

# A Critical Re-Examination of India's Foreign Exchange Control Regime

SOUDITI BERA<sup>1</sup>, SHRUTI PODDAR<sup>2</sup>

<sup>1,2</sup>Amity University

*Abstract- The foreign exchange control regime in India has experienced a radical change in the form of a restrictive and conservationist regime established by the Foreign Exchange Regulation Act (FERA), 1973 to the liberalized and facilitative regime that is provided by the Foreign Exchange Management Act (FEMA), 1999. The paper critically analyzes the development, institutional form, legal framework, and practical efficiency of the foreign exchange regulation of India in the globalization and economic reforms. Using the information provided by the Reserve Bank of India, the research points at the fact that the reserves of foreign exchange increased dramatically, the inflows of foreign direct investments became more substantial, and the resilience of the external sector improved. Nevertheless, in spite of these successes, there are still various challenges like regulatory complexity, overlapping jurisdiction, inefficiencies in enforcement, and partial convertible of capital account. This paper also examines judicial interpretations, compares the regulatory approach used in India with the international practice, and assesses new issues like digital currencies and financial globalization. It ends with suggestions of overall reforms that will make the financial system more transparent, and easier to comply with, make the different institutions more coordinated and make the system more adaptable in a constantly changing global financial landscape.*

## I. INTRODUCTION

The regulation of foreign exchange is a crucial element in determining the economic stability of a country, especially at the current time when there is greater globalization and financial interdependence. To a developing economy such as India, foreign exchange management plays a very important role in the stability of balance of payments, and the ease of trade, foreign investment and the macroeconomic stability. The foreign exchange control regime in India has experienced a remarkable change over the decades, associated with the overall changes in economic policy and global integration.

India all along had been pursuing a rigorous course of foreign exchange management which had been based on the fear of the lack of foreign currency and the necessity of economic independence. This strategy was reflected in the Foreign Exchange Regulation Act (FERA), 1973 which provided tight restrictions against foreign exchange dealings, investments, and cross-border financial flows. But the failure of this model was also visible when the balance of payments crisis of 1991 showed the structural flaws in the Indian economy and the need to effect wide-scale economic reforms.

Indian economic policy changed in 1999 with the change in FERA to FEMA. FEMA came up with a more liberal and facilitative structure, which emphasized management as opposed to control of foreign exchange. This change brought India in line with the international economic trends and to a large extent; it became more integrated in the international financial system.

The effects of this change are highlighted by empirical data. The Reserve Bank of India states that the foreign exchange reserves of India increased to more than 600 billion in 2024, which was more than 5.8 billion in 1991 (Reserve Bank of India, 2024). On the same note, the foreign direct investment (FDI) inflows have been on the rise by a significant margin due to the renewed investor confidence and liberalization in the policies. These advances show that the strategy of managing foreign exchange of India is successful in contributing to the improvement of economic stability and economic growth.

Although these have been achieved, there are a number of challenges. The regulatory system remains complicated and there are regular amendments and overlapping jurisdictions among the regulatory bodies. The mechanisms of enforcement are subject

to delays and inconsistency and the transactions of the capital account are partially regulated. Moreover, new challenges confronting policymakers include new phenomena like digital currencies, the emergence of fintech, and international financial instability.

The aim of the paper is to critically revisit the foreign exchange control regime in India through the examination of its history and the development, law, and institutional framework, and performance. It also assesses judicial interpretations, compares the practice in India with what is done internationally and suggests reforms to enhance efficiency and flexibility of the system.

