Foreign Exchange Dealers' Association of India

(Self-Regulatory Organisation (SRO) for all Authorised Dealers)
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From the CEO's Desk

It gives me immense pleasure to share that the FEDAI Annual Conference 2026 was successfully held in Paris from 11th to 14th April 2026, bringing together a distinguished gathering of bankers, regulators, and industry experts to deliberate on key developments in the foreign exchange and trade ecosystem.

We were deeply honoured to have T. Rabi Sankar, Hon'ble Deputy Governor of the Reserve Bank of India, as the Chief Guest. We were equally privileged by the presence of His Excellency Sanjeev Kumar Singla, Ambassador of India to France, whose address highlighted the strengthening economic and financial engagement between India and Europe and the importance of global collaboration.

The conference featured engaging discussions on evolving foreign exchange markets, regulatory developments, digitalisation in trade finance, and risk management practices. It also provided valuable opportunities for interaction and networking among members. I sincerely thank all participants and stakeholders for their contributions in making the conference a success.

Regards,

Vivek Wahi

MPC Keeps Policy Repo Rate Unchanged at 5.25%

The Reserve Bank of India's Monetary Policy Committee (MPC), at its meeting held on April 6–8, 2026, unanimously decided to keep the policy repo rate unchanged at 5.25%. Consequently, the SDF rate remains at 5.00% and the MSF rate and Bank Rate at 5.50%. The MPC also decided to continue with the neutral policy stance, reflecting a balanced approach amid evolving macroeconomic conditions.

MPC Highlights Risks but Retains Neutral Policy Stance

The Reserve Bank of India's Monetary Policy Committee (MPC) noted that while inflation remains below target, rising geopolitical tensions, energy prices, and weather-related risks could exert upward pressure. Economic activity continues to show strong momentum, supported by consumption and investment, though global uncertainties—particularly the West Asia conflict—pose risks to growth and supply chains. Considering these evolving dynamics and underlying resilience of the Indian economy, the MPC decided to keep the policy rate unchanged and maintain a neutral stance, while remaining vigilant to future developments.

Risk Management and Inter-Bank Dealings

The Reserve Bank of India, through its A.P. (DIR Series) Circular No. 07 dated April 20, 2026, has revised instructions relating to Risk Management and Inter-Bank Dealings.

- The earlier instructions issued on April 1, 2026, have been withdrawn.
- Authorised Dealers (ADs) are now prohibited from undertaking INR-based foreign exchange derivative contracts with related parties, except in limited cases:
  - Cancellation or rollover of existing contracts
  - Back-to-back transactions with non-related non-resident users, in line with the Master Direction
- The term "related parties" will follow definitions under Ind AS 24 / IAS 24 or equivalent standards.
- The directions are effective immediately.

Overall, the move reinforces prudential controls and limits derivative exposures between related entities while permitting operational flexibility for genuine hedging transactions.

RBI Issues Guidelines to Expedite Cross-Border Inward Payments

The Reserve Bank of India has issued guidelines on 09 April 2026 to enhance the speed and efficiency of cross-border inward payments, in line with its Payments Vision 2025 and the G20 roadmap. Banks are advised to intimate customers immediately upon receipt of payment messages, undertake near real-time or frequent reconciliation of nostro accounts (not exceeding one hour), and ensure same-day or next-day credit to beneficiaries. The framework also encourages straight-through processing and digital interfaces for customers. These directions will come into effect after six months.

RBI Issues Directions on Reporting of Bank Guarantees under FEMA

The Reserve Bank of India has issued directions on reporting of bank guarantees under the Foreign Exchange Management (Guarantees) Regulations, 2026 read with the Master Direction – Reporting under Foreign Exchange Management Act, 1999. The framework introduces standardised reporting formats (GRN Issue, Modification and Invocation), mandates submission of returns by AD banks through CIMS within 30 days from quarter-end, and requires allocation of a unique Guarantee Transaction Number (GTN) for each issuance. The directions are effective immediately.

RBI Decentralises Processing of Overseas Investment References

The Reserve Bank of India has announced that references relating to Overseas Investment by Persons Resident in India will now be processed at seven designated Regional Offices, instead of the Central Office, with effect from April 1, 2026. Authorised Dealer banks are advised to route such references through the PRAVAAH portal in accordance with the UIN mapping of the foreign entity, streamlining and decentralising the processing framework.

RBI Permits INR Exchange at Airport Departure Forex Counters

The Reserve Bank of India has amended the Master Direction – Money Changing Activities to allow resident individuals, in addition to non-residents, to exchange Indian Rupee notes at forex counters located in the departure area of international airports (beyond Immigration/Customs in Duty-Free or Security Hold Areas). The change aims to enhance customer convenience and is effective immediately.

