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

April 2025
FEDAI NEWSLETTER

MPC Resolution and Governor's Statement

Click for Minutes of MPC and Click here for Statement on Developmental and Regulatory Policies

The 54th meeting of the MPC concluded on April 9, 2025 voted unanimously to reduce the policy repo rate by 25 basis points to 6.00% with immediate effect; consequently, the SDF rate under the liquidity adjustment facility shall stand adjusted to 5.75% and the marginal standing facility rate and the Bank Rate to 6.25%.

The committee observed current financial year has begun on an anxious note for the global economy. The global economic landscape is evolving rapidly. Recent trade tariff measures have intensified uncertainties across regions, creating new challenges for global growth and inflation. Financial markets have reacted with a sharp decline in the dollar index, equity sell-offs, and notable easing in bond yields and crude oil prices to its lowest in over three years.

The RBI 'Statement on Developmental and Regulatory Policies' sets out various developmental and regulatory policy measures relating to: (i) Regulations; (ii) Payment Systems; and (iii) Fintech.

Draft Regulations and Directions on Export and Import Click here to see details

Based on feedback received on drafts issued on July 2, 2024, from the public and subsequent consultations with various stakeholders, the draft Regulations and Directions have been further revised. The Revised draft Regulations aim to enhance ease of doing business, consolidate all instructions into a single document, and propose extensive delegation of authority under FEMA to Authorised Dealers. RBI has invited comments and feedback on the revised draft Regulations and Directions.

Draft RBI Non-Fund Based Credit Facilities Directions 2025 Click here to see details

RBI has invited comments on the draft Directions from public/stakeholders till May 12, 2025. These directions have direct & indirect bearing on various transactions undertaken by Authorized Dealers in compliance with FEMA such as Letter of Credit or Guarantees or Counter-Guarantees etc.

Processing of Regulatory Authorisations through PRAVAAH Click here to see details

RBI launched PRAVAAH portal on May 28, 2024 to streamline online applications for regulatory authorisations, licenses and approvals ensuring seamless, secure and faster delivery of services in a transparent manner. So far, 108 forms (including 21 for FED and 3 for FMRD) are available in the portal and more forms will get added further. Portal facilitates for submission of additional information or clarifications sought by the RBI and regulator will also communicate its decision through it.

Amendments in MD - Compounding of Contraventions under FEMA Click here to see details

The format of mail to be sent to RBI after making payment of compounding application fee/ compounding amount now stands modified and include fields for Mobile number of the applicant, Office of the RBI to which the payment was made and Mode of submission of application (through PRAVAAH/ Physical). Existing paragraph 5.4.II.v of the MD which was linking the sum for which contravention was compounded, 'compounding amount' (applicant against whom a compounding order had been passed earlier and applicant didn't pay the compounding amount as mentioned in such order and re-applies) payable with reference to earlier order, has been reviewed and dropped.

Limits for investment in debt and sale of Credit Default Swaps Click here to see details

Refer to the Schedule 1. 'Purchase and sale of debt instruments by a person resident outside India' to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 dated October 17, 2019; RBI has advised revised limits (in absolute terms) for different categories of investments vide A.P. (DIR Series) Circular No. 01 dated April 03, 2025.

Relaxation to Exporters, exports through Bharat Mart, UAE Click here to see details

RBI relaxed & allowed exporters to realise/ repatriate full export value of goods exported to 'Bharat Mart' in UAE within nine months from the date of sale from the warehouse instead of date of shipment.

Updates from IFSCA

- IFSCA (KYC Registration Agency) Regulations, 2025 are notified on April 17, 2025.
- IFSCA published circular on "Framework for undertaking Global/Regional Corporate Treasury Centres" in June 25, 2021 under IFSCA (Finance Company) Regulations, 2021. Now, in order to encourage ease of doing business and bring alignment with international best practices, new updated "Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres" is published in supersession of the earlier notification.

Updates from DGFT

- DGFT introduced new Field 'Mode of Export of Services' in eBRC Format for Services Exports with effect from May 01, 2025.
- DGFT has operationalised a dedicated Global Tariff and Trade Helpdesk' to assist exporters/ stakeholder in navigating emerging trade issues.

