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

October 2025
FEDAI NEWSLETTER

HY Report on Management of Fx Reserves: April - September 2025 Click here for details
During this period, reserves increased from USD 668.33 to USD 700.09 billion. Though Foreign Currency Asset is maintained in major currencies like the US dollar and Euro, foreign exchange reserves are denominated in US dollars. FCA fluctuations arise from RBI's Forex transactions, investment earnings, external aid receipts, and asset revaluation.

Merchanting Trade Trans. – Review of time period related guidelines Click here for details
To enable Merchanting traders to manage their MTT more effectively, the permissible period for foreign exchange outlay has been extended from 4 to 6 months. The full MTT cycle must be concluded within 9 months.

Investment in Corporate Debt Securities by Non-Resident through SRVA
click here and here for details
Henceforth, AD banks may permit investment of surplus balances in the Special Rupee Vostro Accounts also in non-convertible debentures/bonds and commercial papers issued by Indian companies. Consequently, investments of rupee surplus balances in SRVA in NCDs, bonds, and commercial papers issued by Indian companies will now be counted under the corporate debt securities limit of the General Route.

Foreign Currency Accounts by a person resident in India – Amendment Click here for details
The seventh amendment clarifies that residents permitted to hold foreign currency accounts abroad may also open such accounts now in an International Financial Services Centre (IFSC). Further, exporters maintaining foreign currency accounts in IFSC may henceforth repatriate balances into India within 3 months, as against the one-month limit applicable to accounts held in overseas jurisdictions.

Foreign Exchange Management (Borrowing and Lending) - Amendment Click here for details
AD banks are allowed to lend in Indian Rupees to a person resident outside India being a resident in Bhutan, Nepal or Sri Lanka, including a bank in these jurisdictions, for cross-border trade transactions.

Access to FX-Retail Platform through Bharat Connect Click here to see details
Clearcorp's FX-Retail platform is now integrated with Bharat Connect, the Bharat Bill Payment System. This integration allows individual customers of participating banks to register and transact on FX-Retail via their banks' digital channels and Third Party Application Providers (TPAPs). Existing FX-Retail users gain an additional access route. The pilot was launched today at the Global Fintech Fest 2025 by Shri T. Rabi Sankar, Deputy Governor, Reserve Bank of India.

Draft Directions hosted by RBI inviting comments from stakeholders
During the month, RBI issued draft Notifications, Directions, and Guidelines on various matters. FEDAI has coordinated with its members to gather inputs for onward submission to the regulator:
- Draft Guidelines to facilitate faster cross-border inward payments
- Draft circular on Unique Transaction Identifier for OTC Derivative Transactions in India
- Draft-Foreign Exchange Mgmt. (Establishment in India of a branch/office) Regulations, 2025
- Draft Amendment - Foreign Exchange Management (Borrowing and Lending) Regulations, 2025
- Draft Reserve Bank of India (Commercial Banks – Credit Facilities) Directions, 2025

Updates from IFSCA
- IFSCA has authorised CCIL IFSC Limited (CIL) to operate a payment system for settlement of transactions in foreign currency to be called the 'Foreign Currency Settlement System (FCSS)' in GIFT IFSC. IFSCA now notified the Bye-Laws, Rules and Regulations prepared by CIL as the regulation, guideline, instruction or direction governing the operations of the FCSS.
- The IFSCA has issued an updated Circular on 10 October 2025 consolidating guidelines for Import of Gold or Silver by Qualified Jewellers and Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders through India International Bullion Exchange (IIBX).

Updates from DGFT
- DGFT has clarified that restriction placed on import of certain silver items under ITC(HS) Code 71 vide notification dated 24 Sept. 2025 shall not be applicable to EOU and SEZ Units.
- DGFT pilot launched Bharat Ayat Niryat Lab Setu. This initiative seeks to streamline the process of testing and certification by digitally connecting exporters, importers and accredited testing & inspection agencies through unified online portal.
- Certain significant procedural aspects are advised with addition of paragraphs from 4.95 to 4.99 w.r.t. Diamond Impress Authorisation Scheme in Chapter 4 of HBP.

FEDAI Workshops
11th November 2025: Online Workshop on "Foreign Trade Policy - 2023 > Bankers' Perspective"
20th to 21st November 2025: 2-Day Classroom Workshop (Non - Residential) on "Treasury and Foreign Exchange Market" at FEDAI Conference room, Mumbai.

Upcoming Market Events

RBI MPC Meeting	-	03rd to 05th December 2025
ECB Monetary	-	17th to 18th December 2025
FOMC Meeting	-	09th to 10th December 2025

The FOMC, US Fed Reserve decided to lower the target range for the federal funds rate by ¼% to 3-3/4 to 4 percent; whereas the European Central Bank held key interest rates steady, maintaining the deposit rate at 2.00% amid stable inflation projections.

Market News
- Shri Vivek Wahi has assumed charge as Chief Executive, FEDAI on 23 October 2025.
- The Reserve Bank of India has appointed Shri Sanjay Kumar Hansda as Executive Director with effect from March 03, 2025 on return from his stint as Analyst (financial stability), Bank of England; Smt. Sonali Sen Gupta has also been appointed as Executive Director with effect from October 09, 2025.
- Consequent on the assumption of charge by Shri S. C. Murmu as Deputy Governor, the portfolios among the DGs reallotted by RBI. FMRD, FED and DPSS is now under charge of Shri T Rabi Sankar.
- RBI (Nomination Facility in Deposit Accounts, Safe Deposit Lockers and Articles kept in Safe Custody with the Banks) Directions, 2025 [align with The Banking Companies (Nomination) Rules, 2025] is implemented with effect from 01 November 2025.
- BIS released: International banking statistics and global liquidity indicators at end-June 2025
- Financial Intelligence Unit issues notices for non-compliance to 25 offshore Virtual Digital Assets Service providers (Press Release)
- ICC Banking Commission published the Consolidated Final Opinions 1303 on 30 October 2025 which includes TA 952rev, TA 953rev, TA 954rev, TA 955rev, TA 956rev and TA 957rev.

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Commentary on Art. 28

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Sub-Article 28(i): Type of Insurance and Risk Terminology

A credit should state the type of insurance required and, if any, the additional risks to be covered. An insurance document will be accepted without regard to any risks that are not covered, if the credit uses imprecise terms such as "usual risks" or "customary risks".

Banks need clarity. Vague terms like "usual risks" do not impose strict obligations on the insurance document. Thus, when such non-specific language is used, banks will not examine whether customary risks are covered. Precise specification in the credit is essential if particular risks must be insured.

Sub-Article 28(j): "All Risks" Coverage

When a credit requires insurance against "all risks" and an insurance document is presented containing any "all risks" notation or clause, whether or not bearing the heading "all risks", the insurance document will be accepted without regard to any risks stated to be excluded. This provides a pragmatic approach: if an "all risks" clause appears, the document is deemed compliant—even if it lists exclusions. The "all risks" clause triggers compliance; banks do not interpret or assess the exclusions against the credit.

Sub-Article 28(k): Exclusion Clauses

An insurance document may contain reference to any exclusion clause. This recognizes standard insurance practice. Exclusion clauses are routine and do not invalidate the document. The bank does not need to assess whether exclusions align with the credit unless expressly required.

Sub-Article 28(l): Franchise or Excess (Deductible)

An insurance document may indicate that the cover is subject to a franchise or excess (deductible). Deductibles and franchises are acceptable as long as they don't contradict credit terms. They are standard in insurance and typically refer to amounts below which no claim is paid, or only partial compensation is made. Their presence does not render the document non-compliant.

To be continued …