

CHAPTER 18
INWARD REMITTANCE

CHAPTER 18**INWARD REMITTANCE****INDEX**

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18. INTRODUCTION

Reserve Bank of India has permitted foreign inward remittance through banking channels without any restrictions (except in the case of remittances attracting the provisions of Foreign Contribution Regulation Act, 1976). Besides, Indian residents can also receive foreign currency payments directly subject to the condition that the foreign exchange is surrendered to authorized dealers within 7 days from the date of receipt. RBI has also permitted retention of foreign currency notes and coins by Indian residents up to USD2000, exclusive of collection for numismatic purposes.

Inward remittances are generally received in the following forms:

1. Demand drafts, personal cheques, bankers cheques, International Money Orders(IMO)
2. Foreign currency notes, coins, foreign currency travellers cheques.
3. M.T.s/T.T.s through banking channels.

18.1. EXCHANGE CONTROL PROVISIONS;

1. FEMA permits receipt of foreign inward remittance by Indian residents either directly or through ADs. Foreign exchange received directly has to be surrendered to ADs within 7 days, except for retention limit of USD2,000 referred to earlier.
2. **Foreign Currency coins can be retained indefinitely without any limit.**
3. Where the amount of remittance exceeds Rs.1.00 lac, the purpose of inward remittance i.e. whether it represents transfer of capital, savings, profits, dividends etc., should be ascertained and reported in supplementary statement annexed to relative R-Return. However, actual payment is not to be delayed for the want of information related to purpose of remittance. In such cases the information may be collected separately either from the remitter or beneficiary and furnished to RBI in due course.

4. At the request of beneficiary of inward remittance, AD branches can issue FIRC (Annexure-II) on security paper. Each FIRC should bear distinctive serial no. and reference number. **No FIRC is to be issued in respect of inward remittance received for credit to all types of Non Resident accounts; as such funds are freely repatriable.**

5. AD branches can refund inward remittances cancelled by overseas remitting bank. However, before refunding the amount branch has to satisfy that refund is not made to cover transactions of compensatory nature leading to loss of forex to the nation or used by residents in India other than the original beneficiaries. Refunds cannot be made at the instance of the beneficiary. Such cases need prior approval of RBI.

6. Unspent foreign exchange brought back to India by a traveler should be surrendered to an authorised person against payment in rupees within 180 days from the date of return of the traveler if the unspent foreign exchange is in the form of currency notes. If such foreign exchange is in the form of traveler cheques, the same should be surrendered to an authorised person within 180 days from the date of return. Exchange so brought back can be utilized by the traveller for his subsequent visit abroad during the period specified above. However, a returning traveller is also permitted to retain with him, foreign currency travellers cheques and notes upto an aggregate amount of USD 2000 and foreign currency coins without any ceiling. (Notification No.FEMA 11/2000-RB dated 3rd May 2000). Foreign exchange so retained can be utilized by the traveller for his subsequent visit abroad.

Note: Where a person approaches an authorised person for surrender of foreign exchange after the prescribed period authorised person should not refuse to purchase the foreign exchange on the ground that the prescribed period has expired.

18.2. ENCASHMENT OF TRAVELLER CHEQUES

Travellers cheque issued by leading overseas banks/institution offer great degree of safety to the travelling business community and private tourists. These T.C.s are acceptable to banks as they have the backing of leading banks/entities. Normally T.C.s are sold through authorised dealers / authorised money changers/forex bureaus etc. Issuing bank, selling bank, purchaser of the T.C. payee and encashing banks are the various parties related to TC transaction

T.C.s are usually presented to our branches by the following categories of persons:

- i) Exporters
- ii) Tourists
- iii) NRIs during their visit
- iv) Money changers
- v) Travel agents, hotels etc.,

In the recent past many fraudulent instances have come to light. It is, therefore, essential to take utmost care while encashing T.Cs.

The T.C.s issued by different banks and entities have varying security features.

18.2.1. SECURITY FEATURES

Most of the T.C.s bear the following general security features:

- I. TCs are printed on security paper in multi-colour with intricate background designs.
- II. TCs bear serial nos in magnetic ink.
- III. TCs have two specified places for signature of the purchasers, at the time of issuance and encashment.
- IV. TCs have currency, denomination, facsimile signature, name of issuing bank watermarks, etc. on the face thereof.

