



JANUARY'19

FEDAI NEWS LETTER

Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit extended to Merchant Exporters

Interest Equalisation rate in respect of exports by the Micro, Small & Medium Enterprises (MSME) sector manufacturers under the Scheme was enhanced from 3% to 5% in November'18.

Effective Jan.2'19 Government of India decided to include merchant exporters also under the ongoing Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit and allow them interest equalisation at the rate of 3% on export credit for export of products covered under 416 tariff lines identified under the Scheme.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11453&Mode=0>

New External Commercial Borrowings (ECB) Framework

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11456&Mode=0>

- Tracks I and II under the earlier scheme merged as "FC denominated ECB". Track III & Rupee Denominated Bonds framework merged as "Rupee Denominated ECB". In effect, earlier 4 tiered structured clubbed into 2 tiers.
- The list of eligible borrowers, recognised lender expanded.
- All entities eligible to receive FDI can borrow under the new framework.
- Any entity, resident of FATF or IOSCO compliant country, will be treated as a recognised lender increasing the lending options, allowing various new lenders in ECB space while strengthening the AML/CFT framework.
- Minimum Average Maturity Period (MAMP) will be 3 years for all ECBs, except for ECBs up to USD 50 million per financial year raised by manufacturing sector under special dispensation where the MAMP would be 1 year.
- No sector wise limits, all eligible borrowers can raise up to USD 750 mio or equivalent per Financial Year, under automatic route.
- All in Cost capped at 6-month Libor or applicable benchmark for respective currency + 450 bp

FEDAI workshops, trainings

5 Days Orientation Workshop (NON-RESIDENTIAL) on Foreign Trade and Foreign Exchange Business conducted during Jan.'19

Indian Bank at Chennai from 21-25th Jan.19

Forthcoming, conducted by

Canara Bank at Gurgaon from 4 – 8th, Feb.'19

OBC at Noida from 28th Jan-1st Feb.'19 (Bank specific)

Central Bank at Mumbai from 25th Feb.-1st March'19

2-Day Special Workshop (NON-RESIDENTIAL) on "Export Finance"

Indian Overseas Bank at Chennai from 11-12 March'19

Upcoming Market Events

Monetary Policy Committee Meeting - February 5 to 7, 2019

Release of FOMC Minutes of Jan.29-30th18 mtg – Feb.20th19

ECB Monetary Policy Meeting – Mar.7th19

FOMC Meeting – Mar.19-20th19

Issues under discussion

Fx Global Code of Conduct – Outreach to Corporate market participants

Exchange of collateral, cross border and onshore, for derivatives

Market News

Cabinet clears merger of Dena Bank, Vijaya Bank with Bank of Baroda

Bank of India, Bank of Maharashtra and OBC taken out of PCA framework

RBI approved the appointment of Mr. Ravneet Gill as the MD & CEO of YES BANK

SBM Bank (India) Limited becomes first foreign bank in India to operate as a WoS

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INR – Intl Currency

Indian Government and the RBI in the 1950's issued a separate series of notes exclusively for circulation in the Gulf (Kuwait, Bahrain, Qatar, and the Trucial States (now UAE).

The notes retained the contemporary design but different in colour and carried the prefix 'Z'.

The notes were issued in the denominations of Rupee 1,10 and 100. As the Gulf States issued their own currency, These notes were withdrawn over a period of time from the early 60's and ceased to be used around 1970.

https://rbi.org.in/Scripts/pm_persianguil_f.aspx