



Consolidated FDI Policy 2020 issued by the Government | RBI allows authorized dealers to post, collect margins on permitted derivative contracts

INSIGHTS

October 29, 2020

The Consolidated FDI Policy, 2020 has been released by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, which is effective from October 15, 2020. The Reserve Bank of India has also framed the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020. The key changes are mentioned hereinbelow:

Consolidated FDI Policy, 2020 effective from October 15, 2020

The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, has issued the Consolidated FDI Policy 2020 effective from October 15, 2020 (**Consolidated FDI Policy 2020**) ([available here](#)). The Consolidated FDI Policy 2020 subsumes and supersedes all press notes/press releases/clarifications/circulars issued by the DPIIT, which were in force as on October 15, 2020 and reflects the FDI Policy as on October 15, 2020. Additionally, the Consolidated FDI Policy 2020 has aligned and streamlined its provisions with the FEM (Non-Debt Instruments) Rules, 2019 and FEM (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 framed under the Foreign Exchange Management Act, 1999.

Issuance of Foreign Exchange Management (Margin for Derivate Contracts) Regulations, 2020

The Reserve Bank of India (RBI) has framed the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 (**Margin Regulations**), in order to allow authorized dealers to post, collect, receive and pay interest on margins on permitted derivative contracts.

Accordingly, as per the Margin Regulations, authorized dealers are permitted to:

- Post and collect margin, in India and outside India, on their own account or on behalf of their customers for a permitted derivative contract entered into with a person resident outside India, in the form and manner as specified by the RBI; and
- Receive and pay interest on margin posted and collected on their own account or on behalf of their customers for a permitted derivative contract entered into with a person resident outside India.

The Margin Regulations are effective from October 23, 2020 and are [available here](#).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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