18.2.2. PRECAUTIONS TO BE TAKEN DURING ENCASHMENT

While encashing the TCs following precautions are to be taken:

- I. Branch should ask the holder (tourist/non customers) to handover passport together with TCs to be encashed, for the purpose of scrutiny.
- II. Passport bears a photograph and generally specimen signature of the holder. The signature of purchaser appearing on the TC is to be compared with the signature on the passport. Also identify the presenter with the help of photo on the passport.
- III. Satisfy that TC is not countersigned already and space meant for countersignature and writing name of encashing bank is not tampered with.
- IV. Verify the circulars regarding stolen/lost TCs to ensure that TCs presented are not lost/stolen or contact the local office of TC issuing agency to ascertain whether the TC presented for encashment is reported lost/stolen.
- V. Compare the TCs with the specimen TC supplied by the issuer. The design and water mark should be as provided in the specimen.
- VI. Obtain a written application for encashment of TCs. The application should contain among others, following details:
 - Name
 - Passport No.
 - Details of issue:
 - Country of Issue
 - Expiry date:
 - Local address(Hotel etc.,)
- VII. Ask the holder to countersign the TCs in the presence of branch officials in the appropriate place appearing on TC for signature at the time of encashment.. The officials in whose presence the signature has been affixed should be alert to see that the holder is signing confidently and not copying the specimen already appearing on the TCs. In case of doubt, refuse encashment.
- VIII. The signature at the time of issuance of TC and the counter signature should be a close match and should compare favourably. If the signatures mismatch, advise the customer to sign on the reverse of the TC and satisfy that the signature do match.

- IX. In case of doubt, the branch should ask for TC purchase agreement, which is an indicator of the genuineness of the holders. Most of the fraudsters are not in possession of purchase agreement.
- X. It is in order for branches to call for additional identification documents such as driving licence, civil identity card etc., if need be.
- XI. TCs do not have specific validity period. In other words, TCs can be encashed at any time after issue, without period restriction. However, if TCs are presented belatedly, branch has to ascertain the reason for delay (if TCs bear date of issue)
- XII. Normally TCs are not to be purchased for third parties. In exceptional cases, if TCs are accepted by exporter client, hotels, money changers etc. having account relationship with the branch, TCs may be purchased after observing normal banking precautions.
- XIII. If foreign currency TCs, currency notes and Bank notes exceed USD10,000 /- or its equivalent, same has to be declared at the Airport/Seaport customs in Currency Declaration Form (CDF). If TCs tendered exceed the above limits, CDF should be insisted upon. After encashment, necessary endorsement has to be made on the reverse of the CDF. If entire FCTC declared in the CDF is not encashed, original CDF has to be returned to the holder, retaining a photocopy for branch records. If entire TCs are encashed, original CDF should not be returned to the holder and should be held with the branch alongwith the relevant papers.
- XIV. Normally tourists encash TCs for small amounts only. If TCs for large amounts are tendered by tourists, extra caution has to be exercised.
- XV. If TCs are encashed very frequently by the same person, extra caution is to be exercised.

If Branch decides to encash the TC, enter the same in Safe-in Safe-out Register and allot NE serial number.

18.2.3. DELEGATED AUTHORITY

The Head of the branch or officer not below the rank of Scale III may permit encashment of traveler cheques subject to a maximum of USD 500/- or equivalent per tourist/non customer, at any point of time. For others like

exporters, travel agents, hotels etc., the TCs can be purchased within sanctioned limits/the delegated authority vested in field functionaries.

18.2.4. CONTROLLING PROCESS

Through Cheque Collection Centre at OSB Mumbai branch

(Please refer Export Manual Chapter 11 for TCs detailed guide lines)

18.2.5. DESPTACH OF TC

Branch should affix special crossing stamp of the Bank on the TC. Incorporate the name of the Bank in the space meant for writing the name of the payee. If third party TCs are purchased, payee has to endorse the TC on the reverse thereof in favour of the Bank. Suitable endorsement/discharge has to be made by the branch.

Thereafter branch has to list the TCs provided to them by the customer. Branch should retain photocopies of TCs along with forwarding schedule. Make entry in Safe out Register.

18.2.6. REALISATION

On sighting credit in nostro a/c, the system of OSB Mumbai CCC will pick the credit and pass the entry after expiry of reserve period detailed in para 11.1 VIII of chapter No.11 of Book of Instructions on Exports.

18.2.7. FOLLOW UP AND BALANCING

Follow up with OSB Mumbai should be made if proceeds are delayed in case of TCs sent on Collection. As part of the follow up, branches must send to the OSB Mumbai, a list of TCs sent on collection which is outstanding for cross verification.