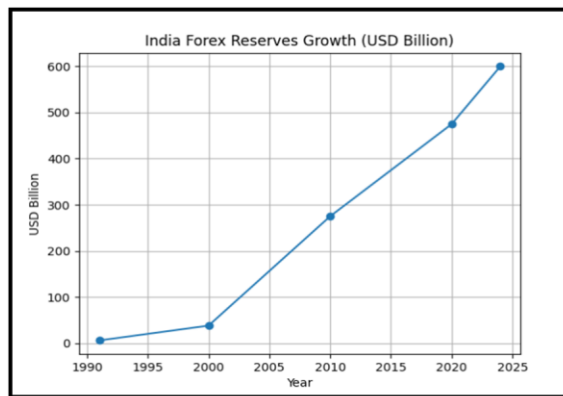


Figure 1: Growth of India's Foreign Exchange Reserves (1991–2024)

Source: Reserve Bank of India (2024)

## II. LITERATURE REVIEW

The shift of the foreign exchange control regime in India has been a well-debated topic in policy and academic literature. Researchers have looked at the change of a restrictive to liberalized structure as a part of the wider economic reforms in India that began in the early 1990s. Jalan (2003) states that the substitution of FERA by FEMA is a basic shift in policy orientation, which focuses on economic growth and integration rather than conservation and control. He also points out that liberalization of foreign exchange regulations has been useful in enhancing the performance of the Indian external sector.

Bhagwati (1998) argues that trade liberalization is vital in ensuring efficiency and competitiveness in

the economy. He contends that the controls used by the foreign exchange to restrict the economy negatively impact the growth by blocking global access to the markets and resources. On the same note, Mohan (2007) observes that the slow pace of capital account liberalization in India has allowed the country to sustain its financial stability and to enable greater integration with the rest of the world.

The implications of FEMA have also been examined by legal scholars. In contrast to FERA, which was marked by strict implementation and criminal prosecution, FEMA implements a civil law approach, which concerns compliance and facilitation. Nevertheless, the opponents claim that the continuing nature of regulatory complexity and discretionary authority compromises the efficiency of the regime (Rajan, 2015).

The Reserve Bank of India reports always focus on the need to strike a balance between liberalization and stability. The Economic Survey (Government of India, 2023) emphasizes the fact that the judicious foreign exchange management has helped the Indian economy to cushion against foreign shocks, especially the occurrence of global financial crises.

The literature, on the whole, indicates that, although the foreign exchange regime in India has made substantial progress, there must be continuous reform in order to deal with the new challenges and enhance regulatory efficiency.

## III. LEGAL & POLICY FRAMEWORK

The foreign exchange control regime in India is regulated through the Foreign Exchange Management Act, 1999 (FEMA) which is a radical change in terms of regulatory thinking as compared to the previous Foreign Exchange Regulation Act (FERA), 1973. Whereas FERA focused on tight control and preservation of foreign exchange resources, FEMA takes a more liberal and facilitative position with the aim of addressing the management of foreign exchange in such a way that it remains in line with the requirements of a developing and internationally integrated economy. The essence of FEMA is to bring about external trade/payments and also to promote the orderly development and management of foreign exchange markets in India (Government of

India, 1999). This change of control to management is an indicator of a shift in India to the market-driven economic structure after the liberalization reforms of 1991.

The FEMA institutional framework is multi-layered and this includes major regulatory institutions that coordinate the operations of the foreign exchange regime. In this system, the Reserve Bank of India assumes a leading and pivotal role. Included in the mandate of the RBI as the monetary authority in the country is the administration of FEMA laws, giving instructions to the licensed dealers including banks, and overseeing foreign exchange operations. It also controls foreign exchange reserves of India and interferes with the currency markets in order to ensure stability of exchange rates. Besides that, the RBI develops policies associated with transactions involving the capital account such as foreign direct investment (FDI), external commercial borrowings (ECBs), and portfolio investments. The RBI presents a clear picture of its operations and directions to the market actors by issuing regular circulars and notifications.

The Central Government, as an addition to the role of the RBI, has the over-riding policy making authority under FEMA. It can dictate regulations on foreign exchange transactions, especially, capital account transactions that are deemed sensitive because of the effects they may have on the financial stability. The government also sets the sectoral limits and requirements of foreign investment thus defining the overall investment environment in the nation. The Enforcement Directorate is another important institution that investigates the violations of FEMA and provides compliance. The Enforcement Directorate investigates judge's fines and takes enforcement measures against individuals and organizations that are detected to be violating the foreign exchange regulations.

