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

December 2025
FEDAI NEWSLETTER

MPC Resolution Click [here] for details

The 58th MPC concluded on December 3 to 5, 2025 unanimously decided to reduce the policy repo rate under the liquidity adjustment facility to 5.25%. Consequently, the standing deposit facility rate shall stand adjusted to 5.00% and the marginal standing facility rate and the Bank Rate to 5.50%. The MPC also decided to continue with the neutral stance.

Daily Reporting of LRS Transactions Click here for details

The Reserve Bank of India (RBI), in April 2018, introduced daily reporting of LRS transactions by AD Category-I banks, including transactions undertaken by AD Category-II banks/entities and FFMCs routed through AD Category-I banks. RBI has now decided to provide direct access to the CIMS Reporting Portal for all AD Category-II banks/entities and FFMCs. Accordingly, with effect from 01 January 2026, these entities will be able to submit their own LRS daily returns directly on the portal, instead of reporting through AD Category-I banks.

RBI (Comm. Banks - Concentration RM) Amendment Directions, 2025 Click here for details

Further to the issuance of the Reserve Bank of India's Commercial Banks – Concentration Risk Management Directions, 2025 on November 28, 2025, the RBI has amended select provisions to align with updated prudential norms and strengthen concentration risk management. Key changes include a revised definition of Eligible Capital Base, amendments to the Large Exposures Framework and Intra-Group Transactions and Exposures, withdrawal of exemptions for proprietary intra-group derivatives, and mandatory bank policies to monitor concentration risks across counterparties, sectors, and ultra-large borrowers. Additionally, Indian branches of foreign banks are permitted to offset gross exposures against cash or unencumbered approved securities funded by interest-free Head Office funds, while Chapter IV on Enhancing Credit Supply for Large Borrowers through Market Mechanism has been repealed in entirety, reinforcing regulatory consistency and prudential oversight.

Regulatory Directions – Recent Developments Click here and here for details

- Vide A.P. (DIR Series) Circular No.18 dated December 8, 2025, (Notifications - Reserve Bank of India) the Reserve Bank of India (RBI) advised amendment to FEMA 6(R)/2020-RB. The limits prescribed permit taking out of India to Nepal or Bhutan, or bringing into India from Nepal or Bhutan, Indian currency notes of denominations above ₹100 up to a total of ₹25,000. It may be noted that there is no such limit for currency notes in denominations up to ₹100.
- RBI released Master Direction (Rupee Interest Rate Derivatives) Directions, 2025, shall be applicable from March 01, 2026.
- A new Chapter XIA – Maintenance of CC/CA/OD Accounts by Banks has been incorporated into the RBI (Commercial Banks – Credit Risk Management) – Amendment Directions, 2025. As per Part D of this Chapter, accounts opened under the provisions of FEMA shall be exempt from the restrictions envisaged under this framework.
- RBI has issued a Draft Circular on Disclosure of Transaction Costs for Foreign Exchange (Fx) Transactions, inviting comments and feedback from all concerned stakeholders.

Updates from FEDAI

- Shri Srinivasa Panigrahi, Chief General Manager, Global Markets, State Bank of India, has assumed charge as Chairman and Director of FEDAI.
- FEDAI issued a clarification on 30 December 2025 regarding the reconciliation of outstanding EDPMS and IDPMS entries up to ₹10 lakhs, in the context of RBI Circular No. 12 dated October 01, 2025.

Updates from DGFT and IFSCA

- DGFT has modified the procedure for claiming benefit against deemed export as laid in para 7.01 in Chapter 7 of HBP FTP 2023.
- DGFT released procedure for Implementation of Import Management System for Restricted IT Hardware Imports (Laptops, Tablets, All-in-One Personal Computers, Ultra-Small Form Factor Computers, and Servers under HSN 8471) – Calendar Year 202. \
- DGFT launched Market Access Support (MAS) Intervention under the EXPORT PROMOTION MISSION (EPM) - NIRYAT DISHA with a view to strengthening India's export market access through various structured support activities.
- IFSCA has advised amendments to Module No. 16 (Providing Credit) of the IFSCA Banking Handbook..