18.3. PURCHASE OF FOREIGN CURRENCY

- Any resident Indian is permitted to receive foreign currency notes directly from overseas. Further, residents in India are also permitted to receive

foreign currency payments from persons resident outside India and who are on visit to India, for services rendered or in settlement of any lawful obligations, subject to the condition that amount in excess of USD 2000 or its equivalent is surrendered to an AD within the prescribed time as under:

1. Foreign Exchange due or accrued as remuneration for services rendered whether in or outside India or in settlement of any lawful obligation or an income on asset held outside India or an inheritance settlement or gift within 7 days from the date of receipt.
 2. In all other cases within a period of 180 days from the date of receipt.
- ADs are also permitted to freely purchase foreign currency notes and coins from any person whether traveller or not, against payment in Indian Rupees. If the person tendering foreign currency notes, is a resident Indian he need not necessarily possess a passport.
 - Any person bringing foreign currency notes/coins into India exceeding **USD5000/-** or its equivalent has to declare in Currency Declaration Form (CDF) to the customs. For exchange control provisions please refer to para 18.3.17 of Chapter 18 at the time of purchase of foreign currency exceeding **USD 5000/- or its equivalent** AD branch has to seek production of CDF.
 - The issue of encashment certificate in security paper has been dispensed with .But ADs can issue encashment certificates only when requested by the customers in form ECF (Annexure-III) on Bank's letterhead containing its logo. Duplicate copies of certificate have to be preserved. Such certificates should be issued on the day of encashment itself and should be made valid for 3 months for the purpose of re-conversion of unspent balance, if any, into foreign exchange. Duplicate encashment certificate is not to be issued by branches. Request for issuance of encashment certificate is to be maintained and certificates issued are to be serially numbered.
 - Charges for issuance of encashment certificate are as under

- ◆ Rs 150/- per certificate.

18.3.1. PERMITTED CURRENCIES

AD branches can purchase any international currency. However, 'A' category branches provide currency purchase rates in respect of all the currencies which are usually traded in the market. In respect of other currencies, purchases can be done only after covering transactions with approved Full Fledged Money Changers (FFMC).

18.3.2. PROCEDURE FOR ENCASHMENT:

- **SCRUTINY OF PASSPORT:**

If the tenderer of foreign currency is a tourist or NRI, passport is to be scrutinized for establishment of his identity. If the tenderer is branch's own client, verification of passport is not necessary. However, proceeds are to be credited to client's a/c only. If the person, who surrenders foreign currency is a resident Indian, but not a customer of the bank, the transaction may be handled only if the branch can establish his identity / genuineness / purpose / source of currency, with the help of well known reputed customer of the Bank.

- **SCRUTINY OF CURRENCY NOTES**

1. The currency notes should not be soiled, mutilated, defaced, oily etc..
2. Currency notes should be of denomination, which are existent. In case of difficulty or doubt, contact nearest A/B category branch.
3. Currency notes should on the face of it appear to be in order, in usual structure and should not contain unusual features.
4. Currency notes should not bear rubber stamps of external agencies which may lead to rejection of currency notes.

18.3.3. OPERATIONAL GUIDELINES

- Obtain request letter in duplicate for purchase of foreign currency. The letter should contain following details:

- Denomination
 - Printed number
 - No. of pieces
 - Total value.
- Letter should also contain an undertaking to indemnify the bank against fake and counterfeit notes.
- Verify passport wherever applicable to establish identity.
- Branches should apply cash buying rate given in the daily rate chart. The following entry is passed by the system and used FE 574.
Dr. Foreign money on hand
Cr. Customers a/c
- If cash payment is to be made, branch should use second copy of FE 574 as 'cash voucher'. Suitable entries are to be made in Register for Foreign Money on Hand BK.2249.
- If the currency surrendered is more than **USD 5000/- or its equivalent**, CDF has to be obtained. Photocopy of CDF should be held on record. In case entire currency declared is surrendered, original CDF should not be returned to the party and **should be held by the branch for inspection of RBI /Internal auditors.**
- The currencies so purchased should be disposed off through approved FFMC of repute. The difference in exchange rate has to be treated as branch income. The A/B category branch should pass on such income to the originating branch.
- In respect of FC other than US Dollar, GBP and **EUR** before quoting currency buying rate to the customers the transaction has to be covered with FFMC of repute.
- The sale of foreign currency to FFMCs is subject to the following conditions:
 1. FFMCs should hold a valid licence issued by RBI and they should be on bank's approved panel.
 2. P.O/DD at agreed exchange rate should be obtained before parting with foreign currency.
 3. The rate quoted by FFMCs should be competitive.

