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

# June 2025
# FEDAI NEWSLETTER

## Contents



## MPC Resolution and Governor's Statement

Click for Minutes of MPC

The 55th MPC concluded on June 6, 2025 voted to reduce the policy repo rate by 50 basis points to 5.50% with immediate effect; third consecutive reduction after 25 BPS each in last two policies' announcements. Consequently, the SDF rate under the liquidity adjustment facility shall stand adjusted to 5.25% and the marginal standing facility rate and the Bank Rate to 5.75%. MPC also decided to reduce the Cash Reserve Ratio of all banks by 100 basis points in four equal tranches of 25 PBS each to 3.0 per cent of net demand and time Liabilities. Accordingly, banks will require to maintain the CRR at 3.75 per cent, 3.5 per cent, 3.25 per cent and 3.0 per cent of their NDTL effective from the reporting fortnight beginning September 06, October 04, November 01 and November 29, 2025, respectively

MPC took note of global uncertainties and in Indian perspectives going forward and opined that economic activity continues to maintain the momentum in 2025-26. The sustained rural economic activity bodes well for rural demand, while continued expansion in services sector is expected to support the revival in urban demand. Investment activity is expected to improve in light of higher capacity utilization, improving balance sheets of financial and non-financial corporates, and government's capital expenditure push.

During this month, European Central Bank reduced policy refinancing rate by 25 BPSPA to 2.15%; FED Reserve USA and Bank of England and decided to status qua in their policy rates announcements on 18 June 2025 & on 19 June 2025, respectively.

## Recommendations of the Working Group on Comprehensive Review of Trading and Settlement Timings of Various Markets Regulated by the RBI

Click here to see details

Group constituted as per the announcement made in 'Statement on Developmental and Regulatory Policies' dated February 07, 2025, recommended no change in timing of Fx. Market, interest rate derivative & Government Securities Market; however, suggested that the market hours of the call money market be extended till 7:00 PM while the market hours for market repo and TREP be synchronised and extended till 4:00 PM. The Group also recommended unifying the TREP trading hours for members settling obligation through Designated Settlement Banks (DSBs) and through the RBI. The Group recommended preponing the timing of pre-announced LAF auction to 9:30 AM – 10:00 AM from 10:00 AM to 10:30 AM currently. It also suggested, post onshore market hours, transactions in Government securities with non-residents could be permitted during a time window between 5:00 PM and 11:30 PM. The Group recommended that such transactions, if permitted, be reported to NDS-OM on T+1 day before onshore market hours and settled on a T+2 basis.

## Amendment in FEM (Export of Goods & Services) Regulations

Export of Tugs or Tug Boats, Dredgers and Vessels used for providing offshore support services, subject to their re-import into India henceforth may be made without furnishing the export declaration.

## Amendment in FEM (Non-debt Instruments) Rules

An Indian company, engaged in a sector or activity prohibited for foreign direct investment, may henceforth issue bonus shares to its pre-existing shareholders who are persons resident outside India, subject to certain specified conditions.

## Import of Shipping Vessel

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In order for enhancing ease of doing business and keeping in view the sector-specific constraints, RBI w.e.f. June 13, 2025 allowed importers to make advance remittance for import of shipping vessel, without bank guarantee, or an unconditional, irrevocable standby Letter of Credit, up to USD 50 million. Such advances are made subject to similar compliances which are currently applicable when advance is remitted against import of Aircrafts/ Helicopters and other Aviation related Purchases.

## The Depositor Education and Awareness Fund Scheme, 2014

Click here to see details

## KYC Update in Inoperative Accounts/ Unclaimed Deposits in Banks

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RBI issued revised guidelines of the scheme facilitating all operations through e-Kuber System. Henceforth, the window for transferring unclaimed amounts/deposits to the Fund through e-Kuber shall be kept open only during the last five working days of every month and one consolidated deposit will be accepted from each bank. Similarly, each bank/ member of scheme may submit a claim from the Fund in e-Kuber system during the first 10 working days of every month.