RBI Revises Framework for FPI Debt Investment and CDS

The Reserve Bank of India has updated norms relating to investment limits in debt securities and the sale of Credit Default Swaps (CDS) by Foreign Portfolio Investors (FPIs). The revised framework refines investment limits and risk participation by FPIs in the domestic debt market, while permitting CDS transactions in line with prudential safeguards. The move is aimed at enhancing market depth while ensuring financial stability.

RBI Revises Master Direction on Non-resident Investment in Debt Instruments – Key Changes

The Reserve Bank of India has updated the Master Direction – Non-resident Investment in Debt Instruments, 2025 with select refinements. The revisions primarily rationalise investment limits and categories for non-residents, provide greater clarity on permissible instruments and routes, and align provisions with the evolving Fully Accessible Route (FAR) and market practices. Certain operational and reporting aspects have also been streamlined to improve ease of compliance and facilitate broader participation by non-resident investors in the domestic debt market

RBI Releases Results of Forward-Looking Surveys

The Reserve Bank of India has released the results of its latest Forward-Looking Surveys, providing insights into business expectations, consumer confidence, and inflation outlook. The findings offer an assessment of future economic conditions and sentiment trends, serving as an important input for policy formulation and market participants.

RBI Announces Statement on Developmental and Regulatory Policies

The Reserve Bank of India has issued its Statement on Developmental and Regulatory Policies, outlining key measures across regulations, supervision, payment systems, and financial markets. The statement highlights policy initiatives aimed at strengthening the financial system, enhancing market efficiency, and supporting overall economic stability.

RBI Issues Draft Directions on TReDS for MSME Financing

The Reserve Bank of India has released draft Directions on Trade Receivables Discounting System (TReDS) to rationalise and harmonise existing guidelines aimed at improving financing access for MSMEs. The draft framework seeks to strengthen the ecosystem for discounting trade receivables and enhance liquidity for MSME sellers. Stakeholders are invited to submit comments by May 1, 2026.

Digital Payments – E-mandate Framework, 2026

The Reserve Bank of India has introduced the Digital Payments – E-mandate Framework, 2026, consolidating existing guidelines for recurring transactions across cards, UPI, and PPIs. The framework mandates AFA-based registration, requires pre- and post-transaction notifications, and allows customers to modify or revoke mandates at any time. Recurring transactions up to ₹15,000 can be processed without AFA (with higher limits for select categories like insurance and mutual funds), while stronger safeguards such as opt-out options and grievance redressal mechanisms have been prescribed. The directions, effective immediately, also prohibit charges to customers for e-mandate facilities and replace earlier circulars, thereby enhancing transparency, customer protection, and ease of digital payments.

Reporting instructions for Authorised Dealer Category-I Banks

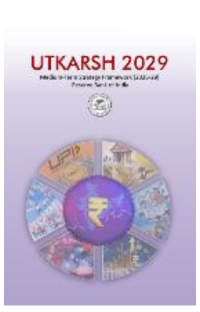
The Reserve Bank of India has expanded reporting requirements for AD Category-I banks to include all OTC INR derivative contracts undertaken globally by their related parties, including offshore entities, to CCIL's Trade Repository.

The framework covers both deliverable and non-deliverable derivatives, with limited exemptions (such as small-value contracts and back-to-back trades), and will be implemented in phases between July 2027 and July 2028, culminating in full reporting compliance.

Banks must report detailed transaction data within two working days, with the objective of enhancing transparency and regulatory oversight of global INR derivative exposures.

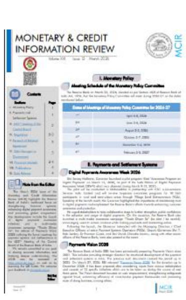
Master Direction on Prepaid Payment Instruments (PPIs), 2026

The Reserve Bank of India has released a draft Master Direction on Prepaid Payment Instruments (PPIs) as part of its ongoing efforts to strengthen the regulatory framework and enhance transaction security in the PPI ecosystem, inviting comments from regulated entities, stakeholders, and the public until May 22, 2026 through the 'Connect 2 Regulate' section on its website.



RBI Unveils 'Utkarsh 2029' Medium-term Strategy Framework

The Reserve Bank of India has launched its medium-term strategy framework "Utkarsh 2029" for the period April 2026 to March 2029. The framework outlines six key pillars—Robust Regulations, Customer Centricity & Inclusive Finance, Competitive Markets, Effective Technology, Future-ready Organisation, and Global India—setting the strategic direction for the Bank's priorities, while routine functions will continue through departmental annual action plans.



