



December 2021 FEDAI NEWS LETTER

Monetary Policy Statement dated December 08th, 2021

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52687

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52688

Status quo:

MPC decided unanimously to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0%. Consequently, the reverse repo rate under the LAF and marginal standing facility (MSF) rate remained unchanged at 3.35 & 4.25 %, respectively.

The MPC also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. One member, Prof. Jayanth R. Varma expressed reservations on this part of the resolution.

RBI, with a view to provide operational flexibility to banks, decided that banks meeting the regulatory capital requirements may, with the approval of their Boards, infuse capital in their overseas branches and subsidiaries; retain profits in those centers; and repatriate/transfer profits therefrom without prior RBI approval, subject to post facto reporting.

FOMC – Early Taper

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20211215a.htm>

The FOMC in its policy statement setup the tone for rapid end to the monthly bond-buying program. The revised updated economic projections released on 15th December 2021 indicated that interest rates, which are now set near-zero, may be hiked three times in next year.

ECB and Trade Credits – Changes due to LIBOR transition

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12204&Mode=0>

In view of the imminent discontinuance of LIBOR as a benchmark rate, RBI said that benchmark rate in case of FC ECB/TC shall refer to any widely accepted interbank rate or alternative reference rate (ARR) of 6-month tenor, applicable to the currency of borrowing. In view of differences in credit risk and term premia between erstwhile LIBOR and the incumbent ARR, the all-in-cost ceiling has been increased by 50 BPS to 500 BPS and 300 BPS PA, for ECB & TC respectively, over the ARR benchmark rates. To enable smooth transition of existing ECBs/ TCs linked to LIBOR whose benchmarks are changed to ARRs, the all-in cost ceiling for such ECBs/ TCs has, as onetime adjustment, been revised upwards by 100BPS to 550 BPS and 350 BPS PA, respectively, over the ARR.

Scope of Legal Entity Identifier extended

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12206&Mode=0>

In order to further harness the benefits of LEI, RBI has decided that AD I banks, w.e.f. Oct 1, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions of Rs.50 crore and above (per transaction) under FEMA, 1999. The banks may encourage concerned entities to voluntarily furnish LEI while undertaking trs even before Oct 1, 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity. The banks shall have the required systems in place to capture the LEI information & ensure that any LEI captured is validated against the global LEI database available on the website of the GLEIF.

NBFCs under PCA framework

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12208&Mode=0>

PCA Framework is to enable Supervisory intervention by RBI at appropriate time, intended to act as a tool for effective market discipline. Considering growing size and significance of NBFCs and substantial inter-connectedness with other segments of the financial system, RBI has now placed all Deposit Taking NBFCs (excluding Govt Companies) and all Non-Deposit Taking NBFCs under PCA.

Pilgrims to Gurudwara Darbar Sahib, Kartarpur – Lower Curr Limit

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52730

RBI has announced that Indian passport holders as well as persons of Indian origin carrying the OCI Card, travelling to Gurudwara Darbar Sahib, Kartarpur, Pakistan through the Sri Kartarpur Sahib Corridor, shall be allowed to carry outside & bring into India at the time of his/her return, only Indian currency notes &/or foreign curr in USD, the total value of which may not exceed Rs.11,000/-

ICC News

The APIs working group of ICC had its kick-off meeting 2nd December & will be working to explore the opportunities for standards or guidelines on the fields of APIs (Application Programming Interface), interoperability between systems and specifically in trade finance.

The eRules group sponsored by vice-chair of the Banking Commission Merlin Dowse will aim at providing a greater awareness of the current ICC eRules such as eUCP, eURC, URDTT & be at the wheel of new initiatives or possible revisions keeping sharp attention to new opportunities linked to new technologies in the market.

FEDAI workshops & training activities

- 07th January 2022 - FEDAI Annual Training Meeting is scheduled online on Zoom
- 11th January 2022 - 1 Day online Workshop on “Swift Operations”
- 27th-28th January 2022 – 2 Day online Workshop on “Imports of Goods & Services”
- **Monthly Discussion – 08 Dec 2021**, Mrs. Usha Thorat, Chairperson FBIL (Former Dy. Gov RBI) and Dr. Partha Ray, Director, NIBM, Pune (Former Professor, IIM Calcutta) discussed the topic of the month ‘**Decrypting Crypto**’. Recording of the event is available on at https://www.youtube.com/playlist?list=PLT_MuGkdSzWl5j-X4v9-VrsnJVi_aAS_k
- 15th December 2021, 1 Day Online Workshop held on “Countering Trade Based Money Laundering”
- 24th December 2021, 1 Day Online Workshop held on “EDPMS & IDPMS Guidelines”

Upcoming Market Events

- RBI MPC Meeting 7th-9th February 2022
- FOMC Meeting 25th-26th January 2022
- ECB Monetary Policy Meeting 03rd February 2022

Market News

- Sh. Atul Kumar Goel, MD & CEO of UCO Bank, joined PNB as OSD on 1st Jan’2022. Sh. Goel shall take over as MD & CEO of Punjab National Bank (PNB) w.e.f. February 01, 2022.
- Sh. Soma Sankara Prasad, DMD, SBI joined as MD & CEO, UCO Bank.
- RBL Bank Ltd. appointed Sh. Rajeev Ahuja, Executive Director as Interim MD & CEO.
- Shri Asheesh Pandey, CGM & COO of UBI has joined as ED, Bank of Maharashtra
- In light of wider media publicity to a recent Supreme Court Judgement dt. Feb.26’2021 on cases related to erstwhile FERA 1973, RBI clarified on December 29, 2021 that at present, NRIs/OCIs are governed by provisions of FEMA 1999 & do not require prior approval of RBI for acquisition and transfer of immovable property in India, other than agriculture land/ farm house/ plantation property, as per the terms & conditions laid down in Chapter IX of the FEM (Non-debt Instruments) Rules, 2019, dated Oct 17, 2019 (as amended from time to time), issued under Section 46 of FEMA 1999.
- FIEO Banking Conclave 2021 held in Mumbai, FEDAI was represented there by its Chief Executive

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HS Code 2022 VIIth Edition



The Harmonized Commodity Description and Coding System generally referred to as "Harmonized System" or simply "HS Code" is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). The HS Code serves as the basis for Customs tariffs and for the compilation of international trade statistics in 211 economies (of which 158 are Contracting Parties to the HS Convention).

Worldwide HS Code comprises more than 5,000 commodity groups; each identified by a six-digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification.

In India we know it by name Indian Trade Classification (HS) Code. ITC (HS) is just expansion of the HS Code without any modification, additional 2 digits refer the category of tariff to which export or import of the goods is subject to in India.

The 7th Edition of the Code, 'HS 2022' has now been adopted with effect from 1st January 2022. This edition is to align codes with current trade through the recognition of new product streams and addressing environmental and social issues of global concern, which are the major features of the HS 2022 amendments.

Indian Customs already published the new code as well a Guidance Note on Corelation between 2021 and 2022 codes.

FEDAI WISHES YOU

-:HAPPY NEW YEAR 2022:-