ICC News

- ICC is participating in the UNCITRAL conference on impact of Negotiable Cargo Documents for Trade Finance scheduled for 27th May 2025 at Vienna International Centre, Vienna and Online.
- ICC has released a Publication "Using the Incoterms® 2020 Rules to Manage Tariff Risk in International Trade
- ICC Banking Commission, as part of ISBP 821 revision process, shared draft V3 for detailed feedback.

FEDAI Workshops

07th May 2025: One Day Online Workshop on "Trade and Forex Compliance"

15th - 16th May 2025: 2-Day Physical Workshop on "Treasury and Forex Market" in FEDAI, Mumbai

21st May 2025: One Day Online Workshop on "Understanding Regulations & Market Practices for Trade Transactions between SEZ and DTA Units"

26th - 30th May 2025: 5-Day Physical Workshop on "Foreign Trade and Foreign Exchange Business" at Punjab National Bank, Advanced Learning Institute. Civil Lines, New Delhi.

Upcoming Market Events

RBI MPC Meeting	04th to 06th June 2025
ECB Monetary	04th June 2025
FOMC Meeting	06th to 07th May 2025

Market News

- Government of India has appointed Dr. Poonam Gupta as Deputy Governor of RBI; prior to her appointment as DG, she was Director General, NCAER, New Delhi.
- The Central Government has re-appointed Shri T. Rabi Sankar as Deputy Governor, RBI for a period of one year with effect from May 03, 2025, or until further orders, whichever is earlier.
- Shri C S Setty resumed charge of chairman, IBA.
- Shri Sivasubramanian Ramann as the new Chairperson of the Pension Fund Regulatory and Development Authority (PFRDA)
- RBI decided to operationalise the '_____bank.in' domain for Indian Banks through the IDRBT and all banks are advised to commence the migration of their existing domains to the new domain not later than October 31, 2025.
- AD Banks, vide RBI letter dated November 28, 2024, are advised to close the shipping bills up to USD 1000 subject to certain regulatory conditions; Validity of this instruction is now extended from 31 March 2025 to September 30, 2025.
- Referring to the guidelines issued on February 5, 2015 on countercyclical capital buffer (CCyB), it has once again been decided by RBI to not activate CCyB at this point in time.

Contents

ICC - UCPDC 600
Commentary on Art. 24
Road, Rail or Inland Waterway Transport Documents

Continued from Previous month...

Indication of receipt of goods:

As per sub-article 24 (a) (i), the document has to indicate that goods are received for shipment by way of a signature, stamp or notation 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.

Identification of a carrier specifically in a rail transport document:

As per sub-article 24 (a) (i), if a rail transport document does not identify the carrier, any signature or stamp of a railway company will be accepted as evidence of the document being signed by the carrier.

Indication of Shipment:

As per sub-article 24 (a) (ii), a Road, Rail or Inland Waterway Transport Document has to indicate the shipment date or the goods received date for the purpose of shipment, dispatch or carriage at the place as stated in the letter of credit.

The document has to indicate the issuance date. Normally, this date will be deemed as the shipment date of the goods, unless it contains a specific dated reception stamp indicating the actual date of receipt of goods or date of shipment of goods.

Original Document Requirement:

As per sub – article 24 (b) (i), a road transport document must appear to be the Original for Shipper or Consignor or bear no marking indicating for whom the document has been prepared.

Sub – article 24 (b) (ii) states that a rail transport document marked as "duplicate" will still be accepted as an Original document.

Sub – article 24 (b) (iii) mentions that a rail or inland waterway transport document will be accepted as an original whether it is marked as original or not.

As per sub – article 24 (c), in the absence of an indication on the transport document as to the number of originals issued, the number presented will be deemed to constitute a full set.

Transhipment:

Sub-article 24 (d) of UCP 600, provides the meaning of Transhipment. Transhipment means unloading of goods from one means of conveyance and reloading the goods to another means of conveyance within the same mode of transport, during the carriage from the place of dispatch, shipment or carriage to the place of destination as stated in the letter of credit.

Sub-article 24 (e) states:

i. A Road, Rail or Inland Waterway Transport Document may indicate that the goods will or may be transhipped, provided that the entire carriage is covered by one and the same transport document.

ii. A Road, Rail or Inland Waterway Transport Document indicating that transhipment will or may take place is acceptable, even if the letter of credit prohibits transhipment.

To be continued ...

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