In a related development, in order to reduced numbers of Inoperative Accounts/ Unclaimed Deposits in banks, RBI also amended extant instructions and asked banks to make available the facility of updation of KYC for activation of inoperative accounts and unclaimed deposits at all branches (including non-home branches). Further, banks are asked to endeavour to provide the facility of updation of KYC in such accounts and deposits through Video-Customer Identification Process (V-CIP).

## Updates from IFSCA

- Indian resident individuals (RI) are currently permitted to open & operate the Foreign Currency Accounts in IBU under LRS Facility. IFSCA has now suggested change in declaration obtained from RI at the time of opening of the account.

## Updates from DGFT

- Name of 'The Sports Goods Export Promotion Council' and 'The Silk & Rayon Textiles Export Promotion Council' is changed to Sports Goods & Toys Export Promotion Council and Manmade and Technical Textiles Export Promotion Council (MATEXIL), respectively.

## ICC News

- ICC has shared the draft consolidated Opinions 1302 – case TA949rev, TA950 and TA951 for comments from all national committees and groups for its August 2025 ICC BO meeting.

## FEDAI Workshop

07th to 11th July 2025: 5-Day Classroom Orientation Workshop (Non - Residential) on "Foreign Trade and Foreign Exchange Business" at Indian Bank, IMAGE, Chennai

23rd July 2025: One Day Online (3 hours) Workshop on "SWIFT - Financial messaging services"

30th July 2025: One Day Online (3 hours) Workshop on "Countering Trade based Money Laundering"

## Upcoming Market Events

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| RBI MPC Meeting | - | 05th to 07th August 2025 |
| ECB Monetary | - | 23rd to 24th July 2025 |
| FOMC Meeting | - | 29th to 30th July 2025 |

## Market News

- Her excellency the President of India appointed Shri T. Rabi Sankar, Deputy Governor of RBI as a part-time Member of the Sixteenth Finance Commission
- The FEDAI Managing Committee approved selection of Shri Vivek Wahi, currently Executive Director, Central Bank of India, for the position of Chief Executive, FEDAI
- FSIB recommended name of Shri R Doraiswamy for the position of CEO & MD in LIC
- RBI, in collaboration with an OTC Platform launched a five-part documentary series titled '**RBI Unlocked: Beyond the Rupee**' which takes the audience through 90-year history of the bank.
- RBI relocated its Andhra Pradesh Regional Office to Vijayawada from Hyderabad.

## ICC - UCPDC 600
## Commentary on Art. 26 & 27

Continued from Previous month...

**Article 26 -**

Shipper's Load and Count / Said by Shipper to Contain: These clauses are acceptable in transport documents. These clauses indicate that the carrier is relying on the shipper's declaration for the number and/or type of goods, and that carrier is not guaranteeing the accuracy of this information.

Charges Additional to Freight: A transport document may reference additional charges beyond the freight cost. This can be done through a stamp or notation. If a letter of credit indicates that costs additional to freight are not acceptable, a transport document is not to indicate that costs additional to the freight have been or will be incurred.

**Article 27 – Clean Transport Document:**

Purpose and Scope: Article 27 addresses the "condition" of transport documents presented under a documentary credit. It aims to ensure that banks only accept transport documents that do not indicate damage or defects in the goods or their packaging. This safeguards the buyer's interest.

What does "Clean" mean? A "clean" transport document: must not have any clause, remark, or notation that expressly declares

(i) a defective condition of the goods, or

(ii) a defective condition of the packaging.

This is consistent with international banking practice, where a clean document implies that the carrier or their agent took custody of the goods without visible damage or irregularities.

No Need for the Word "Clean": The article explicitly states that the word "clean" is not required on the document, even if the credit specifies or requires transport document mentioning "clean on board". Thus, banks focus on the substance (i.e., absence of damage notations) rather than form (specific wording like "clean").

Bank's Examination Responsibility: Banks don't inspect the goods, but only examine documents. While examining a transport document, if there is no negative notation, it is deemed clean. If there is negative clause, even one line indicating defect, the bank must reject the document i.e raise it as a discrepancy.

To be continued ...