

FEMA CA. Manoj Shah, CA. Atal Bhanja	
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RBI Notification No. RBI/2021-22/17 DOR.STR.REC. 4/21.04.048/2021-22 Dated April 7, 2021

Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package

Refund/adjustment of 'interest on interest'

All lending institutions¹ shall immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement. Methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by all lending institutions. The above reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, in terms of the circulars DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 ("Covid-19 Regulatory Package"). Lending institutions shall disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021.

Asset Classification

Asset classification of borrower accounts by all lending institutions following the SC judgment shall continue to be governed by the extant instructions as clarified below.

- i. In respect of accounts which were not granted any moratorium in terms of the Covid19 Regulatory Package, asset classification shall be as per the criteria laid out in the Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 or other relevant instructions as applicable to the specific category of lending institutions (IRAC Norms).
- ii. In respect of accounts which were granted moratorium in terms of the Covid19 Regulatory Package, the asset classification for the period from March 1, 2020 to August 31, 2020 shall be governed in terms of the circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, read with circular DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020. For the period commencing September 1, 2020, asset classification for all such accounts shall be as per the applicable IRAC Norms.

RBI Notification No. RBI/2021-22/20 DoR.LIC.REC.5/16.13.218/2021-22 Dated April 8, 2021

Enhancement of limit of maximum balance per customer at end of the day from ₹ 1 lakh to ₹ 2 lakh – Payments Banks (PBs) done with immediate effect.

RBI Notification No. RBI/2021-22/21 DOR.CRE.REC.06/04.02.001/2021-22 Dated April 12, 2021

Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit-Extension

Government of India has approved the extension of Interest Equalization Scheme for pre and post shipment Rupee export credit, with same scope and coverage, for three more months i.e., upto June 30, 2021. The extension takes effect from April 01, 2021 and ends on June 30, 2021 covering a period of three months. Consequently, the extant operational instructions issued by the Reserve Bank under the captioned Scheme shall continue to remain in force upto June 30, 2021.

RBI Notification No. RBI/2021-22/16 A.P. (DIR Series) Circular No. 01 Dated April 07, 2021

External Commercial Borrowings (ECB) Policy – Relaxation in the period of parking of unutilised ECB proceeds in term deposits

Unutilised ECB proceeds drawn down on or before March 01, 2020 can be parked in term deposits with AD Category-I banks in India prospectively for an additional period up to March 01, 2022. All other provisions of the ECB policy remain unchanged.

RBI Has issued some Master Circulars on 1st April 2021. Interested persons can visit the website <https://www.rbi.org.in/scriptS/NotificationUser.aspx> for further awareness on the said subject.

Investment by Foreign Portfolio Investors (FPI): Investment Limits

A.P. (DIR Series) Circular No. 14 dated March 31, 2021

a. Investment Limits for FY 2021-22 a. The limits for FPI investment in Corporate bonds shall remain unchanged at 15% of outstanding stock of securities for FY 2021-22. Accordingly, the revised limits for FPI investment in corporate bonds, after rounding off, shall be as under (Table - 1)

Table - 1: Limits for FPI investment in Corporate bonds for FY 2021-22	
	(₹ Crore)
Current FPI limit	5,41,488
Revised limit for HY Apr 2021-Sep 2021	5,74,263
Revised limit for HY Oct 2021-Mar 2022	6,07,039

b. The revised limits for FPI investment in Central Government securities (G-secs) and State Development Loans (SDLs) for FY 2021-22 will be advised separately. Till such announcement, the current limits (as in Table - 2), shall continue to be applicable.

Table - 2: Limits for FPI investments in G-Sec and SDL				
				(₹ Crore)
	G-Sec General	G-Sec Long Term	SDL General	SDL Long Term
FPI investment limits	2,34,531	1,03,531	67,630	7,100

FETERS – Cards: Monthly Reporting

A.P. (DIR Series) Circular No. 13 dated March 25, 2021

It has been decided to collect more details of international transactions using credit card / debit card / unified payment interface (UPI) along with their economic classification (merchant category code – MCC) through a new return called 'FETERS-Cards', using the same web-portal (<https://bop.rbi.org.in>).

2. Nodal offices of Authorised Dealers (ADs) may submit FETERS-Cards details on the web-portal in the following manner:

A. For transactions through credit card / debit card / UPI:

(i) Sale of forex by AD towards international transaction made by Indian resident (to be reported by the card issuing / transaction originating AD); and

(ii) Purchase of forex by AD under transaction by foreign resident with Indian resident (to be reported by merchant acquirer AD).

B. The information shall be submitted in the following fixed format (details given in Annex):

a. For transactions using credit/debit card: MCC X Country X Currency X Amount (Payment/Refund) X Card Status (Present /Not present)

b. For transactions through UPI: MCC X Country X Currency X Amount (Payment/Refund) X QR Code Scan (Yes/No) 3. AD Banks need to report all card transactions (e.g., through PoS terminals / ecommerce (online purchase) / for transferring funds to bank accounts).

4. Data submission by ADs:

(i) ADs shall submit the FETERS-Cards data on the web portal (<https://bop.rbi.org.in>) by using the RBI-provided login-name and password, within seven working days from the last date of the month for which data are being reported. The web-portal provides detailed guidance and help material.

(ii) FETERS-Cards reporting will be implemented for the transactions taking place from April 1, 2021. Hence, details of the transactions in April 2021 may be reported in the first week of May 2021.