Foreign Exchange Dealers' Association of India
(Self-Regulatory Organisation (SRO) for all Authorised Dealers regulated by RBI)
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From the CEO's Desk

Dear Members,

July 2026 has been a month of continued implementation and operational readiness as the foreign exchange ecosystem adapts to India's evolving regulatory framework.

During the month, the Government synchronised the ITC (HS) 2022 Import and Export Schedules with the Finance Act, 2026, reinforcing the need for banks and trade participants to update their systems and processes in line with the revised tariff classifications and policy conditions.

FEDAI has remained actively engaged with the Reserve Bank of India and member banks through Working Group meetings and consultations, addressing operational issues relating to trade transactions, documentation standards, reporting, and customer service. Our continued emphasis on guidance, knowledge sharing, and industry collaboration reflects our commitment to supporting members during this transition.

As we enter August, I look forward to welcoming you to the 38th Annual General Meeting of FEDAI on 1 August 2026. We also look forward to celebrating the FEDAI Annual Day later this month, marking 68 years of FEDAI's service to India's foreign exchange market and reaffirming our collective commitment to supporting a resilient, transparent, and globally competitive foreign exchange ecosystem.

I thank all our members for their continued trust, support, and active participation. Together, we will continue to strengthen India's foreign exchange market through collaboration, sound governance, and operational excellence.

Warm regards,

Vivek Wahi

RBI Governor Meets MDs & CEOs of Public Sector and Select Private Sector Banks

The Reserve Bank of India (RBI) convened its half-yearly meeting with the Managing Directors and Chief Executive Officers of Public Sector Banks and select Private Sector Banks in Mumbai on 14 July 2026. Chairing the meeting, the RBI Governor acknowledged the banking sector's broad-based growth and urged banks to continue supporting all segments of the economy with prudence and renewed vigour. He encouraged banks to leverage advanced technologies, including Artificial Intelligence (AI), to enhance operational efficiency, expand access to financial services, improve customer experience, and strengthen cybersecurity, internal controls, and safeguards against fraud and data misuse. The Governor also emphasised the importance of placing customers at the centre of banking operations and fostering excellence in customer service.

The meeting also reviewed the progress of key initiatives, including the Central KYC Records Registry (CKYCR), early detection of Fake Indian Currency Notes (FICN), wider adoption of the MuleHunter platform, the Central Bank Digital Currency (CBDC), the Unified Lending Interface (ULI), the Account Aggregator framework, retail foreign exchange (FX) services, and the RBI Retail Direct Scheme. Participants shared their views on these initiatives and discussed other matters of significance for the financial sector.

The Governor's emphasis on customer-centric banking, technology adoption, and strengthening retail foreign exchange services is particularly relevant for Authorised Dealer banks. The focus on AI-enabled processes, digital public infrastructure, robust risk management, and enhanced customer experience aligns closely with the ongoing initiatives to improve transparency, efficiency, and service standards in cross-border foreign exchange transactions. Reference - RBI Press Release: 2026-2027/669 dated Jul 14, 2026

RBI Appoints Shri Ravi Shankar as Executive Director

The Reserve Bank of India has appointed Shri Ravi Shankar as Executive Director with effect from 1 July 2026. Prior to his appointment, he served as Adviser-in-Charge, Department of Statistics and Information Management (DSIM). With over three decades of experience in statistics, debt management, government securities, settlement systems, and macroeconomic surveys, he will now oversee the Department of Statistics and Information Management.

FATF Updates High-Risk and Monitored Jurisdictions

The Financial Action Task Force (FATF), following its Plenary held during **17–19 June 2026**, has updated its lists of jurisdictions subject to enhanced AML/CFT scrutiny. The Reserve Bank of India has circulated the revised position through a Press Release dated **16 July 2026**.