Among the characteristics of FEMA is categorizing foreign exchange transactions as current account and capital account transactions. Payments made on international trade in goods and services, remittances used personally, travel, and educational payments are all current account transactions. These are highly liberalized transactions where people and business

organizations are able to transact across countries without much interference by regulatory authorities. This liberalization has boosted the growth of trade and improved the assimilation of India in the global economy. On one hand, capital account transactions are transactions that change the assets and liabilities between borders which include foreign investments, loans and purchase of immovable property. The transactions are regulated as they may largely affect exchange rates, financial stability, and capital flows. The foreign exchange policy framework of India has been gradually liberalized over the years especially in the area of foreign investment. The government has increasingly been liberalizing its restrictions on FDI, permitting increased foreign control in a range of industries, including manufacturing, telecommunications as well as retail. Equally, the model of external commercial borrowings has been streamlined to help the Indian companies access the global capital markets more effectively. Nevertheless, some sectors such as defense and media are still under stricter regulations because of the strategic aspects.

Regardless of these developments, the policy and legal framework of FEMA is still complicated and fragmented. The presence of various regulations, rules, and circulars by various authorities brings about a stratified regulatory framework that may be challenging to the stakeholders to navigate. These regulations are constantly changed and make it more complex, with compliance being a difficult task to do by both businesses and individuals. This complexity highlights the need to harmonize and simplify foreign exchange regulations to make them more transparent and easier to conduct business.

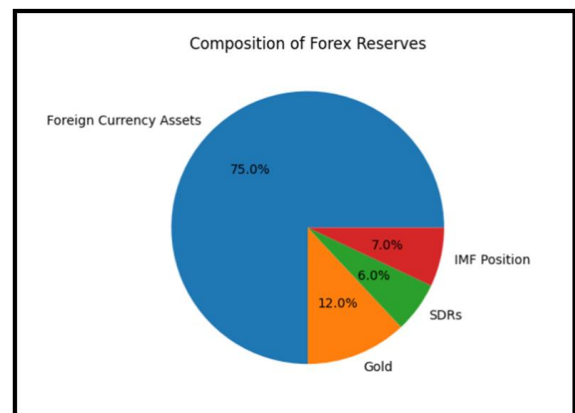


Figure 3: Composition of India's Forex Reserves  
Source: RBI Handbook of Statistics (2024)

#### IV. CRITICAL ANALYSIS

On a critical analysis of the foreign exchange control regime in India, one will find a delicate scenario that has had both marked successes and consistent failures. The liberalization and economic integration that began with the development of the FERA into FEMA were progressive, and it has hence been positive in the sense that foreign investment increased, trade flows improved, and external sector stability improved. Nevertheless, the efficiency of the regime should be measured not only based on those outcomes but also based on how its organizational integrity, regulatory efficiency, and response to the new economic realities.

The fact that FEMA is a facilitative organization is one of the biggest advantages of this agency that can be juxtaposed to the restrictive style of FERA. The fear and uncertainty related to regulatory compliance has been minimized by decriminalizing violations and the replacement of criminal sanctions with civil sanctions through FEMA. This has promoted more international trade and investment activities hence economic growth. The effectiveness of the given strategy can be confirmed by the fact that the number of foreign exchange reserves is constantly growing according to the reports made by the Reserve Bank of India. The external sector is also a strong and stable one as the forex reserves of India, which were only 5.8 billion in 1991, have increased to more than 600 billion in the recent years (Reserve Bank of India, 2024).

FEMA has another success attribute that is the liberalization of current account transaction. The experimentation of cross border transactions has provided businesses and individuals with significant freedom in the execution of business operations and it has made trade growth easier besides making the markets accessible across the globe. This increment in the inflows of foreign direct investment also lends credence to the success of the foreign exchange policy in India in terms of drawing international capital. India has also increased in terms of competitiveness in regards to investment destinations within this liberalized environment.

As much as they have these strong points, there are still a number of challenges that are working against the effectiveness of the regime. The complexity of regulatory framework is one of the most eminent problems. The fragmentation of the system has been caused by the numerous rules and regulations and circulars that different authorities come up with to make the system hard to navigate. The complexity does not only make compliance more costly, it also brings about uncertainty to businesses, especially to the small and medium enterprises that might not be in a position to handle regulation requirements properly. The common changes to regulations also complicate this issue even more, because stakeholders have to adjust to the requirements of the legal system regularly.