- On realization of DD/PO lodged by FFMCs credit is to be afforded to Foreign Money on Hand a/c and Income a/c Exchange. Suitable entries are to be made in Register for Foreign Money on Hand (BK No.2249)
- A/B category branch who have been sanctioned foreign money on hand limit, can utilize the FC balance held by them for meeting the forex needs of travelers going abroad. During half yearly closing, foreign currency on hand has to be revalued as per FEDAI revaluation rate (1 month forward) and the resultant profit or loss has to be taken to P/L account. If there is no balance of foreign currency on hand, and there is still a Rupee balance in Foreign Money on Hand a/c in General Ledger, such balance is to be transferred to P/L account.
- **Acceptance of foreign currency Notes - Open currency position: Foreign Currencies purchased by B/C category branches at our currency buying rate circulated by Dealing Rooms and held with them or forwarded to the nearest B/A category branches by insured post parcel awaiting receipt of the final proceeds are subject to Foreign Exchange Risk . Branches are advised to report such balances being a part of the open overnight position as of last Friday of each month to their respective Position Maintaining branch (A Category) branch i.e. Treasury Branch, Mumbai by way of telex or fax. A Category branches will incorporate the same in their open position.**

18.3.4. PURCHASE OF FOREIGN CURRENCY NOTES BY 'C' BRANCH

With a view to ensure to meet the foreign exchange requirements of the customers, particularly, the customers who do not have any trade related foreign exchange transactions, it has been decided that certain forex products/ facilities may also be made available through all 'C' category branches.

C category branches can also purchase foreign currencies from tourists, NRI clients etc. The procedure detailed above for purchase and subsequent sale to FFMC is to be strictly followed. Details of such purchase and sales are to be furnished to the nearest 'B' category branch for reporting in R>Returns to RBI.

In such cases purchase is to be made based on the rate quoted by nearest A/B category branch/ or card rate on UBINET. The foreign currency encashment / sale transactions must be routed through the CBS menu IRM / ORM sub-registers (CNPUR / CNSAL) along with customer's application as per Annexure -I. The following precautions should be taken care by the branches

- i) In order to mitigate risk involved, the branches may restrict encashment of cash currencies to USD 1000 or equivalent, per transaction for travelers.
- ii) Branches can encash any amount for their more regular NRI clients for deposit and other account holders. However, credit for amount in excess of USD 1000 will be afforded on realisation of value.

Note: Branches are advised that all transactions should be undertaken only after proper identification of the traveller / customer. Further, Suitable records with regard to proper identification should be retained after verifying with the original as under:

- i. For purchase of foreign exchange less than USD 200/- or its equivalent, photocopies of identification/documents need not be kept on record. However, full details of the identification documents should be maintained.
- ii. For encashment of foreign exchange between USD 200/- and USD 2,000/- or its equivalent, the photocopies of the identification document is required to be maintained for one year and completion of statutory audit.
- iii. For encashment in excess of USD 2,000/- or its equivalent, photocopies of the identification documents is required to be maintained for a minimum period of 5 years.

18.3.5. PROCEDURE TO BE FOLLOWED BY THE BRANCHES WHILE ENCASHMENT OF FOREIGN CURRENCY NOTES

i. Scrutiny of passport

- a. If the tenderer of foreign currency is a tourist or an NRI, passport is to be scrutinised for establishment of his identity.

b. If the tenderer is branch's own client, verification of passport is not necessary. However, in such cases, the proceeds should be credited to the client's account only.

c. If the person, who surrenders foreign currency, is a resident Indian but not a customer of the Bank, the transaction may be handled only if the branch can establish his identity with the help of a well-known customer of the Bank. However, no cash to be paid if the encashed value is more than Rs.20,000/-.

Note: In respect of request for payment in cash by foreign visitors / non-resident Indians, the same can be considered upto USD 3,000/- or its equivalent. However, all encashment within one month should be treated as a single transaction for the 3rd purpose.

ii. Scrutiny of Currency Notes

a) The currency note should not be soiled, mutilated, defaced, oily etc.

b) Currency Notes should be of denomination, which are extant. In case of difficulty or doubt the branches can contact nearest 'B' category branches or FFMC.

c) Currency notes should on the face of it appear to be in order and usual structure and should not contain any unusual feature.

d) Currency notes should not bear rubber stamp of external agencies / banks which may lead to rejection of currency notes.

iii. Additional Requirement

If the currency surrendered is more than USD 5000 or its equivalent, the tenderer should be requested to produce Currency Declaration Form (CDF). This CDF form should be endorsed with the amount of encashment permitted. A photocopy of the duly endorsed CDF should be held on record. In case the entire currency declared is surrendered, the original CDF should not be returned to the party and should be held by the branch for inspection by RBI / Internal auditors.

iv)Operational guidelines

a) Obtain a request letter in duplicate for purchase of foreign currency. The letter should contain following details.

