



Foreign Exchange Dealers' Association of India

(Registered under section 25 of the companies Act, 1956)

MARCH'19

FEDAI NEWS LETTER

RBI Guidelines on Revised Trade Credit (TC) Policy

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11499&Mode=0>

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11510&Mode=0>

TCs can be raised in any freely convertible foreign currency or Indian Rupee, either as Buyer's Credit or Supplier's Credit. Key features of the revised framework:

- All person's resident in India acting as an importer are eligible to raise TCs;
Recognised lenders for suppliers' credit, Supplier of goods located outside India; for Buyer's Credit it could be Banks, financial institutions, foreign equity holder(s) located outside India and FIs in Intl. Fin. Services Centres located in India.

- Oil/gas refining & mktg, airline & shipping cos can raise TCs up to USD 150 mio. All other eligible borrowers can raise TCs up to USD 50 mio under **automatic route**;

Period of TC - Up to 3 years for import of capital goods and up to 1 year or the operating cycle whichever is less for non-capital goods. For shipyards / shipbuilders' period of TC for import of non-capital goods can be up to three years.

All-in-cost ceiling/annum is capped at the benchmark rate + 250 bps. Benchmark rate in case of FCY TC refers to 6-month LIBOR rate of different currencies or any other 6-month interbank interest rate applicable to the currency of borrowing. For INR TC it would be prevailing yield of the GoI securities of corresponding maturity.

Indian Accounting Standards (Ind AS) deferred

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11506&Mode=0>

Implementation of Ind AS was deferred by one year on April 5'2018, pending necessary legislative amendments to the Banking Regulation Act, 1949 as also the level of preparedness of many banks. Since the legislative amendments recommended by the RBI are still under consideration of the Government of India, RBI has decided to defer the implementation of Ind AS till further notice.

RBI issued directions on Prevention of Market Abuse

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11500&Mode=0>

Key points - Market participants (MP) shall not engage in, or attempt to engage in, market manipulation. MP, either acting independently or in collusion, shall not undertake any action, with the intention to manipulate the calculation of a benchmark rate or a ref. rate. MP that is in possession of 'Non-public price-sensitive information' shall not use it for any material benefit to itself or to others.

MP shall not intentionally create or transmit false or inaccurate information, or, withhold timely information that is required to be reported or made public, that influences or is likely to influence the price of any financial instrument.

FEDAI workshops, trainings held in March'19

2-Day Spl Workshop on "Export Fin." IOB at Chennai on 11-12 Mar.'19

"Fx Risk Management and Introduction to Derivatives" at FEDAI Office in coordination with Yes Bank on 7-8th March'19

Forthcoming workshops – 5 days Orientation Workshop

Bank of Baroda at Jaipur from 13-17th May'.19

Bank of Baroda, Pune from 27-31st May'19

"Inspection of Foreign Trade / Exchange Business at B Category branches of AD I Banks" at SIBSTC, Bangalore from 3-4th May'19

Upcoming Market Events

Monetary Policy Committee Meeting - April 2 to 4 and June 3,4&6'2019

ECB Monetary Policy Meeting – Apr.10th'19

FOMC Meeting – April 30-1st May'19

Market News - RBI did maiden 3 years USDINR Buy/Sell swap auction on 26th

Mar.at a weighted annualised avg premium of 3.83% for USD 5.02 bio injecting Rs.345.6 bio fresh liquidity.

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Sh P.M.Pethe

Sh P.M.Pethe, Officer on Special Duty (training) with FEDAI, after >16 years of dedicated service, submitted his resignation requesting to be relieved of his duties w.e.f. April 1st2019.

During his tenure with FEDAI, Sh Pethe, an authority on the subject, conducted over 500 workshops across the country on topics of Trade, Foreign Exchange, FEMA, UCPDC etc.

We, staff of FEDAI, alongwith all our members wish SIR PETHE, good health and active life ahead.