Another serious challenge is the enforcement inefficiencies. Although FEMA tries to encourage the actions of compliance based on a civil law line of approach, delays in judgment adjudication and lack of openness in enforcement initiatives may sabotage its effectiveness. The Enforcement Directorate has been criticized to have slow processes and failure to enforce the rules consistently. This kind of inefficiency may present a climate of uncertainty and deter investment.

The fact that the capital account is partially convertible also attracts policy-related issues. Although ensuring that the capital flows do not leak out quickly, causing the economy to be vulnerable to abrupt leaks and financial crisis, the same restricts the acceptance of India into the world financial markets. More liberalized capital account would be beneficial in terms of availing international capital and financial efficiency although it would necessitate effective regulatory measures to contain the risks.

Otherwise, the new financial technologies, such as digital currencies and fintech platforms, create even more difficulties to the current regulatory system. FEMA as it is currently constituted does not have all resources to deal with such developments and that is why modernization and regulatory innovation is necessary. In general, the regime of foreign exchange control in India has achieved much but it requires a

comprehensive approach towards reforms to counter the structural and operational constraints.

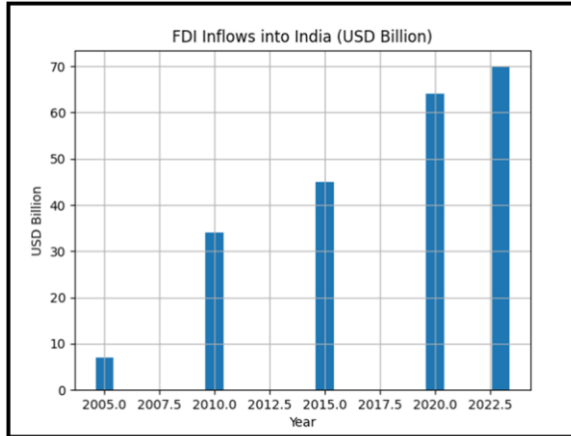


Figure 2: Foreign Direct Investment Inflows into India

Source: RBI Annual Report (2024)

## V. CASE LAWS

In interpreting the boundaries of the foreign exchange control regime in India, judicial interpretation has been a key factor especially in the process of revising strict measures as provided by the Foreign Exchange Regulation Act (FERA), 1973 into the liberalized regime under the Foreign Exchange Management Act (FEMA), 1999. In India, the courts have been trying to reconcile the goals of regulatory enforcement with the values of fairness, proportionality and facilitation of the economy. The judiciary has helped in the development of the foreign exchange jurisdiction through a number of landmark rulings.

The case that has commanded among the most important cases in this field is *Standard Chartered Bank v. Directorate of Enforcement* (2005) 4 SCC 530. Here, the Supreme Court dealt with the question on whether criminal prosecution of corporate entities due to violations of FERA appeared to be feasible. Although the case was instituted in the FERA regime, it had implications in the FEMA paradigm. The Court maintained that companies were, in fact, prosecutable, and has the power to penetrate them in the case of foreign exchange violations. This case was a significant move in strengthening the move towards a more balanced and equitable enforcement mechanism.

The other landmark case is the one of *Directorate of Enforcement v. MCTM Corporation Pvt. Ltd.* (1996) 2 SCC 471, in which the Supreme Court made it clear that such concept or criminal intent is not a prerequisite in the process of enforcing penalties based on foreign exchange laws. The Court believed that breaching the statutory duties under the rules of foreign exchange might be punishable in absence of any intention and hence creating the principle of strict liability. This ruling has endured on the application of FEMA because it focuses on the compartmentalization instead of intent and predisposes individuals and entities to comply with the requirements of the regulations.