- i. Denomination;
- ii. Printed no.;
- iii. No. of pieces;
- iv. Total value;
- v. Local address

b) The letter should also contain an undertaking to indemnify the bank against fake and counterfeit notes.

c) Verify passport wherever applicable to establish identity and retain a copy for record.

v) Rate Application

For USD, GBP and Euro, branches should apply cash buying rate given in the daily rate chart. These rates are published on the Intranet on daily basis. These rates can be also obtained by using Menu Option RTHQRY in Finacle (FC Buying rate – FCB) The following entries need to be passed for controlling the transaction, at the time of encashment:

(i) For Payment to Customer -

Foreign Money on Hand a/c. Dr.

(SOL ID 5110005000/1/2/3- as per the currency)

Customer's A/c. Cr.

(Customer's 15 digit a/c no; at the currency buying rate)

(ii) For Payment in Cash -

Foreign Money on Hand Dr.

(SOL ID 5110005000/1/2/3- as per the currency)

Cash on Hand Cr.

(SOL ID 5110001000)

(At the currency buying rate)

vi)Disposal of Foreign Currency

a.The foreign currency so encashed should be disposed of locally through the approved FFMC of repute.

- b. For this purpose, the rate should be called for from the approved FFMC and should be disposed off to such FFMC who has quoted the best exchange rate.
- c. The disposal of foreign currency should be carried out on a daily basis.

The following entries need to be passed:

- (i) On disposal of foreign currency:

Suspense A/c. Foreign Exchange Dr.

(SOL ID 8250023000)

Rupee equivalent at the rate agreed with FFMC)

Foreign Money on Hand Cr.

(SOL ID 5110005000/1/2/3 as per the currency) (At the currency buying rate)

Income account – Exchange Cr.

(SOL ID 4220005000)

(Difference in Exchange rate offered by FFMC and the rate at which the encashment has been effected)

- (ii) Upon realization of Cheque / Draft / PO given by FFMC:

Local Branch Dr.

Suspense A/c. Foreign Exchange Cr.

Note:

a. Proper record of the rate for disposal of foreign currency agreed with FFMC should be maintained. Accountant / Branch Head must countersign such details.

b. The difference in exchange rate offered by the FFMC and the rate at which the encashment was permitted represents the Exchange Income for the branch and it should be booked accordingly by the respective branch in their books.

c. The income so earned may be booked as Income Account Exchange(A/c. No. SOL ID 4220005000).

d. Branches should also adhere to the existing guidelines on

safe keeping and handling of the foreign currencies until it is disposed of. Dual control should be maintained at all time.

vii) Encashment Certificate

- a. The branches can also issue Encashment Certificates in the form ECF in respect of foreign currency purchased from the foreign tourist.
- b. These certificates should be issued on a security paper if the foreign currency encashed exceeds Rs.15,000 in value.
- c. In all other cases, certificates can be issued on Bank's letter head containing its logo.
- d. The Encashment Certificate should be issued on the day of encashment itself and should be made valid for 3 months for the purpose of reconversion of unspent balance, if any, into foreign exchange.
- e. No duplicate Encashment Certificate should be issued.
- f. The request for issuance of Encashment Certificate should be maintained properly in the form of a register.

viii) Reporting

- a. Branches will have to report such transactions to the nearest 'IT category branches in the form of a letter on fortnightly basis so as to enable the concerned 'B' category branches to include the same in the R>Returns for the relevant period.
- b. Branches should ensure that such reporting on a fortnightly basis is done to the nearest B category branches so as to reach them latest by the next working day.
- c. There may be instances that the foreign currencies purchased are still held with the branch pending its disposal. Such holding is subject to foreign exchange risk and it amounts to the open position. Branches are, therefore, advised to report such balances, if any, as of last Friday of each month to their respective position maintaining branch i.e. Treasury Branch, Mumbai by way of fax. However, efforts should be taken to dispose of the currency without delay.

