



May 2022 FEDAI NEWS LETTER

Monetary Policy Committee's Resolution

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53651
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Monetary Policy Committee held an off-cycle meeting on 2nd and 4th May, 2022. Based on their assessment of the macroeconomic situation and the outlook, the MPC voted unanimously to increase the policy repo rate under Liquidity Adjustment Facility (LAF) by 40 basis points to 4.40 per cent, with immediate effect. Consequently, the standing deposit facility (SDF) rate stands adjusted to 4.15 per cent; and the marginal standing facility (MSF) rate and the Bank Rate to 4.65 per cent. The MPC also decided to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth

RBI also decided to increase the Cash Reserve Ratio (CRR) by 50 basis points to 4.50 percent of Net Demand and Time Liabilities (NDTL), effective from the reporting fortnight beginning May 21, 2022.
RBI constituted Committee for Review of Customer Service Standards

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53750

As it was announced in MPC Statement on April 08, 2022; RBI has constituted a committee for Review of Customer Service Standards in RBI Regulated Entities, under chairmanship of Shri. B P Kanungo, former Deputy Governor, RBI.
Financing of Export of Goods & Services from India to Sri Lanka

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12320&Mode=0>

In view of the difficulties experienced by exporters in receipt of export proceeds from Sri Lanka and State Bank of India's credit facility agreement dt March 17th, 2022 with the Government of Sri Lanka for sanction of Government of India guaranteed USD one billion term loan to Govt of Sri Lanka for financing purchase of essential goods by Sri Lanka from India, RBI announced that such trade transactions with Sri Lanka, within the said arrangement, may be settled in INR outside the ACU mechanism. The set of instructions in this regard come into force w.e.f. May 19, 2022 and facility will be available for drawdown up to 16th March 2023. Details of arrangement may be obtained from SBI.

Interest Equalization Scheme (IES)

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12327&Mode=0>

RBI had earlier stated that under extant guidelines, benefit of IES would not be available to exporters who are availing any benefit in Performance Linked Incentive (PLI) scheme of the Government. Government has now issued a clarification that henceforth benefit in extended IES will also be available to such beneficiaries for segments other than for which they have availed of PLI benefits.

Import of Gold by Qualified Jewellers (QJs)

<https://rbi.org.in/Scripts/NotificationUser.aspx?id=12324&Mode=0>

In line with DGFT Notification No. 49/2015-2020 dated January 5, 2022, in terms of which, in addition to nominated agencies as notified by RBI (in case of banks) and nominated agencies as notified by DGFT, QJs as notified by International Financial Services Centers Authority (IFSCA) were also permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Ltd. (IIBX), RBI has authorized AD banks to allow QJ to remit advance payments for 11 days for import of Gold through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSCA Act 2019.

For gold imported through IIBX, QJs shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the AD bank from where advance payment has been remitted.

LRS – Comprehensive review

RBI, as per Annual Report released on May 27th, 2022, plans to undertake comprehensive review of Liberalised Remittance Scheme (LRS) in the year 2022-23 to address various issues and inconsistencies in the scheme.

India's international trade in FY 2021-22

As per latest trade data released by Ministry of Commerce and Industries for the year 2021-22, the bilateral trade between the U.S. and India stood at \$ 119.42 billion as against \$80.51 billion in 2020-21. The figure is higher than comparable numbers for China which as per the data for the year 2021-22 aggregated at \$115.42 billion as compared to \$86.4 billion in 2020-21.

ICC News

- Through the Digital Standards Initiatives drive, ICC has issued Standards Toolkit for Cross-border Paperless Trade jointly with World Trade Organisation.
- ICC issued draft Opinion, TA925, for discussion during the July 2022 Banking Commission meeting.

FEDAI workshops & training activities

- 02nd June 2022 – One Day Online Workshop on External Commercial Borrowing
- 16th-17th June 2022 – Two Days Online Workshop on Basics of Exports and Export Finance

Upcoming Market Events

- RBI MPC Meeting 6th-8th June 2022
- FOMC Meeting 14th-15th June 2022
- ECB Monetary Policy Meeting 9th June 2022

Market News

- RBI has appointed Dr. Rajiv Ranjan and Dr. Sitikantha Pattanaik as Executive Director with effect from May 02, 2022 looking after Monetary Policy Department and Department of Economic and Policy Research respectively. Dr. Rajiv Ranjan, will also serve as ex-officio member of the Monetary Policy Committee.
- Central Government notified on May 23, 2022 that courses offered in Financial Management, FinTech, Science, Technology, Engineering and Mathematics by foreign universities in the IFSC are to be treated as financial service.
- The Government of India and the Government of the United States of America signed an Investment Incentive Agreement on May 23, 2022 which supersedes the Investment Incentive Agreement signed between these two countries in the year 1997.
- The gross GST revenue collected in the month of April, 2022 was highest ever Rs 1,67,540 crore.
- World Economic Forum (WEF) in Davos held from 23-25 May 2022
- BIS Market Committee has issued a paper on FX interventions, on May 17, 2022 with specific focus on central banks of emerging economies.
- BSE Limited approved the appointment of Sh. S S Mundra, Public Interest Director as the Chairman of the board of directors of company. Sh. Mundra will replace Justice Vikramajit Sen.
- Leading UK-based academic Dr Swati Dhingra has been named as the first Indian-origin woman to be appointed as an external member of the Bank of England's interest rate-setting committee.

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Foreign Investment Facilitation Portal

<https://fifp.gov.in/>



The Foreign Investment Facilitation Portal (FIFP) is online single point interface of the GoI for foreign investors to facilitate FDI under approval route. This portal was created post winding up of Foreign Investment Promotion Board (FIPB) in 2017.

FIFP, is being administered by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry.

The portal allows access to; Policy & Regulations, NIC Codes, Various Forms, Circulars and Standard Operation Procedure (SOP) for FDI proposals. There is separate section on FAQs and statistical information. In total, the portal provides transparency, complete information and serves each stakeholder's interest.

On 5th anniversary of FIFP, Ministry of Commerce & Industry vide Press Release dated May 24, 2022 informed that 853 FDI proposals were disposed off in the last 5 years. During the period, not only the FDI has increased, so has the number of countries bringing in FDI into India. In FY 2014-15, FDI inflow in India stood at USD 45.15 billion, which increased to USD 60.22 billion in 2016-17 and further to the highest ever annual FDI inflow of USD 83.57 billion reported during the FY 2021-22 despite COVID-19 pandemic and recent Russia-Ukraine conflict. During FY 2021-22 FDI has been reported from 101 countries, whereas, it was reported from 97 countries during previous financial year (2020-21).