In *Life Insurance Corporation of India v. Escorts Ltd.* (1986) 1 SCC 264, the Supreme Court was confronted with the problems of foreign investment and regulatory control. In spite of the fact that the court ruling was made due to FERA, its principles are still used to interpret FEMA. The Court noted that foreign investment in economic development was very important although it did not deny the government the right to control it in the interest of the country. This ruling shows the fine line between promoting foreign capital inflow, and control of the regulation.

Another significant case which has indirect influence on the regulation of foreign exchange is the case of *Union of India v. Azadi Bachao Andolan* (2004) 10 SCC 1. The moat in promoting foreign investment through treaty routes was the Supreme Court acceptance of the validity of the Double Taxation Avoidance Agreement (DTAA) between India and Mauritius. This ruling strengthened the validity of government actions to encourage foreign investment and a statement judicial approval of economic liberalization.

Also, in the case of *Hindustan Lever Ltd. v. State of Maharashtra*, the courts observed the provisions relating to compliance by the laws and regulations regarding foreign exchange and referred to the cruciality of observing the statutory provisions. The verdict indicated that there is a necessity in regulatory enforcement, especially in situations where multinational companies are considered.

Later decisions by FEMA have been made on procedural fairness and the rights of individuals and entities who are the subjects of actions of the enforcement. The courts have pointed out that even though compliance with regulations is crucial, the enforcement institutions need to be within the scope of law and the process transparency. The Enforcement Directorate has been reviewed in various aspects and the courts have demanded more accountability and observance of due process by the office.

On the whole, the use of judicial discretion of foreign exchange regulation in India indicates an application of pragmatism between enforcement and facilitation. Although strict compliance has been recognized, courts have made sure that, enforcement measures have been just, proportionate and aligned to the principles of natural justice. The success and accuracy of Indian foreign exchange control regime are still vulnerable to this developing jurisprudence.

#### VI. COMPARATIVE PERSPECTIVE

A comparative study of the foreign exchange control regime in India offers important insights into the strong points, weaknesses and possible areas of improvement. The policies of foreign exchange regulation in different countries vary depending on the economic priorities, institutional capacities and financial development of the countries. Analyzing the regulatory systems of the leading economies like the United States and China, one can possibly get a better idea of where India is in the global financial system.

The Federal Reserve System is one of the most liberalized foreign exchange regimes in the world. In the US, the foreign exchange deals are mostly market-oriented and there is not much direct intervention of the control bodies. The transactions involving capital account are completely convertible and there are no restrictions on the movement of capital across the borders. This extreme liberalization fosters efficiency, improves liquidity, and global integration. Nevertheless, it also subjects the economy to more volatility as seen during the times of financial crises like the 2008 global financial meltdown. The U.S. model bases much on the effective financial institutions, effective regulatory

frameworks, and sound capital markets to cope with these risks.

Conversely, China adopts a tightly regulated policy towards the regulation of foreign exchange, and this is mainly controlled by the State Administration of Foreign Exchange. Capital account transactions by the Chinese government are highly regulated to ensure that the flow of money into and out of the country is curtailed to avoid financial instability. This has made China have a stable exchange rate and cushion its economy against external shocks. Nonetheless, it also curtails financial transparency and reduces the capacity of the local companies to tap into international capital markets. Chinese model shows that the Chinese prefer stability and state control rather than efficiency in the market.

The foreign exchange control regime in India is in an intermediate position between the two extremes. The nation has assumed a middle ground where it has embraced some aspects of liberalization and regulation. Most of the transactions in the current account are highly liberalized and therefore businesses and people are able to trade and conduct financial transactions in the international markets with ease. Concurrently, capital account operations are controlled partially to ensure that it prevents unnecessary volatility and financial instability.

This has been a measured strategy that has worked in favor of India in ensuring that the country remains afloat in its economy as it slowly adapts to the global financial framework. The high growth rate in the foreign exchange reserves reported by the Reserve Bank of India is a pointer of the success of this strategy. The regulatory framework has proved to be resilient because India has evaded the major financial crises and immense foreign investment.