18.3.5.1. PROCEDURE TO BE FOLLOWED BY THE 'C' CAT BRANCHES WHILE FORWARDING FOREIGN CURRENCY NOTES TO THE NEAREST FOREX DEALING BRANCH IS AS UNDER:

In many centers FFCs may not be operating and hence, it may not be possible for a 'C' category branch to dispose of the foreign currency. In such cases purchase is to be made based on the rate quoted by nearest A/B category branch/ or card rate on UBINET. The following procedure should be adopted by the branches.

1. Foreign Currency Notes accepted by the branches for purchase/collection should immediately be entered in a Register styled as Foreign Currency Remittance Register and respective entries initialled by the Branch Manager, or in his absence by the Accountant and the Officer concerned who has accepted the currency notes from the tourists/public/account-holders. Thereafter, the usual procedure of entering the details in the Outward Purchase or the Outward Collection Register should be followed.
2. Till such time the foreign currency notes are dispatched to the foreign exchange department of nearest Forex dealing branch, the same will be held in joint custody in the cash safe.
3. The total amount of foreign currency notes held should be stated daily in the Cash Balance Book of the branch, and the rupee equivalent should be reflected in the W-1 Statement under the heading 'Foreign Money on Hand Account'. FC on hand balance, each currency-wise/denomination wise is to be jotted on daily basis in a separate register.
4. Foreign Currency Notes should not be defaced with rubber stamps, collection reference numbers or endorsements.
5. Foreign Currency SHOULD BE DESPATCHED ONLY BY REGISTERED INSURED POST, irrespective of the value. The Rupee equivalent of the Foreign Currency Notes sent in any one insured envelope should not exceed

Rs.10,000/-. The envelope should be specially addressed to foreign exchange department of exchange dealing branches.

6. The foreign currency notes to be dispatched should be listed in a 'Memorandum of Particulars' in duplicate, giving the following particulars:
 - a. Date (i.e the date on which the foreign currency notes were received by the branch)
 - b. Party from whom it was received.
 - c. Serial number and the denomination of each note
 - d. Total foreign currency notes received from each party.

The Memorandum will show the total foreign currency notes purchased (for which POB claim should be enclosed) and the total foreign currency notes sent for collection. The Memorandum of Particulars will be signed jointly by the Branch Manager or in his absence, by the Accountant and the Officer/Head Cashier handling the currency notes.

7. The foreign currency notes , together with the Memorandum of Particulars and the POB claim, if any, should be wrapped in wax paper or butter paper, and where such paper is not easily available, in brown paper.
8. After the notes are wrapped in paper as stated above, the same should be inserted in a canvas-lined envelope in the presence of Branch Manager or in his absence, the Accountant and the Officer who handles the foreign currency transactions in the branch. No other letter or document of any nature whatsoever should be enclosed in this envelope. The cover should be properly closed and the Bank's Seal should be affixed in the presence of these two Officers (i.e. the Branch Manager, or in his absence, the Accountant and the other Officer concerned). These two Officers should place their signature on the envelope below the seal, indicating the reference number of their Power of Attorney or Resolution Power. These signatures would testify to the correctness of the foreign currency notes enclosed in the envelope.

9. Insurance should be taken out for the actual value declared on the envelope.
10. The envelope thereafter should be entered in the Despatch Register, giving full particulars in the 'Particulars' Column.
11. If the value of the contents of the envelope is below Rs.5000/- it should be sent to the Post Office with a responsible clerk, and where the value exceeds Rs.5000/- an armed /unarmed Watchman should also accompany him. Postal Receipt, evidencing the dispatch should be in the custody of the Accountant in a separate file, after noting down the receipt number and the date in the outward Foreign Currency Remittance Register, and the Despatch Register.
12. As soon as the cover is dispatched, the Branch Manager will post an advising letter to the nearest forex dealing branch to whom the FC is sent by insured post parcel.
13. Since holding of foreign currency notes at the branch involves loss of interest branches are advised that at no time total accumulation exceeds, the equivalent of Rs.10,000/-
14. The internal auditors have been directed to check the foreign Currency Remittance Register to ensure that details of the insured parcel/its receipt number have been duly entered therein. Further, the internal auditors would also check whether appropriate entries have been made in the Cash Balance Book as detailed above and the same have also been reflected in the W-1 Statement submitted by branches.
15. Make suitable notation in the Foreign Currency Remittance Register.

