Foreign Exchange Dealers' Association of India
(Registered under section 25 of the companies Act, 1956)

December 2024
FEDAI NEWSLETTER

Monetary Policy Committee's Resolution and Governor's Statement

Click here for Minutes of MPC and Click here for Statement on D&RP

After assessing the current and evolving macroeconomic situation, the MPC by a majority vote (4 Vs. 2) decided to keep the policy repo rate under the LAF unchanged at 6.50%. Consequently, the SDF Rate & MSF/Bank Rate too remain unchanged at 6.25% & 6.75%, respectively. The MPC also decided to continue with the neutral monetary policy stance and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth.

Highlights of Statement on Developmental and Regulatory Policies are as below;

- Cash Reserve Ratio is lowered by 50 bps in two equal tranches of 25 bps each to 4.0 per cent w.e.f. the fortnight beginning December 14, 2024 and December 28, 2024, respectively; the decision would release primary liquidity of about Rs. 1.16 lakh cr. to the banking system.
- RBI relaxed & increased cap by 150 bps on the interest rate on FCNR(B) deposits w.e.f. December 6, 2024 up to March 31, 2025; allowing banks to raise fresh FCNR(B) deposits of 1 year to less than 3 years maturity at rates not exceeding ARR plus 400 bps and deposits with maturity between 3 to 5 years at rates not exceeding ARR plus 500 bps.
- Presently, the FX-Retail platform is accessible through an internet-based application; henceforth, it is proposed to facilitate the linking of this platform with Bharat Connect (erstwhile Bharat Bill Payment System) operated by the NPCI.
- Basis the recommendations of committee on MIBOR (Chaired by Sh. Ramanathan Subramanian) and reflective of the current market dynamics, FBIL would develop a benchmark based on the secured money markets (both basket repo and TREP), the Secured Overnight Rupee Rate (SORR).

Variation in India's Foreign Exchange Reserves during April-September 2024 Click Here

As per latest RBI data vide Press Release dated 27 December 2024, Fx reserves increased by USD 59.4 billion during Apr. to Sept. 2024, mainly caused by valuation gains USD 35.5 billion, primarily reflecting the depreciation of the US dollar against major currencies and higher prices of gold.

Country's total Fx reserves as on 20th Dec.'2024 stood at USD 644.39 billion as against USD 692.30 billion as on 27th Sept.' 2024.

Reporting Platform for transactions undertaken to hedge price risk of gold Click here

RBI decided to mandate reporting of all OTC transactions in gold derivatives undertaken by banks and their customers/constituents to trade repository of the Clearing Corporation of India Ltd. w.e.f. February 01, 2025. Banks shall also be submitting a quarterly report on transactions in Gold derivatives undertaken by them at exchanges in IFSC & overseas and by their eligible customer/constituents at exchanges in IFSC to RBI in prescribed format commencing with the quarter ending Dec.31' 2024.

Updates from IFSCA

- The IFSCA reviewed & issued revised directions/ guidelines for setting up and operation of International Trade Financing Services Platform (ITFS) digitally offering trade finance services, including factoring, forfaiting, bill discounting, supply chain financing, to global exporters, importers at competitive prices via a bidding mechanism.
- The IFSCA released the Annual Report 2023-24. The report discusses latest regulatory development & share interesting statistics on 20 IBUs. Section 'C' of the report deals with banking. IBU operating in IFSCA can undertake permissible activities in the 11 specified foreign currencies.
- The IFSCA clarified that there was no move on its part to regulate crypto exchanges, crypto-currencies or allied virtual assets in the IFSC.
- The IFSCA issued directions to IBUs for operations of the Foreign Currency Account of Indian resident individuals opened under the LRS, allowing such account holder to receive remittance from location other than onshore India subject to specified conditions.

