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

September 2025
FEDAI NEWSLETTER

MPC Resolution Click here for Monetory Policy Statement and here for Statement on Development & Regulatory Policies

The 57^{th} MPC (September 29 to October 1, 2025) concluded on 01 October 2025 unanimously to retain the policy repo rate at 5.50%. Consequently, SDF rate under the LAF remains unchanged at 5.25% and the MSF rate and the Bank Rate remains at 5.75%. The MPC also decided to continue with the neutral stance. **Highlights of Statement on Developmental and Regulatory Policies;**

- Relaxation in compliance requirements for Small Value Exporters/Importers –closure of bills in E/IDPMS by allowing for Small Value entries up to Rs. 10 lakhs based on a declaration.
- In terms of Merchanting Trade Transactions, the guideline on outlay of foreign exchange is proposed to be increased to 6 months from existing 4 months.
- Time period for repatriation of balance in overseas foreign currency account of exporters is to be relaxed from one month to three months, in case of such accounts maintained in IFSC in India.
- RBI proposed review of extant ECB Framework and Rationalisation of regulations for Establishment in India of a Branch Office or a Liaison Office or a Project Office or any other place of business in India by resident outside India
- AD banks in India and their overseas branches may be permitted to lend in INR to persons resident in Bhutan, Nepal, and Sri Lanka, including a bank in these jurisdictions, to facilitate cross border trade transactions.
- Expanding the bouquet of investments for SRVA holders has been broadened to include corporate bonds and commercial papers.
- FBIL shall be announcing reference rates for additional currencies.

RBI (Regulation of Payment Aggregators) Directions, 2025 Click here for details

These directions supersede earlier guidelines, streamlining regulations for entities aggregating payments on behalf of merchants across physical, online, and cross-border channels. Suggested AD-I Bank should have automated processes to fetch the requisite information from a PA – CB. PA – CB". The PA-CB should provide the documents / information required by the exporter / importer to the AD bank of the exporter / importer, for closure of their corresponding entry in EDPMS / IDPMS, wherever applicable. PA-CBs are now allowed to open one additional Escrow Account for inward/ outward collection

Developments and Sources of Variation India's BoP Q1 (Apr.-Jun.) Click here and here for details

India's current account balance recorded a deficit of USD 2.4 billion (0.2% of GDP) in Q1:2025-26 as compared with US$ 8.6 billion (0.9 per cent of GDP) in Q1:2024-25. In case of Capital Account and Financial Account flows in Q1:2025-26, net inflows under the financial account comprised US$ 5.7 billion in FDI (down from US$ 6.2 billion), US$ 1.6 billion in FPI (up from US$ 0.9 billion), US$ 3.7 billion via ECBs (up from US$ 1.6 billion), and US$ 3.6 billion in NRI deposits (slightly lower than US$ 4.0 billion a year ago).

Participation of SPDs in Non-deliverable Rupee Derivative Markets Click here for details

In addition to AD Category-I banks in India operating an IFSC Banking Unit, the Standalone Primary Dealers authorised as AD Category–III are also allowed to transact in non-deliverable derivative contracts (NDDCs) involving the Rupee.

RBI (Auth. mechanisms for digital payment trans.) Directions, 2025 Click here for details

These directions are applicable only to domestic transactions; however, card issuers should, by October 01, 2026, put in place a mechanism to validate non-recurring, cross-border card not present (CNP) transactions, where request for authentication is raised by an overseas merchant or overseas acquirer.