FEDAI Workshops

21st January 2026: 1 Day Workshop (Non – Residential) on "FX Derivatives: Pricing, Structuring and Risk Management" at FEDAI Conference room, Mumbai in association with BLOOMBERG.

28th January 2026: 1-Day (3 hours) Online Workshop on "Countering Trade Based Money Laundering"

04th February 2026: 1-Day (3 hours) Online Workshop on "EDPMS and IDPMS Guidelines and Operational Procedures"

05th and 06th February 2026: 2-Day Classroom Workshop (Non – Residential) on "Handling Documents under Letters of Credit with specific focus on ICC Opinions"

11th February 2026: 1-Day (3 hours) Online Workshop on "Understanding Regulations and Market Practices for Trade Transactions between SEZ and DTA Units"

Upcoming Market Events

RBI MPC Meeting	-	04th to 06th February 2026
ECB Monetary	-	04th to 05th February 2026
FOMC Meeting	-	27th to 28th January 2026

The FOMC in its previous meeting in December 2025 decided to lower the target range for the federal funds rate by ¼% to 3-1/2 to 3-3/4 %. In this period, the ECB decided to keep the policy rates unchanged and the Bank of Japan raised policy rate 25 BPS to 0.75% at historical high.

Market News

- RBI appointed Smt. Usha Janakiraman as Executive Director with effect from December 1, 2025
- FSIB recommends Shri Brajesh Kumar Singh as the new MD & CEO of Canara Bank
- RBI approved the appointment of Shri Vikram Sahu as CEO of Bank of America in India.
- RBI released Survey on Foreign Collaboration in Indian Industry: 2023–2025.
- The BIS published Bulletin on Enhancing cross-border payments: state of play and way forward
- The CCIL launched a margin Simulator tool/Calculator for Forex Forward Segment and for Rupee IRS Segments
- India will assume the Chairmanship of the Kimberley Process with effect from January 1, 2026.
- India and New Zealand announced the conclusion of a landmark Free Trade Agreement (FTA) in December 2025.India also signed a Comprehensive Economic Partnership Agreement (CEPA) with Oman in December 2025.

Contents

ICC - UCPDC 600
Commentary on Art. 30

Article 30 Tolerance in Credit Amount, Quantity and Unit Prices

Sub – article 30 (a) – Usage of words "about" or "approximately":

When a Letter of Credit uses terms such as "about" or "approximately" in relation to the credit amount, the quantity of goods, or the unit price, these expressions are to be construed as allowing a tolerance not to exceed 10% more or 10% less than the amount, the quantity or the unit price to which they refer. In SWIFT MT 700 message, tolerance in respect of the amount is normally shown in field 39A, while tolerances relating to quantity or unit price are reflected in field 45A.

Examples and interpretation: About USD 100,000" when stated in LC → Any drawing between USD 90,000 and USD 110,000 is compliant. "Approximately 1,000 MT of Wheat" when stated in LC → Shipment between 900 MT and 1,100 MT is acceptable.

Sub-article 30(b): Automatic application of 5% tolerance in quantity:

Even if not expressly stated in the credit, a tolerance of 5 % more or 5 % less in quantity is permitted, provided, the goods are not described in terms of a stipulated number of packing units (e.g., "100 cartons of Pencil") or individual items (e.g., "100 laptop computers"), and the total drawing amount does not exceed the credit amount.

This tolerance applies to bulk measurements such as metric tonnes, kilograms, liters, etc., where minor variations are inevitable. The rule recognizes commercial reality in bulk shipments. However, it draws a clear line when goods are counted in discrete units, where precision is expected. This ensures fairness to the importer while protecting exporters from discrepancies.

Sub-article 30(c) - 5 pct tolerance in amount when partial shipments are prohibited:

Where partial shipments are not allowed, a drawing may still be made for up to 5 pct less than the credit amount, provided, full quantity of goods, if stated, is shipped. unit price, if stated, is not reduced, sub-article 30(b) does not apply, and credit does not stipulate a specific tolerance or use the terms covered under sub-article 30(a).

This provision ensures that minor shortfalls in invoice value — often due to rounding or calculation differences — do not result in rejection of documents. It balances the prohibition on partial shipments with practical flexibility.

Wish You a Happy & Prosperous Year 2026!!!