Nevertheless, the hybrid regime of India also has some challenges. Liberalized and controlled factors may coexist and introduce complexity and uncertainty to market players. Investors might not easily try to manoeuvre the regulation environment, especially with regard to capital account transactions. Besides, the fact that the capital account can be partially converted restricts the ability of India to be integrated in full into the world financial markets.

The regulatory framework in India is relatively conservative as compared to developed economies. Although this conservatism does offer certain level of protection against external shocks, it can also be a drawback in a long-term growth as it limits the availability of global capital. Striking the appropriate balance between liberalization and regulation is one of the most important policies to India.

## VII. CHALLENGES & REFORMS

The foreign exchange control system of India encounters multiple difficulties because of the current complex changes that affect the global financial system. The transition from FERA to FEMA accomplished substantial progress yet existing structural problems and operational shortcomings still reduce the regulatory system's effectiveness. Efficient operations and transparent systems need to be urgently reformed through comprehensive solutions that let organizations adapt to new business settings.

The regulatory system presents its most difficult challenge through its complicated framework design. The system becomes unmanageable because different authorities maintain multiple legal documents which include rules and regulations and circulars and notifications. The complicated system forces enterprises to spend more money on compliance while creating business uncertainty that particularly affects small and medium enterprises. The business environment needs improvement through regulatory system simplification which should involve unifying different guidelines into a single easy-to-understand framework.

The enforcement system base faces its main difficulty through its existing operational flaws. The regulatory system loses its trustworthiness because of enforcement problems which include delays in decision-making and enforcement actions that lack public visibility. People have repeatedly criticized the Enforcement Directorate because its procedures take too much time and its enforcement practices show uneven implementation of established regulations. The solution to these problems requires organizations to enhance their operational capabilities through better inter-agency collaboration while using technological solutions.

The partial convertibility of the capital account creates major difficulties for the system. The economy benefits from capital flow controls which protect against sudden outflows but their implementation leads to reduced financial integration that stops people from accessing international capital markets. The system requires secure regulatory measures to enable gradual capital account transaction opening because it will drive economic growth and financial performance improvements.

Digital currencies and fintech platforms and their emerging technologies create additional regulatory framework challenges which require new solutions. The rapid growth of these technologies has outpaced the development of regulatory mechanisms which creates oversight and enforcement gaps. FEMA needs to update its regulations to include technology-based regulatory tools which will help close existing regulatory gaps.

The process of handling foreign exchange becomes more difficult because of two factors which include global economic uncertainty and capital flow instability. The external shocks which include geopolitical tensions and trade disruptions and financial crises create major effects on both exchange rates and capital movement. The process of risk reduction needs both stronger macroeconomic fundamentals and sufficient foreign exchange reserves to succeed.

The required reforms should focus on three areas which include increasing transparency and making compliance processes easier and using technology to enhance regulatory efficiency. Digital platforms enable organizations to report and monitor their foreign exchange transactions which results in faster processing times and better system performance. The Reserve Bank of India should work together with other regulatory agencies to create better policy coordination which will lead to more effective enforcement of rules.

## VIII. ROLE OF TECHNOLOGY AND DIGITALIZATION

The high rate of technological change and growing digitalization of the financial system have radically

reshaped the environment of foreign exchange regulation in India to a large extent. Over the past few years, the convergence of digital platforms, fintech innovation and the use of data-driven regulatory instruments has transformed the way foreign exchange transactions are being carried out, monitored and applied. The consequences of this change are significant to the effectiveness, transparency and flexibility of the foreign exchange control regime in India.

The introduction of online payment systems and online banking facilities is one of the most significant changes in this respect and has contributed to the even quicker and more effective transactions across the border. Such systems have minimized transaction costs, increased accessibility and the overall efficiency of foreign exchange markets. Major tools that have been employed by the Reserve Bank of India to facilitate digitalization revolve around initiating activities like electronic reporting systems and automated compliance systems. These tools allow real-time tracking of the foreign exchange transactions, and enhance regulation.

The innovation rate in the foreign exchange market has further increased due to the emergence of fintech companies. Digital remittances, currency exchange, and cross-border payments are some of the services provided by fintech platforms, and they are often cheaper and more convenient than conventional banking systems. Although these innovations have made the industry more financially inclusive and efficient, they also create regulatory challenges. Fintechs are decentralized, which may make it hard to keep track of their activity and make sure that the transactions are within the current legislation.