Key Highlights

High-Risk Jurisdictions (Call for Action):

- **Democratic People's Republic of Korea (DPRK)** and **Iran** continue to remain subject to FATF's Call for Action.
- **Myanmar** continues to remain on the High-Risk list, with FATF advising jurisdictions to apply enhanced due diligence proportionate to the associated risks while ensuring that legitimate humanitarian assistance, NPO activities and remittances are not disrupted.

Jurisdictions under Increased Monitoring (Grey List):

- **Algeria** and **Namibia** have been removed from the list following satisfactory progress.
- **Bosnia and Herzegovina** and **Iraq** have been added to the list.
- Other jurisdictions under Increased Monitoring include Angola, Bolivia, Bulgaria, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Haiti, Kenya, Kuwait, Lao PDR, Lebanon, Monaco, Nepal, Papua New Guinea, South Sudan, Syria, Venezuela, Vietnam, Virgin Islands (UK) and Yemen.

Implications for Authorised Dealer Banks

AD banks should review their AML/CFT risk assessment frameworks and ensure that customer due diligence, transaction monitoring and sanctions screening systems reflect the latest FATF updates. Transactions involving jurisdictions subject to enhanced monitoring or a call for action should continue to be processed in accordance with RBI's KYC/AML framework and the institution's risk-based policies, while facilitating legitimate trade and remittance transactions. **Source:** RBI Press Release dated 16 July 2026 on FATF High-Risk and Other Monitored Jurisdictions (based on FATF Public Statements issued on 19 June 2026).

RBI Swap Facility Attracts Forex Inflows of Over USD 20.7 Billion

The Reserve Bank of India (RBI) has reported that foreign currency inflows mobilised under its concessional swap facility have exceeded USD 20.7 billion as on 17 July 2026, reflecting strong market participation and the effectiveness of the measures announced to strengthen India's balance of payments.

Introduced on 5 June 2026 and operational from 8 June 2026, the swap facility provides concessional swap support for fresh FCNR(B) deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs) raised by Authorised Dealer banks. The facility is available until 30 September 2026 for FCNR(B) deposits and until 31 December 2026 for ECBs and OFCBs - **Reference:** Reserve Bank of India, Press Release No. **2026-2027/720**, dated **20 July 2026**.

RBI Consolidates Framework for Special Rupee Vostro Accounts (SRVAs)

The Reserve Bank of India (RBI) has issued a consolidated framework governing **Special Rupee Vostro Accounts (SRVAs)**, superseding the earlier circulars issued between July 2022 and October 2025. The revised circular consolidates and rationalises the existing instructions to provide a single, comprehensive framework for settlement of cross-border transactions in Indian Rupees (INR).

Under the revised framework, Authorised Dealer (AD) Category-I banks may open SRVAs for their overseas branches or correspondent banks resident outside India. The circular reiterates that SRVAs may be used not only for settlement of export and import transactions but also for all permissible current and capital account transactions under FEMA. AD banks maintaining SRVAs are also permitted to open dedicated current accounts for exporters and importers exclusively for settlement of trade transactions.

The circular also clarifies the permissible sources of funding for SRVAs, the investment of surplus balances in debt instruments in accordance with the applicable RBI directions, and the documentation and reporting requirements. Notably, the RBI has stated that details of SRVAs maintained by overseas correspondent banks with AD banks in India may be updated periodically in the **SRVA Directory** published by **FEDAI**, thereby enhancing transparency and facilitating trade settlement in INR. The revised instructions came into effect immediately. **Reference:** RBI A.P. (DIR Series) Circular No. 19 dated **17 July 2026** – *Special Rupee Vostro Accounts (SRVAs).*

RBI Invites Public Comments on Draft Foreign Investment Rules, 2026

The Reserve Bank of India (RBI) has released the draft Foreign Exchange Management (Foreign Investment) Rules, 2026 for public consultation as part of a comprehensive review of the existing Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. The initiative follows the announcement made in the Union Budget 2026–27 to modernise India's foreign investment framework and enhance ease of doing business.

