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

March 2025
FEDAI NEWSLETTER

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Market News

India's Balance of Payments during the Q3 (Oct.-Dec.) of 2024-25 and International Investment Position (IIP), December 2024

Click here to see BoP and Click here see IIP

India's current account balance recorded a deficit of USD 11.5 billion (1.1% of GDP) resulting in widening of CAD for first 9 months to 37.0 billion against 30.6 in corresponding period in last FY. Net services receipts increased USD 51.2 billion reduced the impact of Merchandise trade deficit which increased to USD 79.2. NRI deposits recorded a net inflow of USD 3.1 billion.

The FDI and FPI recorded a net outflow of USD 2.8 billion and USD 11.4 billion respectively against net inflow in corresponding period in last FY. The net inflows under ECBs to India amounted to USD 4.3 billion whereas the Trade Credit is increased marginally. Consequently, the share of debt liabilities in total external liabilities increased to 53.6% in December 2024 from 52.9% a quarter ago and 51.2% a year ago. Variation in the exchange rate of rupee vis-a-vis other currencies also impacted the change in liabilities, when valued in the US dollar term.

Use of Local Currencies for Bilateral Transactions Settlement

Click here and Click here for details

RBI and the Bank of Mauritius signed a MoU for establishing a framework to promote the use of local currencies, viz., the Indian Rupee and the Mauritian Rupee for cross-border transactions.

In the wake of signing of MoU between RBI and Maldives Monetary Authority in November 2024 for establishing a framework to promote the use of local currencies for bilateral transactions, RBI decided that India's bilateral trade transactions with Maldives may also be settled in INR and/or MVR in addition to the ACU mechanism, as hitherto

ISDA OTC Derivatives Compliance Calendar

Click here

ISDA released the compliance calendar indicating the Initial Margin guidelines going live in India for NCCD w.e.f. April 01, 2025. The calendar provides important dates in various jurisdiction in respect to implementation of IM for prescribed threshold amount and categories & other useful content.

Revision in MSME Definition

The notification issued on March 25, 2025 broadened the net w.e.f. April 1, 2025. Now the maximum investment cap for micro enterprises, small enterprises and medium enterprises is increased from 1 Cr. to 2.5 Cr, from 10 Cr. to 25 Cr and from 50 Cr. to 125 Cr, respectively. Similarly, the maximum turnover cap for micro enterprises, small enterprises and medium enterprises is increased from 5 Cr. to 10 Cr, from 50 Cr. to 100 Cr and from 200 Cr. to 500 Cr, respectively.

Postal Imports Regulations, 2025

Central Board of Indirect taxes & Customs, Ministry of Finance notified Postal Imports Regulations, 2025 requiring filing of Postal Bill of Import by the importer, electronically on the Customs Automated System, for all Non-Personal Imported goods. The Postal Authority shall not deliver any goods to the recipient unless an order permitting clearance of the goods has been made by the proper officer of Customs and customs duty assessed is collected. Any imported goods which have not taken clearance or remain undelivered after the expiry of a period of thirty days of its arrival, shall be sold or disposed of by the Postal Authority, with the permission from the Customs Officer.

Updates from IFSCA

- The IFSCA issued SEZ Compliance FAQ Booklet answering queries on various topics.
- IFSCA published IFSCA Registration of Factors and Registration of Assignment of Receivables Regulations, 2024 drawing regulations for Factors and Electronic Platform for the trade finance requirements of exporters or importers, through multiple financiers.
- IFSCA issued clarification as regards to Contribution to Settlement Guarantee Fund (SGF) in reference to Market Infrastructure Institutions Regulations.

