



# DECEMBER 2019

## FEDAI NEWS LETTER

### RBI's December'19 Monetary Policy Statement – A Pause

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=48802](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48802)

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting held on December 5, 2019 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.15 %. Consequently, the reverse repo rate under the LAF remains unchanged at 4.90 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 5.40 per cent. The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

### IBUs allowed to open FC accounts, accept FC Fixed Deposits

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11765&Mode=0>

With a view to facilitating ease of operations for International Financial Service Centre Banking Units (IBUs) and having regard to the Liquidity Coverage Ratio being maintained by them, IBUs can now open foreign currency current accounts of units operating in IFSC and of non-resident institutional investors to facilitate their investment transactions, subject to the provisions of FEMA 1999. No cheque facility will be available for holders of current accounts in the IBUs. IBUs are not allowed to open savings accounts.

IBUs can accept fixed deposits in foreign currency of tenor less than one year from non-bank entities and can also repay fixed deposits prematurely without any time restrictions. The prohibition on acceptance of retail deposits including from high net worth individuals (HNIs) continues.

### RBI's Half Yearly Report on Mgmt of Forex Reserves: Apr-Sep'19

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=48933](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48933)

The position of foreign exchange reserves as on December 06, 2019 is as under:

Foreign Exchange Reserves (i+ii+iii+iv) US \$ Billion	453.4
i. Foreign Currency Assets (FCA)	421.3
ii. Gold	27.1
iii. Special Drawing Rights (SDR)	1.4
iv. Reserve Tranche Position (RTP)	3.6

### National Electronic Funds Transfer (NEFT) available 24x7 basis

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11750&Mode=0>

NEFT has been made available on 24/7 basis from December 16, 2019 with the first settlement taking place after 00:30 hours on December 16, 2019 (i.e. night of December 15, 2019).

- 48 half-hourly batches every day. The settlement of first batch will commence after 00:30 hours and the last batch will end at 00:00 hours.
- The system will be available on all days of the year, including holidays.
- NEFT transactions after usual banking hours of banks are to be automated transaction initiated using 'Straight Through Processing (STP)' modes by the banks.
- The existing discipline for crediting beneficiary's account or returning the transaction (within 2 hours of settlement of the respective batch) to originating bank continues.
- Member banks will ensure sending of positive confirmation message (N10) for all NEFT credits.
- All provisions of NEFT procedural guidelines will be applicable for NEFT 24x7 transactions as well.

### Stamp Duty on OTC Derivatives

<http://egazette.nic.in/WriteReadData/2019/214585.pdf>

MoF, GoI has announced 9<sup>th</sup> Jan.'2020 as the date on which amendments in Indian Stamp Act 1899 proposed in The Finance Bill, 2019 would be made effective. This will introduce uniform system of collection & payment of stamp duty on the issue and transfer of securities which also includes OTC Fx Derivatives. CCIL would be the centralized agency for collecting and transferring to respective state governments stamp duty on OTC derivatives which includes Fx Forwards, Swaps, Options, IRS, cap, floor, collar etc.

### ICC News

ICC released Guidance Note for simple Documentary Credit Format

<http://files-eu.clickdimensions.com/iccwboorg-avxnt/files/simpledocumentarycreditformat.pdf>

ICC published the addendum to ISBP 745

Supplement to the commentary on eUCP V-2.0 and eURC V-1.0 (eRULES)

<https://iccwbo.org/content/uploads/sites/3/2019/12/2019-icc-ks-supplement-to-the-commentary-on-eucp-version-2-0-and-eurc-version-1-0-erules.pdf>

### FEDAI workshops & training activities

**5 days Orientation Workshop held during the month**

Co-Ordinator **SIBSTC, Bangalore** from 9-13<sup>th</sup> Dec 2019,

**IOB, Chennai** 16-20<sup>th</sup> Dec. 2019

Special Sessions on SWIFT and Treasury Products for FED, RBI CO, Mumbai on 10 Dec 19

**Forthcoming Workshops - 5 Day Orientation Workshop**

Co-ordinator **Canara Bank, Gurugram** from 20-24<sup>th</sup> Jan. 2020,

### Upcoming Market Events

- > RBI MPC Meeting – Feb.4-6'2020
- > ECB Monetary Policy Meeting Jan 23<sup>rd</sup>'2020
- > FOMC Meeting – Jan.30-31'2020

### Market News

- > RBI imposed monetary penalty of - ₹ 25 lakh on Andhra Bank for non-compliance with certain provisions of directions issued by RBI on Know Your Customer (KYC) Norms/ Anti Money Laundering (AML) Standards and Opening of Current Accounts.

**We Wish All Our Member Banks and Well Wishers A Very Happy and Prosperous New Year**

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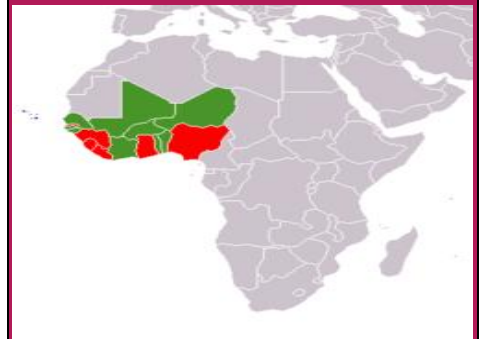
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**ECO - New Currency**



On 21 December 2019 Ivorian President Alassane Ouattara announced that the West African CFA Franc would be reformed, including renaming it the **Eco. Currency** the West African Monetary Zone plans to introduce in the framework of Eco Community of West African States (ECOWAS). After its introduction, the goal is to merge the new currency with the West African CFA franc (used by most French-speaking members of ECOWAS since 1945) at a later date. This will create a common currency for much of West Africa. For the Eco to be implemented, ten convergence criteria divided into 4 primary and 6 secondary criteria must be met. The four primary criteria to be achieved by each member country are:

- A single-digit inflation rate;
- Fiscal Deficit not > 4% of the GDP;
- Central bank deficit-financing not > 10% of the previous year's tax revenues;
- Gross external reserves covering for a minimum of 3 months of Imports.

[https://en.wikipedia.org/wiki/Eco\\_\(currency\)](https://en.wikipedia.org/wiki/Eco_(currency))