Emerging digital currencies, specifically crypto currencies and central bank digital currencies (CBDCs) are another major change. Crypto currencies are outside the conventional financial system and do not apply to the traditional financial distribution controls applied to conventional money. This poses a possible threat of money laundering, capital flight and financial turmoil. To this, the Reserve Bank of India has assumed a conservative stance, pointing at the necessity of effective regulatory framework to deal with such risks.

Concurrently, the RBI has discussed the possibility of launching a CBDC dubbed the digital rupee that will offer a safe and controlled option compared to the privately issued crypto currencies.

The enforcement agencies have also improved through the use of technology. Data analytics, artificial intelligence, and machine learning will help the regulator to identify suspicious transactions, patterns of non-compliance, and enhance the effectiveness of enforcement activities. Digital tools have increasingly played an important part in the Enforcement Directorate in conducting investigations into contravention of foreign exchange rules and enhance compliance windows.

In spite of these developments, there are various challenges that face the use of technology in the regulation of foreign exchange. Among the most important is the necessity of revising the current legal environmental frameworks to modernize them so that they would adapt the new technologies. The 1999 enacted FEMA is not quite responsive to the intricacies of digital transactions and new financial plays. This leads to loopholes in the regulation and shows the necessity of the legislative changes.

One more issue is that of maintaining data privacy and security in online transactions. Because the transaction of foreign exchange is becoming more digitalized, the threat of cyber attacks and data breach is growing as well. The regulators should establish strong cybersecurity laws that will ensure that sensitive financial data are not compromised resulting in loss of confidence in the system.

Moreover, technological change is very rapid, and therefore, regulatory authorities have to keep with the changes. The policymakers have to balance between fostering innovation and regulation. An over-regulation may be a deterrent to innovation, whereas a lack of regulation would put the financial system in danger.

To sum up, technology and digitalization have already become the part of foreign exchange control regime in India. Even though they present important opportunities to enhance efficiency and transparency, new challenges are emerging, and they should be managed carefully. Through revising the legal

systems, improving the regulatory capabilities, as well as capitalizing on the advanced technologies, India can make their foreign exchange regulation act more effectively and enables them to remain pertinent in a quickly changing financial environment worldwide.

## IX. CONCLUSION

India has changed its foreign exchange control system since the 1940s when it operated under Foreign Exchange Regulation Act. Now the country uses Foreign Exchange Management Act to manage its foreign exchange operations.

The economic transformation of India occurs through two main processes: economic reform efforts and the country's growing participation in international financial markets. The shift from criminalization to facilitation has not only improved compliance but also enhanced the country's attractiveness as an investment destination.

The foreign exchange management strategy of India shows success through its foreign exchange reserves growth which the Reserve Bank of India has documented. India has developed into a country with substantial foreign exchange reserves which enable it to handle external shocks after starting with foreign exchange shortages in the early 1990s. The growing foreign direct investment inflows demonstrate global investors' trust in India's economic policies and regulatory system.

The current system faces several difficulties which need to be resolved. The system's operational capabilities are restricted by three factors which include complicated regulatory procedures and enforcement problems and the system's limited ability to convert capital. The solution of these problems needs to use both market opening and responsible oversight as their main strategy. The first step toward this goal needs to be done through three actions: legal framework simplification and transparency improvement and institutional coordination enhancement.

The notion of increased interconnectedness of the global financial markets due to the development of

new financial technologies and the necessity of flexibility in the regulation of the foreign exchange further reinforces the issue of flexibility in the regulation of the foreign exchange. It is important that the regulatory framework should be changed according to these developments by policymakers without affecting the stability and confidence of investors.

To sum it all, the foreign exchange control regime in India has been advanced to a great extent and yet there is a lot to be improved. India can enhance its role in the global financial system and realize sustainable economic growth by being proactive and focusing on efficiency, transparency, and innovation as its core guiding principles.

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