in 2023-24. The total premium underwritten by general and health insurers reached ₹3.1 lakh crore in 2024-25 exhibiting a 6.2 per cent growth. Among various lines of business, the health insurance segment (which includes Overseas Medical Insurance) has experienced significant growth of 9 per cent.

3.56 The IRDAI (Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority) Regulations, 2025 consolidate and replace the following three regulations: a) IRDA (Sharing of Confidential Information concerning Domestic or Foreign Entity) Regulations, 2012; (b) IRDAI (Maintenance of Insurance Records) Regulations, 2015; and (c) IRDAI (Minimum Information Required for Investigation and Inspection) Regulations, 2020. These consolidated regulations mandate electronic record-keeping with robust security and privacy measures, require regulated entities to adopt data governance framework and implement Board approved policies for record maintenance.

3.57 IRDAI has issued comprehensive guidelines allowing insurers to use equity derivatives to hedge their equity investment portfolios, thus safeguarding the market value of insurers' equity holdings by mitigating the impact of market volatility. Further, IRDAI has introduced a new facility called "Bima Applications Supported by Blocked Amount" (Bima-ASBA). Under this mechanism, funds are blocked in the prospect's bank account via a one-time UPI mandate and are transferred to the insurer only upon policy issuance. If the proposal is not accepted, the blocked amount is released, ensuring greater transparency and trust in the policy purchase process.