The proposed draft Rules seek to establish a simplified, principle-based regulatory framework by rationalising existing provisions, harmonising definitions and separating procedural FEMA requirements from sector-specific FDI policy provisions. The draft also aims to reduce regulatory complexity, streamline compliance requirements, provide greater operational flexibility and introduce an investor-neutral and investee-neutral framework aligned with evolving business practices while retaining appropriate regulatory safeguards.

The RBI has invited comments and feedback from stakeholders on the draft Rules. Suggestions may be submitted through the 'Connect 2 Regulate' portal on the RBI website or via email on or before 31 August 2026. The final Rules will be notified after considering stakeholder feedback. **Reference:** RBI Press Release No. **2026-2027/726** dated **21 July 2026** – *Rationalisation of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 – Draft Rules for Comments.*

DGFT: Notifications/Circulars	
DGFT Synchronises ITC (HS) 2022 Schedules I & II with Finance Act, 2026	The DGFT has amended both Schedule-I (Import Policy) and Schedule-II (Export Policy) of ITC (HS) 2022 to align them with the Finance Act, 2026. The amendments include the insertion, deletion, amendment, splitting, and merging of ITC (HS) tariff codes, along with consequential changes to product descriptions and policy conditions to synchronise the ITC (HS) classification with the Finance Act, 2026. The revised schedules have come into force with immediate effect. Authorised Dealer (AD) banks, importers, exporters, and customs stakeholders should ensure that import and export transactions are processed using the revised ITC (HS) classifications and applicable policy conditions.- **References:** DGFT Notification No. 24/2026-27 dated 22 July 2026 and DGFT Notification No. 26/2026-27 dated 27 July 2026.
DGFT Prohibits Import of Goods Produced Using Forced Labour	The Directorate General of Foreign Trade (DGFT), through Notification No. 23/2026-27 dated July 13, 2026, has amended the Foreign Trade Policy (FTP), 2023 to prohibit the import of goods produced or manufactured, wholly or partly, using forced labour. The new provisions will come into force 30 days after publication in the Official Gazette.- **Reference**: DGFT Notification No. 23/2026-27 dated July 13, 2026 – *Prohibition on Import of Goods Produced Using Forced Labour – Insertion of Para 2.20B and Para 11.64 in the Foreign Trade Policy (FTP) 2023.*
DGFT Clarifies Operational Issues under Export Promotion Mission (EPM) Interest Subvention Scheme	The Directorate General of Foreign Trade (DGFT) has issued Trade Notice No. 13/2026-27 dated 14 July 2026, providing comprehensive clarifications on the implementation of the revised Interest Subvention Support for Pre- and Post-Shipment Export Credit under the Export Promotion Mission (EPM) – Niryat Protsahan. The Trade Notice addresses operational issues raised by lending institutions following the revised guidelines issued under Trade Notice No. 03/2026-27.- **Reference:** DGFT Trade Notice No. 13/2026-27 dated 14 July 2026 – *Clarifications on Interest Subvention Support for Pre- and Post-Shipment Export Credit under Export Promotion Mission (EPM) – Niryat Protsahan.*
DGFT Proposes RCMC Exemption for Low-Value Exports	DGFT has issued Trade Notice No. 14/2026-27 dated 20 July 2026, inviting stakeholder comments on a proposed amendment to Para 2.57 of FTP 2023 to exempt low-value export consignments from the requirement of obtaining a Registration-cum-Membership Certificate (RCMC) or Certificate of Registration.- **Reference:** DGFT Trade Notice No. 14/2026-27 dated 20 July 2026.

