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संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

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**RBI simplifies Communication Process:
Issues Comprehensive Master Directions, to begin with on Forex**

The Reserve Bank of India today issued [17 Master Directions](#) covering foreign exchange transactions. Master Directions on foreign exchange being issued today consolidate relevant A.P (DIR Series) Circulars issued so far within the ambit of the relevant regulations, amended up to date and cover different classes of transactions permitted under the rules and regulations framed under the Foreign Exchange Management Act, 1999 (FEMA).

Master Directions on foreign exchange matters deal with the manner in which an authorised person should conduct cross border/forex transactions. The Reserve Bank frames regulations in respect of capital account and trade transactions in terms of Sections 6, 7, 8, 9, 10 and 47 of FEMA whereas the Government of India frames rules in respect of current account transactions and compounding proceedings. Further, in terms of section 3 of FEMA, all cross border and/or foreign exchange transactions are to be conducted through a person authorised to do so under section 10 of FEMA. The Reserve Bank of India thus issues directions [through A.P. (DIR Series) Circulars] to the Authorised Persons under section 11 of FEMA in regard to the manner of conducting these transactions with their customers/ constituents.

It may be recalled that Governor Dr. Raghuram G. Rajan had, in the [Fourth Bi-monthly Monetary Policy Statement, 2015-16 announced on September 29, 2015](#) (Para 29) stated that “the Reserve Bank will update all its master regulations, and streamline the required procedure for compliance with the regulations by January 1, 2016. All master regulations will be fully updated and placed online. The Reserve Bank will also work to improve clarity in regulatory communications.”

Accordingly, beginning January 2016, the Reserve Bank will issue Master Directions on all regulatory matters. The Master Directions to be issued will consolidate instructions on rules and regulations framed by the Reserve Bank under various Acts including banking issues and foreign exchange transactions. The process of issuing Master Directions involves issuing one Master Direction for each subject matter covering all instructions on that subject. Any change in the rules, regulation or policy will be communicated during the year by way of circulars. The Master Directions will be updated suitably and simultaneously whenever there is a change in the rules/regulations or there is a change in the policy. All the changes will get reflected in the Master Directions available on the RBI website along with the dates on which changes are made. Explanations of rules and regulations will be issued by way of Frequently Asked Questions (FAQs) after issue of the Master Directions in easy to understand language wherever necessary. The existing set of Master Circulars issued on various subjects will stand withdrawn with the issue of the Master Direction on the subject.