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

January 2025
FEDAI NEWSLETTER

Amendment in FEMA Regulations

Click here to see amendment in FEMA.5(R), FEMA.10(R) and FEMA.395

RBI amended regulation applicable to deposits between a person resident in India & a person resident outside India, facility of opening foreign currency account by residents and mode of payment & Reporting of foreign investment in India. These amendments towards liberalizing FEMA are to promote cross-border transactions in INR and local currencies.

A person resident outside India, having business interest in India, may now open a Special Non-Resident Rupee Account, with overseas branch of an Authorised Dealer for the purpose of putting through permissible current and capital account transactions with a person resident in India in compliance with FEMA and for putting through any transaction with a person resident outside India.

A resident exporter may now open, hold and maintain a Foreign Currency Account with a bank outside India, for realisation of full export value and advance remittance received by such exporter towards export. Funds in this account may be utilised by the exporter for paying for its imports into India or repatriated into India within a period not exceeding the end of the next month from the date of receipt of the funds after adjusting for forward commitments, provided that the realisation and repatriation requirements as specified in Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 are also met.

Considering the facilities extended to non-residents for holding INR account with banks in India and overseas, certain changes are introduced with reference to mode of payment involving foreign investment in India in tandem with above changes.

RBI (Non-resident Investment in Debt Instruments) Directions, 2025 Click Here

RBI has compiled all existing instructions issued through various AP (Dir. Series) Circulars and issued the Master Direction covering channels available to non-residents for investment in debt instruments

- Investment under General Route
- Investment under Voluntary Retention Route
- Investment under Fully Accessible Route

Finance Bill 2025 Click here

Limit for TCS on LRS revised

The amendment proposed in S206.C [1(g)] will henceforth result in authorised dealer not collecting the tax at source, if the amount or aggregate of the amounts being remitted by a buyer of foreign exchange under the LRS is less than ten lakh rupees in a financial year. Further, no tax be collected at source if the amount being remitted under LRS out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education.

Further, bill seeks to extend exemptions to Insurance companies, ship leasing units, treasury centers operating from IFSC section 80LA of the Income-tax Act relating to deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre.

Updates from IFSCA

- The IFSCA, in tandem with RBI permission on opening SNRR Account at overseas, allowed IBUs to open & maintain such account. IFSCA advised all financial institutions in IFSC on permissible transaction in SNRR Accounts and making internet banking facilities available in these accounts.
- The IFSCA published consultation paper on Framework for Special Purpose Vehicle (SPV) for Co-investment and leverage transaction under IFSCA (Fund Management) Regulations 2022.
- IBUs are to observe Public Holidays as announced for banks in Gujarat as notified by the Government of Gujarat.

Updates from DGFT

- By inserting new para 1.07(A) & (B) in FTP 2023, the DGFT introduced trade facilitation measure with an option available to Central Government for consultation with relevant stake holders, comments or feedback and providing mechanism on best endeavor basis.
- DGFT notified the Standard Operating Procedure/ Guidelines for voluntary disclosure of non-compliance/ violations related to export of SCOMET Items and SCOMET Regulations.
- To boost export of diamonds from India, DGFT notified the new scheme in Chapter 4 of FTP 2023, the Diamond Imprest Authorisation.
- The Directorate General of Foreign Trade (DGFT) has launched the enhanced Certificate of Origin (eCoO) 2.0 System, a significant upgrade designed to simplify the certification process for exporters and enhance trade efficiency

ICC News

- The ICC Banking Commission listed agenda 'Industry standard API specification for Trade document exchange between Corporates and Banks' for discussion in next meeting scheduled in Dubai on 17 February shall.
- The ICC Banking commission released draft revision document ISBP Publication No.821.
- With new U.S. administration ushering in new policies, ICC issued FAQ answering key questions received, providing guidance on how to engage with these developments. ICC has also released Policy Brief titled 'Global Trade Outlook 2025'

FEDAI Workshop

05th February 2025: An online workshop on "EDPMS/ Guidelines and Operational Procedures"

10th to 14th February 2025: 5 Days Orientation Workshop (NON - RESIDENTIAL) on Foreign Trade and Foreign Exchange Business at Punjab and Sind Bank, Rohini, New Delhi

13th to 14th February 2025: Physical - FEDAI 2 Days Workshop (NON - RESIDENTIAL) on "Treasury and Foreign Exchange Market", FEDAI Conference Hall, FEDAI Mumbai

17th to 21st February 2025: Physical - FEDAI 5 Days Orientation Workshop (NON - RESIDENTIAL) on Foreign Trade and Foreign Exchange Business at Federal Bank Limited, Aluva, Kerala

20th Feb 2025: 1 Day Online Workshop on "Hedging products for retail customers"

25th February 2025: One Day Classroom Workshop on "Internal Audit of Foreign Trade and Exchange Business under FEMA", FEDAI Conference Hall, FEDAI Mumbai

Upcoming Market Events

RBI MPC Meeting	05th to 07th February 2025
ECB Monetary	05th March 2025
FOMC Meeting	18th to 19th March 2025

Market News

- The Board of Directors of IDBI Bank approved the re-appointment of Sh. Rakesh Sharma as MD & CEO of the bank for 3 years with effect from March 19, 2025.
- The Ministry of Home Affairs, GoI issued the clarification that consolidated income tax refund received in non-FCRA bank account, the proportionate income tax refund pertaining to FCRA Account need to be transferred back to FCRA bank account.
- CCIL issued the notification envisaging settlement of the Forex Forward Contracts maturing beyond 13 months (up to 36 months or residual maturity up to 36 months) under guaranteed settlement segment.

Contents

ICC - UCPDC 600

Commentary on Art. 21 & 22

Continued from Previous month...

Requirement for Original Document:

As per sub – article 21 (a) (iv), the non – negotiable Sea Waybill, however named, must appear to be the sole original document, or if issued in more than one original, be the full set as indicated on it.

Contract of Carriage and no indication to Charter Party:

As per sub – article 21 (a) (v), the non – negotiable Sea Waybill, however named, must appear to contain the terms and conditions of contract of carriage or it must make a reference to another source containing the terms and conditions of carriage, such as a short form or blank back bill of lading. However, banks will not examine the contents of terms and conditions of carriage.

As per sub – article 21 (a) (vi), the non – negotiable sea waybill, must not contain any indication that it is subject to a charter party.

Transhipment:

Sub-article 21 (b) of UCP 600, provides the meaning of Transhipment. Transhipment means unloading of goods from one vessel and reloading the goods to another vessel during the carriage from the port of loading to the port of discharge as stated in the letter of credit.

Sub-article 21 (c) states:

i. A non – negotiable sea waybill may indicate that the goods will or may be transhipped provided that the entire carriage is covered by one and the same non – negotiable sea waybill..
ii. A non – negotiable sea waybill indicating that transhipment will or may take place is acceptable, even if the credit prohibits transhipment if the goods have been shipped in a container, trailer or LASH barge as evidenced by the non – negotiable sea waybill.

As per sub-article 21 (d) clauses in a non – negotiable sea waybill stating that the carrier reserves the right to tranship will be disregarded.

Commentary on Article 22 - Charter Party Bill of Lading:

Issuance and Signing:

As per sub-article 22 (a) (i) of UCP 600, A bill of lading, however named is to that it is subject to charter party and be signed by the master or a named agent acting on the master's behalf or it can be signed by the Owner or a named agent acting on owner's behalf or by the charterer or a named agent acting on the charterer's behalf. There must be a clear identification of the parties signing along with an indication.

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