



June 2022 FEDAI NEWS LETTER

Monetary Policy Committee's Resolution Vs. Global Trend

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53832

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53831

On the basis of current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting held on June 8, 2022, decided to increase the policy repo rate under the liquidity adjustment facility (LAF) by 50 BPS to 4.90 with immediate effect. Consequently, the standing deposit facility (SDF) rate stands adjusted to 4.65% and the marginal standing facility (MSF) rate and the Bank Rate to 5.15%. MPC's decision was in line with global trend emerging out of combination of factors, including Russia Ukraine conflict, continuing supply chain disruptions, intermittent resurgences of the Covid resulting in increased inflationary pressures across different regions that forced many central banks to realign their monetary policy embarking on interest rate tightening. -US Federal Reserve announced 75 bp hikes on June 15th 2022 taking the FED fund rate range to 1.50-1.75%. Bank of England increased its reference rate by 25 bp to 1.25% the next day, June 16th 2022. Swiss National Bank increased its policy rate by 50 BPS, the same day.

Margining for NCCD - RBI Directions, 2022

https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12328

https://www.rbi.org.in/scripts/bs_viewcontent.aspx?id=4147

The Reserve Bank issued Master Directions regarding the exchange of variation margin (VM) for non-centrally cleared derivatives (NCCDs), which will come into effect from December 01st 2022. These Directions shall apply to Fx Derivatives, Interest Rate Derivatives and Credit Derivative Contracts that are non-centrally cleared.

RBI also invited feedback by July 29th, 2022 from market participants and other interested parties on the Draft Directions for Initial Margin for NCCDs placed on their website on 16 June 2022. FEDAI shall be collecting, compiling feedback from members for submission to RBI.

Report of the Regulations Review Authority (RRA 2.0)

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53858

Regulations Review Authority (RRA 2.0), set-up in April 2021 under chairmanship of Sh. M. Rajeshwar Rao, Deputy Governor RBI has submitted its recommendations on 13th June 2022. The emphasis of these recommendations is on ease of compliance, reduction in regulatory burden, streamlining of reporting mechanism and dissemination & ease of accessibility of regulatory instructions, simple, easy and concise communication in nuanced language wherever needed.

RBI's Payments Vision 2025

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53886

RBI's Payment Vision 2025 document released on June 17th, 2022, states that the feasibility of expanding RTGS to settle transactions in major trade currencies such as USD, British Pound, Euro, etc., shall be explored through bi-lateral or multi-lateral arrangements. The arrangements could be expected to provide real time proceeds in foreign currencies to traders and establishing the country as a major centre for international financial trades.

INR Exchange rate against US Dollar and other major currencies

Hit by stronger US Dollar, surging crude oil prices, FII outflows from Indian markets, Indian Rupee has been under pressure and losing against USD since the beginning of the year. On 29th, June, Indian Rupee hit all time low touching Rs.79.03/USD before recovering part of the losses. The rupee has lost over 6 per cent against the dollar since the beginning of 2022 while it appreciated against other major currencies like EUR, GBP and JPY during the same period.

As per RBI Financial Stability Report released on 30th, June 2022, notwithstanding the challenges from global spillovers, the Indian economy remains on the path of recovery, though inflationary pressures, external spillovers and geopolitical risks warrant careful handling and close monitoring.

IFSCA Banking Handbook

[https://ifsc.gov.in/Circular?MId=mrvWhf4AyTY=](https://ifsc.gov.in/Circular?MId=mrvWhf4AyTY)

[https://ifsc.gov.in/Circular?MId=tSgDDXwJH4=](https://ifsc.gov.in/Circular?MId=tSgDDXwJH4)

[https://ifsc.gov.in/Circular?MId=fDZ1bORz4ng=](https://ifsc.gov.in/Circular?MId=fDZ1bORz4ng)

International Financial Service Centres Authority issued Banking Handbook – Prudential Directions, General Directions and Conduct of Business Directions on 06 June 2022.

