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

February 2025
FEDAI NEWSLETTER

Contents

Monetary Policy Committee's Resolution and Governor's Statement

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

The 53rd MPC, first under chairmanship of new RBI Governor Sh. Sanjay Malhotra, unanimously voted for reduction in the policy repo rate under the LAF by 25 bps to 6.25% with immediate effect; consequently, the SDF rate shall stand adjusted to 6.00%, the MSF rate & the Bank Rate to 6.50%. This reduction is after long gap since May 2020. The MPC decided to continue with the neutral monetary policy stance and 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;

- RBI set up a working group with representation from various stakeholders to undertake a comprehensive review of trading & settlement timing of various financial markets regulated by them;
- RBI is introducing the exclusive Internet Domain '**bank.in**' for Indian banks as well as going forward, has plan of exclusive domain viz., "**fin.in**" for other non-bank entities in the financial sector.
- RBI allowed non-bank brokers registered with SEBI to directly access NDS-OM
- Similar to domestic card transactions, RBI proposed to enable Additional Factor of Authentication for international card not present (online) transactions as well, draft directions issued on 7 Feb. 2025.

Handbook on "Regulations at a Glance"

Click here to see Handbook

As recommended by Regulations Review Authority 2.0 in 2022, Dept of Regulations, RBI has compiled and released it regulatory instructions in an easily accessible handbook titled "Regulations at a Glance". The handbook will be updated regularly.

Bilateral Swap Arrangement (BSA) between India and Japan

Click here to see details

Bank of Japan acting on behalf of Ministry of Finance for Japan and RBI renewed the BSA where both authorities can swap their local currencies, for amount up to USD 75 bio, in exchange for USD.

Amendment in FEMA/ RBI Regulations

Click here to see amendment in FEMA.14(R) 11.02.2025, FMRD.DIRD.14/14.03.042/2024-25 13.02.2025 and FEMA10(R) 28.02.2025

RBI amended FEMA 14(R) Manner of Receipt and Payment Regulations. The amendment allows for settlement outside ACU mechanism for trade between ACU countries other than Nepal and Bhutan where goods are shipped from an ACU country to another but supplier/buyer is resident of a country other than a ACU member country.

Based on the feedback received from the market participants, RBI has finalized the draft Directions for Forward Contracts in Government Securities.

Updates from IFSCA

- Refer to news item in our January 2025 Newsletter, IFSCA with reference to SNRR Account has now clarified that that all units since permitted to conduct its business-related transactions outside IFSC are required to ensure transacting or receiving the monetary consideration relating to delivery of a financial service (i.e. funds/fees/amount) only through an account maintained with an IBU.
- The IFSCA issued international Financial Services Centres Authority (Fund Management) Regulations, 2025

Updates from DGFT

- The DGFT has advised exporters not to accept manually issued Certificate of Origin. DGFT also cautioned that such manual certificate issued in contravention to the DGFT Guidelines are liable to be rejected by customs authorities abroad.
- DGFT has further digitised following processes of Enforcement-cum-Adjudication & other associated actions under the FTD&R Act 1992
  a. Mandatory Online Submission of Documents: Replies to Show Cause Notices and other information requests during proceedings under the FTDR Act such as the process of Adjudication, Appeal and Review
  b. Mandatory Online Payment of Fees

ICC News

- The ICC released Policy Brief titled 'Global Outlook 2025: Industry Insight'
- The ICC Banking Commission is scheduled to meet on 02nd March 2025 to discuss on various contemporary topics of importance including 'Transforming the Bill of Lading under Documentary Credit' & 'Evolving Trends in Global Trade Finance'.

FEDAI Workshop

03rd to 07th March 2025: 5-Day Classroom Orientation Workshop (Non - Residential) on "Foreign Trade and Foreign Exchange Business" at SIBSTC, Bengaluru

11th March 2025: One Day Online Workshop on "FEMA Guarantees and Structured Obligations"

19th March 2025: One Day Online Workshop on "SWIFT - Financial Messaging Services"

Upcoming Market Events

RBI MPC Meeting	07th to 09th April 2025
ECB Monetary	05th March 2025
FOMC Meeting	18th - 19th March 2025

19th FEDAI Annual Conference is scheduled from 14th to 16th March 2025 at Zurich, Switzerland.

Market News

- Sh. Tuhin Kanta Pandey (IAS), Finance & Revenue Secretary has been appointed chairman of the country's capital markets regulator the Securities and Exchange Board of India (SEBI)
- Shri Saurav Sinha, ex ED, RBI has been appointed as Chairman of FBIL Board w.e.f. Feb 21, 2025.
- Standard Chartered announced the appointment of PD Singh as its CEO for India
- The FATF removed Philippines from its increased monitoring following a successful on-site visit and updated its statements on 'high-risk and other monitored jurisdictions. Algeria, Angola, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Croatia, Democratic Republic of the Congo, Haiti, Kenya, Lao PDR, Lebanon, Mali, Monaco, Mozambique, Namibia, Nepal, Nigeria, South Africa, South Sudan, Syria, Tanzania, Venezuela, Vietnam and Yemen shall continue there.
- The cumulative estimated exports (merchandise & services) during April-January 2024-25 were USD 682.59 Billion, as compared to USD 636.69 Billion in April-Jan 2023-24, an estimated growth of 7.21%
- The Union Budget 2025-26 introduces a series of measures aimed at strengthening the MSME including Revised Classification Criteria
- The CCIL (Rupee Derivatives Segment) Regulations 2010 have been amended pursuant to introduction of anonymous trading of Interest Rate Swap (IRS) trades linked to Modified MIFOR benchmark on ASTROID. CCIL also advised charges for SARVAM Service.
- IBA has advised banks clarification received from RBI as regards to reporting of TIN Number in FATCA/ Common Reporting System vide their letter CIB-II/RBI/FATCA/2024-25/1816 dated 18 February 2025

ICC - UCPDC 600
Commentary on Art. 22 & 23

Continued from Previous month…

Indication of Shipped on board:

As per sub-article 22 (a) (ii), either through a pre-printed wording or a dated shipped on board notation, a charter party BL 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 charter party BL will be deemed to the shipment date. Charter Party BL must also indicate the port of loading and port of discharge details as per the LC. The port of discharge may also be shown as a range of ports or a geographical area, as stated in the LC.

Requirement for Original Transport Document:

As per sub – article 22 (a) (iv), be the sole original charter party BL or, if issued in more than one original, be the full set as indicated on the charter party BL.

Charter Party Contracts:

As per sub – article 22 (b), a bank will not examine charter party contracts, even if they are required to be presented by the terms of the credit.

Art. 23 - Air Transport Document:

Issuance and Signing of an Air Transport Document: As per sub-article 23 (a) (i) of UCP 600, an Air Transport document, however named is to indicate the name of the carrier and be signed by the Carrier or a named agent acting on the carrier's behalf. There must be a clear identification of the parties signing along with an indication.

Indication of Shipment:

As per sub-article 23 (a) (ii), an air transport document has to indicate that the goods have been accepted for carriage.

As per sub-article 23 (a) (iii), the document has to indicate the issuance date. Normally, this date will be deemed as the shipment date of the goods unless it contains a specific notation indicating the actual date of shipment/dispatch. In that case, the date stated in the notation will be deemed as the shipment date.

Any other information appearing on the air transport document relative to the flight number and date will not be considered in determining the date of shipment.

To be continued …

FEDAI invites suggestion with reference to Scope of Working Group set by RBI on financial Market Timings, please mail