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

# August 2024
# FEDAI NEWS LETTER

## Monetary Policy Committee's Resolution and Governor's Statement

Click here for Minutes of MPC, Click here for Statement on D &RP, Click here for Statement on MPC Statement

The six members' committee in its 50th meeting held during August 06th to 08th, 2024 resolved by a majority vote (4 Vs. 2) to keep the policy repo rate under the liquidity adjustment facility steady at 6.50%, unchanged since February 2023. Consequently, the SDF/Bank Rate & MSF Rate too continued unchanged at 6.25% & 6.75%, respectively. MPC also decided by same majority vote to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns to the target, while supporting growth.

Highlights of Statement on Developmental and Regulatory Policies are as below;

- To introduce "Delegated Payments" in UPI which will allow an individual (primary user) to set a UPI transaction limit for another individual (secondary user) on the primary user's bank account.
- To improve and to enhance customer experience, it is proposed to transition CTS from the current approach of batch processing to continuous clearing with 'on-realisation-settlement', to improve efficiency, reduce settlement risk for participants & to enhance customer experience.

## Interest Equalization Scheme (IES) on INR Export Credit Click here for details

In tandem with Trade Notices issued by the DGFT, RBI issued notification on lines as proposed by DGFT restricting the eligibility of borrowers, with effect from July 1, 2024, only to MSME Manufacturer exporters and capping the subvention amountat Rs.1.66 Crore per Importer-Exporter Code for the aforesaid extended period of the scheme.

**Meanwhile, DGFT vide Trade Notice 16/2023-24 dated 31 Aug. 2024 further extended the scheme up to 30.09.2024** on same lines.

## Fourth Amendment in NDI Rule 2019 Click here for details

Government of India has amended the rules applicable for foreign investment in India and;

- Standardized, harmonized definition for terms **Control** & **Startup company** to ensure consistency with other Govt. of India Notifications, Acts & Laws.
- Prior Govt. of India approval will be required for transfer of equity instruments of an Indian company by or to a person resident outside India in all cases wherever Government approval is applicable
- A new rule 9.A is introduced governing swap of equity instruments & equity capital of an Indian company between a person resident in India & a person resident outside India
- 100% FDI allowed for investment in White Label ATM operations to boost Financial inclusion
- Certain amendment is effect in Schedule I, Schedule II and Schedule VII

## Amendment in FEM (Debt Instruments) Regulations, 2019

RBI allowed sale, purchase of Sovereign Green Bonds issued by Govt. of India by non-residents maintaining securities account with a depository in the International Financial Services Centre. Accordingly, the amount of consideration for purchase of Sovereign Green Bonds issued by the GoI shall be paid out of inward remittance or out of funds held in a FC account maintained in compliance with FEMA as well as sale/maturity proceeds (net of taxes, as applicable) may be remitted outside India.

## FEDAI Annual Day Click here to read keynote address

Shri Swaminathan J, DG RBI delivered keynote address on 7th FEDAI Annual Day held on 21 August 2024 at Mumbai. The theme of this year was **Local to Global: The Role of the Financial Sector in MSME's Development**. Over 200 delegates from banks, FIs, primary standalone dealers, CCIL, IIBF, AMFI, FIMMDA, FEBAI, FIEO and Reserve Bank of India attended the event.

## DGFT Notifications

DGFT is in the process of harmonising the extant Schedule-II (Export Policy) and now notified the updated Chapters from 40 to 98 vide Trade Notice 11/2023-24 dated 02.08.2024; chapters 01 to 39 were notified earlier by Trade notice 60/2023 dated 13.02.2024. Click here and here for details

DGFT launched API Integration and Bulk Upload Facility for Self-Certification of eBRC.

DGFT issued draft Modalities for Pilot Launch/Setting up E-Commerce Export Hubs (ECEH).

## FEDAI workshops & training activities

09thto 13thSeptember 2024: 5 Days' Workshop (Non-Residential) on Foreign Trade and Foreign Exchange Business atIndian Bank Staff College, Alipore, Kolkata.

18th September 2024: Seminar on contemporary relevant topic "Initial Margin - Legal and Documentation issues" jointly organised with by ISDA in FEDAI Conference room, Mumbai.

## Upcoming Market Events

RBI MPC Meeting– 07th to 09th October 2024

ECB Monetary Policy Meeting – 17th October 2024

FOMC Meeting – 17th to 18th September 2024

FEDAI's 36th Annual General Meeting

## Market News

- Shri Challa Sreenivasulu Setty has taken over charge of Chairman, SBI and Shri Rana Ashutosh Kumar Singh took over as MD, SBI
- Shri Salee S Nair has been appointed & has assumed office as MD & CEO of Tamilnad Mercantile Bank Ltd.
- Indian-origin Singapore banker Piyush Gupta CEO of DBS since 2009 is set to retire in Mar '25
- Shri Sanjay Shukla officially taken on the role of MD in National Housing Bank
- Following announcement on the 'Omnibus Framework for recognition of Self-Regulatory Organisations for Regulated Entities of the RBI on March 21, 2024, the FMRD issued framework for recognition of SROs in Financial Markets on 19 August 2024. Click here for details.
- ICC India has issued white paper on Trade Finance Click here to read the document
- The press release issued on 05 August 2024 by Ministry of MSME shows marginal increase in share of MSME in export from India scaled to 45.73% during 2023-24. It also informed on various benefits exclusively available to MSME exporters, Click here for details
- The numbers of outward remittances under LRS as revealed in latest issue of RBI Bulletin reveals significant decline from USD 3.89 billion (June 2023) to USD 2.18 billion. The aggregate amount of remittances is reduced almost in all sub-categories and significant reduction is witnessed in Deposit, Purchase of immoveable properties overseas, Overseas investment under LRS, Gift, Maintenance of close relative and Studies abroad.
- The Krung Thai Bank Public Company Limited has ceased to be a banking company within the meaning of the Banking Regulation Act, 1949 and in turned cease to be FEDAI member. Similarly, Credit Suisse AG also ceased to be a scheduled bank and FEDAI Member on their merger with UBS AG.

## Contents



## ICC - UCPDC 600
### Commentary on Art. 18

*From the perspective of International Standard Banking Practice (ISBP)

Continue from previous month...

Additional charges and costs, such as those related to freight or insurance costs, documentation, are to be included within the value shown against the stated trade term on the invoice.

An invoice need not be dated or signed.Details related to total quantity of goods and their weight or measurement shown on the invoice must not conflict with the same data appearing on other documents.

An invoice is not to indicate:

a. over-shipment (except as provided in UCP 600 sub-article 30 (b)), or

b. goods, services or performance not called for in the credit. This applies even when the invoice includes additional quantities of goods, services or performance as required by the credit or samples and advertising material and are stated to be free of charge.

The quantity of goods required in the credit may be indicated on an invoice within a tolerance of +/-5%. A variance of up to +5% in the quantity of the goods does not allow the amount demanded under the presentation to exceed the amount of the credit. The tolerance of +/-5% in the quantity of the goods will not apply when:

a. a credit states that the quantity is not to be exceeded or reduced; or

b. a credit states the quantity in terms of a stipulated number of packing units or individual items.

When no quantity of goods is stated in the credit, and partial shipments are prohibited, an invoice issued for an amount up to 5% less than the credit amount will be considered to cover the full quantity and not a partial shipment.

To be continued ...