DGFT Extends Validity of Gold Import TRQ Authorisations under India-UAE CEPA	DGFT has issued Public Notice No. 18/2026-27 dated 1 July 2026, extending the validity of TRQ Authorisations issued during FY 2025-26 for the import of gold (CTH 7108) under the India-UAE CEPA from 30 June 2026 to 30 September 2026. The extension is automatic, and no separate application, amendment, endorsement or fee is required. - **Reference:** DGFT Public Notice No. 18/2026-27 dated 1 July 2026.
DGFT Launches 'Global Outreach for Branding, Labelling and Export Packaging' Initiative	DGFT has issued a Trade Notice dated 14 July 2026 launching the Global Outreach for Branding, Labelling and Export Packaging initiative under the Export Promotion Mission (EPM) – Niryat Disha to strengthen 'Brand India' through a unified branding framework, sector-specific campaigns, international marketing and improved export packaging. The initiative provides financial assistance to eligible organisations, including Export Promotion Councils, Commodity Boards, industry associations and government agencies, for branding and promotional activities. Draft policy guidelines have also been placed in the public domain, and stakeholders may submit their comments within 30 days of the Trade Notice. - **Reference:** DGFT Trade Notice dated 14 July 2026 – *Global Outreach for Branding, Labelling and Export Packaging under Export Promotion Mission (EPM) – Niryat Disha*.
ई सी जी सी ECGC	**"Risk Management Systems in Banks - Guidelines on Country Risk Management"** Please refer to the RBI circular no. DBOD.BP.BC.71/21.04.103/2002-03, dated 19.2.2003 on the above subject. The ECGC Country Risk Classification list with effect from **July 01, 2026** is enclosed for your kind information. The list is also available on our website www.ecgc.in through the following link : https://main.ecgc.in/english/circulars/.

India's Foreign Exchange Reserves Continue to Rise

India's foreign exchange reserves increased by **US$ 15.42 billion** over the four-week period from **June 26 to July 24, 2026**, reaching **US$ 682.35 billion**. The steady accretion in reserves reflects a comfortable external position and enhances the country's ability to meet external payment obligations while providing a strong buffer against global financial market uncertainties.

Forthcoming Meetings & Key Events – August 2026 –

Central Bank	Scheduled Meeting	Remarks
Reserve Bank of India (RBI)	**5 August 2026**	Monetary Policy Committee (MPC) meeting and policy announcement.
Reserve Bank of Australia (RBA)	**11 August 2026**	Monetary Policy Board meeting and interest rate decision.

Leadership Changes in Indian Banking (April–June 2026)

1. **South Indian Bank appoints Mahesh Muralidhar Pai as MD & CEO** - The Reserve Bank of India approved the appointment of Mahesh Muralidhar Pai, presently Chief General Manager at Canara Bank, as the Managing Director & Chief Executive Officer of South Indian Bank.
2. **RBI approves re-appointment of N. S. Vishwanathan as Axis Bank Chairman** - The Reserve Bank of India approved the re-appointment of N. S. Vishwanathan, former Deputy Governor of RBI, as the Non-Executive Chairman of Axis Bank for a further three-year term beginning 27 October 2026, subject to his re-appointment as an Independent Director.

FEDAI – KNOWLEDGE INITIATIVES - 2026

ICC URC 522 *Commentary*

Understanding URC 522 – A FEDAI Commentary Series Part II – Foundations of Documentary Collections

The Collection Instruction (Article 4)

The collection instruction is the operational heart of every documentary collection. Article 4 establishes three foundational rules: banks act only upon the instructions given in the collection instruction; banks will not examine documents in order to obtain instructions; and unless specifically authorised, banks will disregard instructions received from any party other than the one from whom they received the collection.

These rules carry significant practical weight. A collecting bank that acts outside the collection instruction — or attempts to infer instructions from the documents themselves — does so at its own risk. Equally, an exporter who issues verbal or informal supplementary instructions directly to the collecting bank should understand that those instructions will ordinarily be disregarded.

Example 1 – Banks act only on the Collection Instruction:

An exporter in India ships machinery to a buyer in Germany on **Documents against Payment (D/P) terms**. The remitting bank's collection instruction clearly states: "Deliver documents only against payment."

When the documents reach the collecting bank, the importer requests release of the documents against a written undertaking that payment will be made within **one week**.