Clarification from Indian Banks' Association

- The IBA has obtained clarification from RBI on ascertaining ultimate beneficial ownership under backdrop of queries with respect to FDI and advised the same to member banks on February 27, 2025.
- IBA has further clarified that, as per the explanation appended to Section (41), it has been emphasised that the concept of Political Exposed Persons is applicable with reference to individuals entrusted with public functions by a foreign country

FEDAI Workshop

16th April 2025: One Day Online Workshop on "Overseas Investment Facilities for Residents"

23rd April 2025: One Day Online Workshop on "Countering Trade Based Money Laundering"

21st to 25th April 2025: 5-Day Classroom Orientation Workshop (Non - Residential) on "Foreign Trade and Foreign Exchange Business" at Union Bank of India, ULA, STC, Gurugram, Haryana

Upcoming Market Events

RBI MPC Meeting	07th to 09th April 2025
ECB Monetary	16th to 17th April 2025
FOMC Meeting	06th to 07th May 2025

Market News

- The RBI has appointed Dr. Ajit Ratnakar Joshi and Shri Indranil Bhattacharyya as Executive Director with effect from March 03, 2025 and March 19, 2025, respectively.
- Challa Sreenivasulu Setty, the Chairman of State Bank of India (SBI), has been elected as the new Chairman of the Indian Banks' Association (IBA)
- RBI organized 'Annual Authorised Dealers Conference FY 2024-25' on March 24, 2025 in Mumbai. Senior officers from the Reserve Bank including Shri T. Rabi Sankar, Deputy Governor and Shri Arnab Kumar Chowdhury Executive Director addressed authorized dealers.
- 19th FEDAI Annual Conference held at Zurich, Switzerland from 14th to 16th March 2025. In total 311 delegates from Authorised Dealers, RBI, CCIL, FIMMDA, IIBF and FBIL attended the conference.
- CCIL issued Additional FAQ and Guidance on Essential requirements under BCBS-IOSCO's margin requirements for non-centrally cleared derivatives vis-à-vis SARVAM
- ECGC issued revised Country Risk Classification List with effect from 01st April 2025
- Minister of State for the Ministry of Commerce & Industry shared information on Comprehensive Measures to Boost Exports and Strengthen Trade Competitiveness implement in lower house
- Three days FATF Private Sector Collaborative Forum concluded in Mumbai on March 03, 2025. Ms. Elisa de Anda Madrazo, FATF President and Shri Sanjay Malhotra, Governor RBI addressed delegates.
- MoHA, Government of India decided to extend validity of FCRA Certificate: (a) the validity of registration certificates of such entities whose validity was extended till 31 .03.2025 vide earlier public Notice dated 27 .12.2024 and (b) the validity of those FCRA entities whose 5 years validity period is expiring during 01.04.2025 to 30.06.2025, subject to their renewal application is pending.
- To give further boost to digital payments in the country, Government extended the Incentive scheme for promotion of low-value BHIM-UPI transactions (up to Rs. 2000, Person to Merchant) for financial year 2024-25

ICC - UCPDC 600

Commentary on Art. 23 & 24

Continued from Previous month...

Indication of Shipment:

As per sub-article 23 (a) (iv) an air transport document must indicate the airport of departure and airport of destination as per the letter of credit.

Requirement for Original Document:

As per sub – article 23 (a) (v), even if the letter of credit stipulates full set of originals, an air transport document must appear to be the Original for Shipper or Consignor.

Contract of Carriage:

As per sub – article 23 (a) (vi), the air transport document, 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. However, banks will not examine the contents of terms and conditions of carriage.

Transhipment:

Sub-article 23 (b) of UCP 600, provides the meaning of Transhipment. Transhipment means unloading of goods from one aircraft and reloading the goods to another aircraft during the carriage from the airport of departure to the airport of destination as stated in the letter of credit.

Sub-article 23 (c) states:

i. An air transport document may indicate that the goods will or may be transhipped, provided that the entire carriage is covered by one and the same air transport document.
ii. An air transport document indicating that transhipment will or may take place is acceptable, even if the letter of credit prohibits transhipment.

Article 24 Road, Rail or Inland Waterway Transport Documents:

Issuance and Signing:

As per sub-article 24 (a) (i) of UCP 600, a Road, Rail or Inland Waterway 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.

FEDAI Members can visit our website to experience our AI-based Chatbot Application "FEDaiQuest" to get indicative answers related to queries on Foreign Exchange and Trade Finance.