



OCTOBER' 2019 FEDAI NEWS LETTER

Fourth Bi-monthly Monetary Policy Statement, 2019-20

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48319

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR86610CEA88E0A534A06B37B56D2BB83E102.PDF>

MPC decided to reduce the policy repo rate by 25 bps from 5.40 to 5.15%, agreed to continue with accommodative stance to revive growth, ensuring inflation remains within target. Consequently, the reverse repo rate under the LAF now stands reduced to 4.90%.

Statement on Developmental and Regulatory Policies

- To popularise cross-border transactions in Indian rupee RBI enhanced the scope of SNRR Account, permitting residents outside India to open such accounts to facilitate rupee denominated ECB, trade credit and trade invoicing. Further, restriction on the tenure of SNRR account, currently 7 years, is also proposed to be removed for the aforesaid purposes.
- RBI also proposed to accept following recommendation of Task Force on Offshore Rupee Markets (Chairperson: Smt. Usha Thorat);
 - (i) Allow domestic banks to offer Foreign Exch. prices to non-residents at all times out of their Indian books, either by a domestic sales team or through their overseas branches
 - (ii) Allow rupee derivatives (with settlement in FCY) to be traded in IFSCs.
- RBI to make available NEFT on 24x7 basis for members of public from Dec.19. To facilitate smooth settlement of these transactions in the accounts of the banks maintained with RBI, collateralised liquidity support, currently available till 7.45 pm on NEFT working days, will also be extended round the clock.

Govt announces fresh incentives to boost exports

<http://newsonair.nic.in/Main-News-Details.aspx?id=371565>

FM announced set of measures extending the scheme of reimbursement of taxes and duties for export promotion, automation of electronic refund for Input Tax Credits in GST, revised priority sector lending norms for exports and expanding the scope of Export Credit Insurance Scheme (ECIS).

An inter-ministerial working group has also been formed to monitor export finance. Scheme for Remission of Duties or Taxes on Export Product (RoDTEP) was announced which will replace Merchandise Exports from India Scheme (MEIS) for textiles. In effect, RoDTEP will more than adequately incentivise exporters than existing schemes put together.

Textile and all other sectors which currently enjoy incentives up to 2 per cent over MEIS will transit into RoDTEP from January 1, 2020. Mrs. Sitharaman also announced that the Export Credit Guarantee Corporation (ECGC) will expand the scope of export credit insurance service (ECIS).

FED Cut interest rate 3rd time, signals Pause in easing Cycle

<https://www.reuters.com/article/us-usa-fed/us-fed-cuts-rates-but-signals-pause-in-easing-cycle-idUSKBN1X9oD7>

In light of the implications of global developments for the economic outlook as well as muted inflation pressures, FOMC decided on 30 Oct. to lower the target range for the FED funds rate to 1.50% - 1.75%. As regard the future adjustments to the target range, the Committee will assess realised and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective.

LIBOR Discontinuation

<https://www.isda.org/a/xkaTE/Results-of-Consultation-on-Pre-Cessation-Issues-Press-Release-FINAL.pdf>

ISDA published a report on 21st Oct. that summarises responses to a consultation on precession issues for LIBOR and certain other interbank offered rates (IBORs).

FEDAI workshops & training activities

5 days Orientation Workshop held during the month

Co-Ordinator **Indian Bank**, Chennai from 14-18th Oct. 2019,

Federal Bank, Aluva 21-25th Oct. 2019

Forthcoming Workshops - 5 Day Orientation Workshop

Co-Ordinator **Bank of Baroda**, New Delhi from 04-08th Nov. 2019,

Axis Bank, Kolkata 18-22nd Nov. 2019

Special Trainings

Bank of Baroda, Gandhinagar from 14-15th Nov. 2019 on **Export Finance**

One Day Special Workshop on **LRS** - 6th Nov 2019 at **FEDAI Office**

Upcoming Market Events

- > The Reserve Bank of Australia is hosting next GFxC Meeting on 04th-05th Dec. 19
- > RBI MPC Meeting – Dec.3-5'2019
- > FOMC Meeting – Dec.10-12'2019

Market News

- > Shri Ch. S.S. Mallikarjuna Rao, joined as MD & CEO at Punjab National Bank.
- > The Catholic Syrian Bank Limited changed its name to "CSB Bank Limited"
- > ICC Paris has come out with Draft Uniform Rules for Digital Transactions.
- > RBI imposed monetary penalty of -
 - ₹ 75 lakh on Syndicate Bank for non-compliance with the directions issued by RBI on (i) Frauds Classification and Reporting and (ii) Housing Sector: Innovative Housing Loan Products - Upfront disbursement of housing loans.
 - ₹ 1 Cr on The Lakshmi Vilas Bank Ltd. for non-compliance with directions issued by RBI on "Income Recognition and Asset Classification (IRAC) norms".
 - ₹ 35 lakh on Tamilnad Mercantile Bank Ltd. for non-compliance with directions issued by RBI on "Frauds classification and reporting FIs".
 - ₹ One crore on Bandhan Bank Limited for non-compliance with the guidelines on promoter holding.
- > Outcomes FATF Plenary, 16-18 October 2019: Ethiopia, Sri Lanka and Tunisia are no longer subject to monitoring. Following 12 jurisdictions are in list with strategic deficiencies; The Bahamas, Botswana, Cambodia, Ghana, Iceland, Mongolia, Pakistan, Panama, Syria, Trinidad and Tobago, Yemen and Zimbabwe.

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