18.3.6. PROCEDURE TO BE FOLLOWED BY THE FOREX DEALING BRANCH

1. The inward mail department of forex dealing branch will under no circumstances accept any registered insured envelopes addressed to the foreign exchange department. They will direct the postman to deliver the

- insured post parcels, or to convey intimation of arrival thereof, to the foreign exchange department.
2. When the intimation of arrival is received from the Post Office, the officer-in-charge of foreign currency section, alongwith a clerk and an armed/unarmed Watchman will proceed to Post Office to collect the registered insured envelopes. Before accepting these envelopes from the Post Office, the officer will verify the envelopes to ensure that the Bank's seal is intact. If the seal is observed to be tampered with, an 'Open Delivery' must be insisted upon.
 3. After returning to foreign exchange department, the officer will enter the insured envelopes in the Inward Remittance Register and will thereafter open the envelopes in the presence of the Senior Manager, or Manager. The contents of the envelopes will be verified with the Memorandum of Particulars enclosed in the cover and after satisfying that the contents are correct, the officer-in-charge and the Senior Manager or the Manager will sign the duplicate of the Memorandum of Particulars in token of having received the contents and return it to the branch concerned. If the contents of the envelopes are different than what has been shown in the Memorandum of Particulars, the matter should be promptly reported to the Head of the branch, and also branch concerned should be notified in a most expeditious manner, under advice to the respective Regional Offices. The Regional Office should be kept informed by the foreign exchange dealing branch till the issue is resolved.
 4. Where the foreign currency notes are received from any branch in a manner other than as prescribed above, the foreign exchange department will draw the attention of the branch concerned to the latter's lapse, and endorse a copy of its letter to the Regional Office concerned for taking appropriate action in the matter.
 5. The foreign currency notes on hand will be held in joint safe custody in the foreign exchange department, until the same are to be utilized for normal business transactions or sold to FFMC. If separate cash safe is not available in forex department the FC should be kept in the cash safe provided to the cash department of general banking section.

18.3.7. RETURN OF UNREALISED CURRENCY NOTES

- a. At times, the currency notes are rejected for reasons such as counterfeit, defaced, soiled, mutilated etc.
- b. In such cases, amount should be recovered from the customer together with interest at commercial rate.
- c. If such currency notes were purchased from tourist who had already left the country, the same should be reported to the controlling office for disposal instructions / write off of the amount.

18.3.8. ACCEPTANCE OF CURRENCY NOTES FOR COLLECTION: (BY 'C' CATEGORY Branch)

If the branch decides to handle currency notes on collection basis, following procedure is to be followed:

1. Obtain request letter with full details as explained in purchase of foreign currency
2. Allot clean collection no.,(OBC No....) and enter in collection register.
3. Prepare clean collection schedule (FE 503) for dispatch of F.C. to nearest B category branch.
4. Pass collection contra entry.
5. Follow the procedure for dispatch of FC through insured post parcel as explained in para no 18.3.5.
6. On receipt of credit from B category branch pass the following entry
Dr. L/Branch /C.O. a/c
Cr. Customers a/c
Cr. Income a/c Exchange on FC.
(as indicated by B category branch)

7. Customer is to be afforded credit at the exchange rate indicated by 'B' category branch (currency purchase rate). Difference between the above rate and the credit received from B category branch is to be taken to Income a/c Exchange on FC.
8. If any currency notes are returned unencashed the same is to be returned to customer against proper acknowledgement.
9. Reverse contra liability. Mark payment details in the registers.

18.4. DDs/TTs/MTs

1. Most Inward Remittances are received in the form of authenticated telex or swift messages (MT 103) addressed to 'A/B.....' category branches. 'A' category branch will convert F.C. into Indian Rupees and remit the proceeds directly to 'B' or 'C' category branch where beneficiary maintains the account without seeking disposal instructions upto an amount equivalent to Indian Rs 1.00 lac.
2. For inward remittances exceeding Rs1.00 lac , disposal instructions will be sought from respective branches and payments will be executed as per instructions received. 'B'/'C' category branches should also ascertain and inform whether beneficiary intends to retain a portion in EEFC a/c subject to overall permissible limits.
3. If the value of inward remittance exceeds USD5000 or its equivalent, 'A' category branch has to satisfy actual receipt of cover funds in its nostro account. The correspondent banking agreement with various banks, the threshold limit for issuance honoring of MTs/DDs/TTs without prior provision of cover funds has been agreed as USD 5000/- or its equivalent. In respect of such cases of Inward remittance payments can be made on the basis of authenticated telex/swift messages. If receipt of cover funds is delayed for whatever reason, interest has to be claimed from the remitting bank.

