

What's New

News Flash



May 2014

Hedging of probable currency risk by importers - Liberalisation

Hitherto, importers were allowed to book contracts for hedging probable currency risk (based on past performance) up to 25% of the eligible limit¹ in a financial year.

With a view to provide greater flexibility in hedging to importers, the Reserve Bank of India has now enhanced the above limit, permitting importers to book hedging contracts up to 50% of the eligible limit¹.

Importers who have already booked contracts in the current financial year up to the previous limit (i.e., 25%) will also be eligible for the difference arising out of the enhanced limit.

All other operational guidelines, terms and conditions remain unchanged.

Source: RBI's A.P. (DIR Series) Circular No. 135 dated 27 May, 2014

1. 'Eligible limit' is computed as the higher of:
 - a. Average of previous three financial years' import turnover; or
 - b. Previous year's actual import turnover.

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With Best Regards
PwC TRS Team

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