Monetary and Credit Information Review (MCIR): The March 2026 issue of the Monetary and Credit Information Review (MCIR) highlights the Reserve Bank of India's continued focus on strengthening financial systems, enhancing digital payment awareness, and promoting global cooperation, inter alia, through the launch of digital payments awareness initiatives and the multi-media campaign "Thoda Dhyan Se", the release of Payments Vision 2028 outlining the future roadmap for payment systems, and key deliberations at the 622nd Meeting of the Central Board of the Reserve Bank of India.

The Reserve Bank of India has, vide order dated April 24, 2026, cancelled the banking licence of Paytm Payments Bank Limited under Section 22(4) of the Banking Regulation Act, 1949, with effect from the close of business on the same day. Consequently, the bank is no longer permitted to undertake any banking activities, including those defined under Sections 5(b) and 6 of the Act, with immediate effect.

DGFT: Notifications/Circulars

Subject	Details
Inclusion of Chapter 72 tariff lines for Micro and Small Enterprises under Interest Subvention Support	The Government has clarified that tariff lines under Annexure-IIA (Chapter 72), introduced under the Interest Subvention Scheme for Pre- and Post-Shipment Export Credit (EPM), will be eligible only for Micro and Small Enterprises (MSEs). Medium Enterprises are excluded from availing interest subvention benefits for these specified exports. The benefit will apply prospectively, i.e., only for eligible export credit disbursed on or after the date of the Trade Notice. All other provisions of the earlier Trade Notices remain unchanged.
Amendments to Para 2.62 of Foreign Trade Policy, 2023	The Directorate General of Foreign Trade, vide Notification No. 05/2026-27 dated April 7, 2026, has amended Para 2.62 of the Foreign Trade Policy, 2023 relating to Certificates of Origin (CoO). The notification clarifies that CoOs shall be issued only by DGFT-authorised agencies, and exporters must use identical invoice numbers in both CoOs and Shipping Bills to facilitate automated verification. It also streamlines the Approved Exporter Scheme for self-certification, extending eligibility to manufacturers and status holders subject to prescribed conditions. The amendments aim to enhance transparency, standardisation, and ease of compliance in availing preferential trade benefits under FTAs/PTAs.

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The ECGC Country Risk Classification List, with effect from **01 April 2026**

Risk Management Systems in Banks - Guidelines on Country Risk Management - The Country Risk Classification List issued by the ECGC Limited, effective from 01 April 2026, provides the updated classification of countries based on their credit risk profile, serving as a key reference for banks in determining exposure limits, risk premiums, and provisioning requirements.

Global Meetings & Announcements – May 2026

Date	Institution	Event / Meeting	Focus Area
Early May 2026	International Chamber of Commerce (ICC)	Banking Commission / Technical Working Group Meetings	Trade finance rules (UCP, URC, URR), digitalisation, policy updates
04 – 05 May 2026 (tentative cycle)	Federal Reserve	FOMC Meeting	Monetary policy, interest rates, inflation outlook
07 May 2026 (indicative)	Bank of England	Monetary Policy Committee (MPC) Meeting	Policy rate decision, economic outlook
14 May 2026 (indicative)	European Central Bank	Governing Council Meeting	Eurozone monetary policy, inflation outlook
Late May 2026	International Chamber of Commerce (ICC)	Policy Commission / Trade Facilitation Discussions	Digital trade, sustainability, global standards

Key Leadership Movements – Indian Banks (April 2026)

- Shri Debadatta Chand, Managing Director and Chief Executive Officer (MD & CEO), Bank of Baroda, term has been extended for a further period of three years from 30.06.2026
- Shri Rajneesh Karnatak, Managing Director & Chief Executive Officer, Bank of India, term has been extended for a further period of three years.
- Shri B Ramesh Babu, Managing Director & Chief Executive Officer, Karur Vysya Bank Limited re-appointment of third two-year term effective July 29, 2026.
- Shri P. N. Vasudevan, Managing Director & Chief Executive Officer, re-appointment approved by RBI on 23 April 2026 for a period of 3 years (effective 23 July 2026).

FEDAI – KNOWLEDGE INITIATIVES - 2026

Article 37 – Disclaimer for Acts of an Instructed Party

ICC UCPDC 600 – Commentary

Article 37 of UCP 600 addresses the responsibilities and limitations of banks when they rely on other banks to carry out instructions under a documentary credit. It essentially clarifies that the applicant bears the risk when multiple banks are involved, and issuing/advising banks are not liable for failures by the instructed party.

Risk borne by applicant (sub-article 37a):

When an (issuing) bank utilizes the services of another bank, such as, an advising Bank, Confirming Bank and/or Nominated Bank by providing instructions regarding advising, Confirmation, nomination etc., it is provided so, for the account and risk of applicant.

Example*:* If Bank A in India instructs Bank B in Singapore to advise a credit and Bank B fails to advice, the applicant cannot hold Bank A responsible or liable.