Updates from DGFT

- DGFT launched Revamped Preferential Certificate of Origin (eCoO) 2.0 System, bringing the exporter, certificate issuer and other certificate user on the one digital platform. The exporters' login credentials as created on the DGFT website shall also work on the revamped eCoO 2.0 system. This application is expected to go live on January 17, 2025 and answer to application related questions are available in FAQs section on DGFT Website.
- Since the DGFT has restricted import of items under ITC(HS) category 8471, including computers & laptop in August 2023 subject to exemption provided in policy condition no. 4 in the Chapter 84; DGFT has now notified import Management System for import of IT Hardware for calendar year 2025 vide Policy Circular No. 69 dated December 11, 2024

ICC News

- ICC through their World Chambers Federation develop new digital trade tool named Genesis that allows chambers of commerce, members of ICC, to verify and certify preferential origin declaration made by exporters in the framework Free Trade Agreements.

FEDAI Workshop

27th January 2025: Online workshop on "Export Finance"

29th January 2025: One day Classroom Workshop on "Handling Documents under Letters of Credit with special focus on ICC Opinions" at FEDAI Conference Room, Mumbai

03rd to 07th February 2025: 5 days' Classroom Orientation workshop on "Foreign Trade and Foreign Exchange Business" at Staff Training College, Punjab and Sind Bank, Rohini, New Delhi

Upcoming Market Events

RBI MPC Meeting	05th to 07th February 2025
ECB Monetary	30th January 2025
FOMC Meeting	28th to 29th January 2025

Market News

- Sh. Sanjay Malhotra, an Indian Administrative Service Officer of 1990 Batch, took over charge as the 26th Governor of the RBI for a period of three years effective December 11, 2024.
- The FSIB has recommended name Sh. Binod Kumar for the position of MD & CEO in Indian Bank
- India has achieved a remarkable milestone in its economic journey, with gross foreign direct investment (FDI) inflows reaching an impressive USD one trillion since April 2000.
- RBI set a committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector.
- IBA vide clarification letter No. RB&SB/C/2024/1604 dated December 24, 2024 clarified on education loan for studying abroad to specified overseas citizen of India, being a resident to the effect that such loan need to be considered outside the FEMA.
- SEBI has issued Master Circular SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024 for Stock Exchanges and Clearing Corporations. Chapter 5 of this circular lays instructions for Exchange Traded Derivatives including currencies & interest rate derivatives.

Contents

ICC - UCPDC 600
Commentary on Art. 21

Non – Negotiable Sea Waybill:

This article is an important one as it delineates the characteristics and implications in the context of documentary credits, with specific focus on straight consignment and the responsibilities of the involved parties.

Characteristics: A non-negotiable sea waybill is not a document of title to goods and differs from a negotiable bill of lading, in that it can't be transferred to another party. It merely acknowledges receipt of goods for shipment and also evidences contract of carriage. This distinction is crucial, as it affects how goods can be claimed and who has rights to the goods during transit.

Function in Trade: The use of non-negotiable sea waybills is common in situations where the consignee does not intend to transfer the ownership of the goods. This feature simplifies the documentation process and can expedite certain transactions, where short – distance shipment is taking place and goods delivery is expected to happen immediately.

Issuance and Signing of a Non–Negotiable Sea Waybill: As per sub-article 21 (a) (i) of UCP 600, a non – negotiable sea waybill, however named, has to indicate the name of the carrier and be signed by the carrier or a named agent acting on the carrier's behalf or it can be signed by the Master or a named agent acting on master's behalf. There must be a clear identification of the parties signing along with an indication.

Indication of Shipment: As per sub-article 21 (a) (ii), either through a pre-printed wording or a dated shipped on board notation, a non–negotiable sea waybill must indicate that the goods have been shipped on board a named vessel at the port of loading as stated in the letter of credit.

If there is no notation indicating that goods are shipped on board the vessel, then the issuance date of the sea waybill will be deemed to be the shipment date.

If there is any indication such as "intended vessel" or similar qualification in relation to the vessel, then the dated on board notation must indicate the actual vessel name.

Non–Negotiable Sea Waybill must also indicate the port of loading and port of discharge details as per the letter of credit. If it does not indicate the port of loading as required in LC and uses "intended" or similar qualification, then the dated shipped on board notation indicating the Vessel name and the exact port of loading as stated in the credit is required. This provision applies even when loading on board or shipment on a named vessel is indicated by pre-printed wording on the non–negotiable Sea Waybill.

FEDAI Wishes All
Very Happy & Prosperous 2025