Even though the importer is a long-standing customer of the collecting bank, the bank **must refuse the request**, as the collection instruction authorises release only against payment. If the collecting bank releases the documents without payment, it would be acting contrary to Article 4 and would be responsible for the consequences.

Example 2 – Banks will not examine documents to obtain instructions

An exporter sends export documents through the remitting bank. The collection instruction simply states: "Documents against Acceptance (D/A)."

Among the documents is an inspection certificate containing a note stating: "Goods should not be released unless insurance premium has been paid."

The collecting bank is **not expected to read the inspection certificate** to discover such instructions. Since the collection instruction contains no instruction regarding insurance premium, the bank will process the collection strictly in accordance with the collection instruction and ignore any operational instructions embedded within the documents.

Example 3 – Instructions from other parties are disregarded unless authorised - An Indian exporter submits documents through its remitting bank under D/P terms for dispatching it to the collecting bank. While the documents are dispatched by the remitting bank with instructions to release the documents on payment terms (D/P), in parallel, the exporter/principal sends a letter directly to the collecting bank abroad instructing: "Please release the documents against acceptance (D/A) instead of payment." The collecting bank has received no amended instruction from the remitting bank.

Accordingly, the collecting bank **should disregard the exporter's direct letter** and continue to act on the original collection instruction received from the remitting bank.

If the exporter wishes to amend the collection terms, the request should be routed through the remitting bank, which will send an official amendment to the collecting bank.

Content of a Collection Instruction

Article 4 specifies the information a collection instruction should contain. For banks, completeness at the outset prevents delays and disputes. The key elements are:

- Full details of the remitting bank, the principal, the drawee, and the presenting bank (if separately identified)
- Amount and currency to be collected
- Complete list of documents enclosed with a numerical count of each
- Terms and conditions for release — clearly stating whether documents are to be released against payment, against acceptance, or on other terms; the responsibility for clarity rests squarely on the party preparing the instruction
- Charges — specifying whether they may be waived
- Interest, if applicable — specifying the rate, period, and basis of calculation (360 or 365 days) and whether they may be waived
- Method and form of payment advice
- Instructions in the event of non-payment, non-acceptance or non-compliance

Address of the Drawee

The collection instruction must bear the complete address of the drawee or the domicile for presentation. Where an address is incomplete, the collecting bank may attempt to ascertain the correct address but assumes no liability for any resulting delay. This is a common source of avoidable delay in practice — remitting banks should verify drawee address details before despatch.

Example 1 – Complete address - The collection instruction contains drawee address as: M/s. XYZ ABC Textiles Ltd., Via Roma 125, Milan – 20121, Italy. The collecting bank is able to promptly contact the importer and present the documents without difficulty.

Example 2 – Incomplete address –

The collection instruction merely mentions: M/s. XYZ ABC Textiles, Milan. No street address, postal code, telephone number or email address is provided.

In this case, the collecting bank will attempt to locate the importer through publicly available information and its internal records. But, this will cause delay and they will not be responsible for it.

FEDAI Practical Perspective –

An incomplete or ambiguous collection instruction is not merely an operational inconvenience — but also a potential financial exposure. AD Banks acting as remitting banks should use standardised collection instruction formats that are comprehensive and unambiguous. Banks acting as collecting banks should immediately flag any incomplete instruction to the remitting bank rather than proceeding on assumption. The instruction governs the entire transaction; its quality determines the outcome.

📅 Training Programmes Calendar – July 2026

Date	Programme	Mode & Venue
05 August 2026	Workshop on “Export Finance”	Online (3 hours)
07 August 2026	Workshop on “Customs Procedures & Practice – Bankers’ Perspective”	Online (3 hours)
11 August 2026	Workshop on “Overseas Investment Facilities for Residents”	Online (3 hours)
13 August 2026	Workshop on “Overseas Investment Facilities for Residents”	Online (3 hours)
20 - 21 August 2026	2-Day (NON - RESIDENTIAL) Workshop on “Treasury and Foreign Exchange Market”	Non-Residential – FEDAI Conference Room, Mumbai

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