Perpetual Debt Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas Click here to see details

Through the revised directions RBI repealed the 04 October 2021 directions and now Perpetual Debt Instruments (PDIs) issued in foreign currency/ rupee denominated bonds overseas shall be eligible for inclusion in Additional Tier 1 (AT1) capital up to a maximum amount of 1.5 per cent of Risk Weighted Assets (RWAs) as per the latest available financial statements (audited or subjected to limited review)

Draft Directions hosted by RBI inviting comments from stakeholder

FEDAI shall collate and submit inputs from its members on following draft notifications;

- Large Exposures Framework (Amendment Circular), 2025; and
- Guidelines on Management of Intragroup Transactions and Exposures (Amendment Circular), 2025

Closure of BoE for goods received on FoC/NCV/Sample Basis – Guidelines

RBI, vide its communication to AD Banks dated September 29, 2025, permitted closure of IDPMS entries outstanding against free-of-cost imports, based on the bank's assessment of the bona fides of the transactions

Updates from DGFT

- DGFT extended the RoDTEP Scheme beyond 30 September 2025, up to 31 March 2026
- Central Government notified an amendment in List of SCOMET Items (Appendix-3 of Schedule-II of Export Policy ITC(HS) 2022, this revision shall come in to effect 30 days from date of notification.

FEDAI Workshops

06^{th} to 10^{th} October 2025: 5-Day Classroom Orientation Workshop (Non - Residential) on "Foreign Trade and Foreign Exchange Business" at Baroda Apex Academy, Ahmedabad

13^{th} to 17^{th} October 2025: 5-Day Classroom Orientation Workshop (Non - Residential) on "Foreign Trade and Foreign Exchange Business" at Indian Bank Staff College, Alipore, Kolkata

29^{th} October 2025: Online Workshop on "INCOTERMS 2020 in Trade: A Banker's interpretation"

Upcoming Market Events

RBI MPC Meeting	-	03^{rd} to 05^{th} December 2025
ECB Monetary	-	29^{th} to 30^{th} October 2025
FOMC Meeting	-	28^{th} to 29^{th} October 2025

Market News

- Shri Shirish Chandra Murmu, Executive Director is appointed as Deputy Governor for a period of three years or until further orders, whichever is earlier.
- Shri Asheesh Pandey and Shri Kalyan Kumar resumed as the MD&CEO of Union Bank of India and Central Bank of India w.e.f. 30^{th} September, 2025.
- BIS released Triennial Central Bank Survey of foreign exchange and Over-the-counter (OTC) derivatives markets in 2025.
- Government of India, MHA, issued a clarification regarding timely submission of application for renewal of registration certificate under the Foreign Contribution (Regulation) Act, 2010.
- RBI (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025 are released introducing simplified procedure for settlement of the claims.

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ICC - UCPDC 600
Commentary on Art. 28

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28(f)(ii): Minimum Coverage Requirement: Default Coverage When Not Specified:

In the absence of specific instructions, UCP 600 sets a default minimum coverage of 110% of the CIF (Cost, Insurance, Freight) or CIP (Carriage and Insurance Paid) value. This ensures that the buyer is covered not just for the cost of goods, but also for potential additional charges or costs, as applicable.

When CIF/CIP Value Is Unavailable:

If CIF/CIP values are not explicitly stated, coverage must be based on either the amount being claimed under the credit (honour/negotiation), or the gross invoice value of the goods. The higher of the two is used to ensure adequate protection for the buyer and compliance with the credit terms.

28(f) (iii): Geographic scope of risk coverage:

This clause ensures that the entire transit route is covered — from the point of origin (shipment or taking in charge) to the final destination. The insurance must mirror the transport route specified in the L/C. If the document fails to show coverage for the full route, it may be deemed incomplete or non-compliant, exposing the buyer to uncovered risks.

Sub-Article 28(g): Minimum Coverage Requirement

This sub-article sets default minimum coverage when the credit is silent. A requirement in the credit for insurance coverage to be for a percentage of the value of the goods, of the invoice value or similar is deemed to be the minimum amount of coverage required. If there is no indication in the credit of the insurance coverage required, the amount of insurance coverage must be at least 110% of the CIF or CIP value of the goods. When the CIF or CIP value cannot be determined from the documents, the amount of insurance coverage must be calculated on the basis of the amount for which honour or negotiation is requested or the gross value of the goods as shown on the invoice, whichever is greater

Sub-Article 28(h): Coverage Scope

Coverage must span the full journey described in the credit. Gaps between shipment and final delivery locations are unacceptable, as they expose the buyer to risk. The document must evidence continuous coverage across the entire required transport route.