Migration to new DGFT e-BRC Portal/IT platform

<https://content.dgft.gov.in/Website/dgftprod/c11a945a-29fb-4832-805c-a18283fad565/TN13.pdf>

DGFT vide Trade Notice No. 13/2022-23 dated 30 June, 2022 announced proposed discontinuation of existing eBRC module effective end of July 2022. AD Banks are asked to migrate to the new platform on urgent basis not to impact the services to the exporting community. Help Manual as well as FAQs on new eBRC Platform have been made available to Bank Officials on the new portal, after login.

ICC News

ICC has launched a new brand identity reflecting the global institution's strategic direction and mission to make business work for everyone, every day, everywhere.

FEDAI workshops & training activities

- 06th July 2022 – One Day Online Workshop on Swift Operations
- 20th July 2022 – One Day Online Workshop on Countering Trade Based Money Laundering
- 18th to 22nd July 2022 – 5 Days Physical Orientation Workshop on Foreign Trade and Foreign Exchange Business at SIBSTC, Bangalore
- 01st to 5th August 2022 – 5 Days Physical Orientation Workshop on Foreign Trade and Foreign Exchange Business at BOB, Ahmedabad

Upcoming Market Events

- RBI MPC Meeting 02nd-04th August 2022
- FOMC Meeting 26th-27th July 2022
- ECB Monetary Policy Meeting 21st July 2022

Market News

- Sh. R Subramaniakumar, ex MD-&-CEO, IOB, has joined as the MD-&- CEO of RBL Bank Ltd.
- Consequent upon resignation of Shri R. Subramaniakumar, RBI appointed Shri Venkat Nageswar Chalasani, ex Dy. MD, SBI and ex Chairman FEDAI, as a member of the Advisory Committee of Srei Infrastructure Finance Limited (SIFL) and Srei Equipment Finance Limited (SEFL).
- The GoI appointed 4 non-official directors, Sh. Anand Mahindra, Sh. Ravindra Dholakia, Sh. Venu Srinivasan and Sh. Pankaj Patel, on RBI Central Board on June 14, 2022.
- Fitch Ratings on June 10, 2022 revised the Outlook on India's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Stable, from Negative, and affirmed the IDR at 'BBB-'. Moody's has a Baa3 long-term rating for India, the lowest investment grade rating. Moody's had raised the outlook on India's sovereign rating to 'stable' from 'negative' in a revision in October 2021.
- On a review, it has been decided to allow the branches of Indian banks operating in GIFT-IFSC to act as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited

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Express Cargo Clearing System

<https://courier.cbic.gov.in>



The express industry is emerging as the major engine of growth in international commerce with integrated supply chains and fast delivery of goods to the customers' doorstep. The ECCS was launched in 2017 for the electronic clearance of courier consignments. It is a highly efficient and robust system catering to the fast-paced growth of this sector. This technology driven system has contributed successfully towards increasing trade volumes, eliminating paperwork and reducing dwell times, resulting in clearance of consignments within few hours.

It has offered a great fillip to the e-commerce industry in India and ensured hassle free delivery and pick-up at the door-steps of importers and exporters. This system is currently operational at nine ICT locations i.e. Bengaluru, Mumbai, Delhi Ahmedabad, Chennai, Cochin, Jaipur, Kolkata & Hyderabad and planned to be rolled out at the remaining locations in a phased manner.

The integration of ECCS with EDPMS/ IDPMS modules of RBI was launched on 27 January 2022. Here onwards information of all shipping bills for export or bill of entry for import consignment cleared through ECCS shall reach to Authorised Dealer Banks in form EDPMS and IDPMS Entry, respectively.

The clearance of trade through courier is subject to Courier Imports and Export Regulations, 2010 and Courier Imports and Exports (Electronic Declaration and Processing) Amendment Regulations, 2020.

FEDAI has started conducting training in physical mode at request of the FEDAI members