No liability for non-performance (sub-article 37b):

Even if the issuing/advising bank chose their (another) correspondent Bank, when it could not contact or transmit instructions to the bank named by the applicant, then the issuing/advising bank is not responsible, if their instructions are not carried out by that chosen correspondent bank. ***Example****:* An advising bank selects a second advising bank in another country. If the second bank delays or does not handle the advice, the first advising bank is not liable.

Charges and commissions (sub-article 37c):

The instructing bank is responsible to pay charges incurred by the instructed bank in connection with the services asked to be performed. If LC states that charges are for beneficiary's account and is not recoverable from them, then LC issuing bank remains liable. ***Example****:* A credit stipulates beneficiary pays advising charges. If the beneficiary refuses or cannot be deducted from proceeds, the issuing bank must settle the charges.

No conditional advising (sub-article 37c - continued):

An LC or an amendment should not make advising conditional upon receipt of charges from the beneficiary, by the advising or second advising bank.

***Example**:* A clause stating "This letter of credit should be advised only upon receipt of advising charges" will be disregarded.

Foreign laws and usages (sub-article 37d):

There may be laws and usages of the country of the other banks involved in the LC transaction and are different from the laws of LC issuing bank's country. The applicant must indemnify banks against obligations and responsibilities imposed by foreign laws and usages.

***Example**:* If there are local regulations in the beneficiary's country that impose specific export laws and other compliance requirements, the applicant must obtain it from beneficiary and inform LC issuing bank for incorporating the documentary requirements in the LC.

Practical Implications

- Applicants must understand that once their bank involves another bank, the responsibility shifts to them.
- Issuing banks should avoid drafting credits with conditional clauses on charges.
- Banks must clearly communicate to applicants that foreign jurisdictions may impose unexpected obligations.

Conclusion:

Article 37 reinforces the principle that banks act as intermediaries and cannot be held liable for failures of other instructed parties. Applicants must be prepared to bear risks, costs, and legal implications when their credits involve multiple jurisdictions.

Training Programmes Calendar – May–June 2026

Date	Programme	Mode & Venue
11 – 15 May 2026	5-Day Orientation Workshop on Foreign Trade and Foreign Exchange Business	Non-Residential – Punjab National Bank, Advanced Learning Institute, New Delhi
18 – 22 May 2026	5-Day Orientation Workshop on Foreign Trade and Foreign Exchange Business	Non-Residential – Baroda Academy (SPBTC), Mumbai
21 – 22 May 2026	2-Day Workshop on Treasury and Foreign Exchange Market	Non-Residential – FEDAI Conference Room, Mumbai
26 May 2026	Workshop on "INCOTERMS 2020 in Trade Finance: A Banker's Interpretation"	Online (3 Hours)
02 June 2026	Workshop on "Countering Trade Based Money Laundering"	Online (3 Hours)

Weekly Quiz | **Daily Quiz Questions** | **FEDAI Workshops** | **Learning Modules** | **Knowledge Series**

20th FEDAI Annual Conference – PARIS - The 20th Annual Conference of the Foreign Exchange Dealers' Association of India (FEDAI) was held at Hotel Pullman Paris Montparnasse in Paris from 11th to 14th April 2026, centred on the theme *"Global Uncertainties, Local Strength: Building India's FX Future"*.

The inaugural session featured the Presidential Address by Shri Shamsher Singh, Deputy Managing Director, Global Markets, State Bank of India. The conference was graced by His Excellency Sanjeev Kumar Singla, Ambassador of India to France, as the Guest of Honour, and T. Rabi Sankar, Hon'ble Deputy Governor of the Reserve Bank of India, as the Chief Guest, who delivered the keynote address on the evolving global landscape and India's foreign exchange market resilience.

As per the programme schedule, the conference featured a panel discussion on *"Navigating FX in an uncertain time – Challenges and opportunities for the India market"*. The session was moderated by Shri Vijay Parthasarathy, Managing Director, Citi Bank, and included distinguished panelists: Shri Srinivasa Panigrahi (SBI), Shri Arup Rakshit (HDFC Bank), Shri Ajit Kumar Singh (DCB Bank), and Shri Brejesh Challil (Axis Bank). The discussion provided valuable insights into market dynamics, risk management practices, and emerging opportunities in the foreign exchange domain. The conference also facilitated meaningful deliberations, knowledge sharing, and networking among participants from the banking and financial sector.

The conference also received valuable support from Clearing Corporation of India Limited, London Stock Exchange Group, 360T Deutsche Börse Group, and NSE Cogencis.

FEDAI is proud to be associated as an Institutional Partner for this premier gathering of global trade and finance leaders.