4. On receipt of credit advice along with photocopy of MT 103/telex message from 'A' category branch, beneficiary's account has to be credited, after satisfying that the remittance does not pertain to export bill purchased/sent on collection. In case purpose of remittance is not available, payment should not be delayed and matter should be taken up with the remitting bank for ascertaining purpose of remittance. A declaration as per Annexure -IV is to be obtained from the beneficiary.

18.5. FOR "B" CATEGORY BRANCHES CONNECTED TO SWIFT: DECENTRALISATION

With a view to ensure that the time gap involved in releasing the amount is reduced the proceeds and the remittances are credited to the customer's account expeditiously, the function of handling inward remittances is decentralized.

The salient features of the decentralisation for the purpose of handling inward remittances are as under:-

1. The inward remittances messages MT 103, MT 202 etc received at CBT at Treasury Branch with SWIFT Code of 'B' category branches are redirected by the system to the concerned 'B' category branch. Certain messages received with CBT code with beneficiary address at places where we have 'B' category branch or 'C' category branch in the command area of the 'B' category branch will be directed by CBT to that 'B' category branch.
2. The practice to convert the Foreign Currency into Indian Rupee and credit the proceeds to the beneficiary's a/c. or to remit the same to 'C' category branch where the beneficiary maintains the account, without seeking disposal instructions upto an amount equivalent to Rs.1 lacs will be followed by the 'B' category branches provided with SWIFT connectivity.

In respect of the inward remittance in excess of equivalent of Rs. 1 lac they will seek disposal instructions from the beneficiaries and shall act accordingly.

3. With view to ensure that the credit is made available to the beneficiaries in respect of small value remittances immediately, the Treasury Branch and the Exchange Dealing Branches are hereby authorised to release the credit in respect of remittance upto USD 1000 or equivalent immediately irrespective of whether the credit is sighted or not in the Nostro a/c.

In all other cases, the credit will be released by them after ensuring that relevant cover funds are credited by the counter party banks in our Notsro a/c.s, The Exchange Dealing Branches will be in a position to verify the credit in Nostro a/c. by perusing the daily US Dollar Notsro a/c. statement received by them from our Notsro a/c. maintaining correspondent bank. In the case of all other currencies they will be in a position to confirm the relevant cover funds by contacting the inward remittance section or treasury Branch over telephone / telex / fax and report the transaction thereafter for the purpose of release of credit in respect of inward remittances.

It will be the responsibility of the concerned account maintaining branch to credit the amount to the customer's a./c. after satisfying the purpose of the remittance and the genuineness of the customers, by looking into the details furnished in the copy of the relevant MT 103 which will be sent by the Treasury Branch / the concerned exchange dealing branch alongwith the digital authority cheque. The Exchange Dealing Branch/ 'C' category branch must ensure that the inward remittance received is not against export bills purchased / sent for collection. The remittance may not be however, delayed in case, the purpose of remittance is not available, indicated in the MT 103 and Treasury Branch / 'B' category branch will follow up for the same separately with the remitting bank.

4. The concerned 'B' category branch will report the transaction with regard to the remittance directly to on line rate system. Uniform numbering system for entering / reporting such transactions is done by FINACLE system. The same pattern should be followed while taking rate to avoid duplication.

The prefix generated by FINACLE to the various Exchange Dealing Branches for the purpose of control of import LCs / Clean Collection / Clean Purchase is to be used by the 'B' category branches also for this purpose. This will enable the inward remittance section of the 'A' category branch to identify the transaction correctly and remit the amount to the concerned 'B' category branch.

5. The 'B' category branch will report the transaction subject to their satisfying that the relevant MT 103 message is received by them and it is in their possession in original. In case of remittance in excess of USD 1000 or equivalent, they will additionally ensure by perusal of the daily statement of Nostro a/c. for USD remittances and contacting inward remittance section. Treasury Branch for other currencies before reporting the transaction, that the cover funds in respect of the relevant inward remittances are credited to our account. In any case, the reporting of the transaction will be made by them not earlier than the value date advised in the MT 103 message.
6. After reporting the transaction as above, the system will debit POB a/c. Forex and credit the customers a/c. or remit amount to the concerned 'C' category branch by way of digital authority cheque. On receipt of the digital authority cheque from Treasury Branch, the outstanding in POB a/c. foreign currency may be adjusted.

In case the required details/ information is found inadequate for applying the funds, it will be the responsibility for the concerned 'B' category branch / Treasury Branch to take up the matter with the remitting bank for full details.

7. On implementation of the new system for inward remittances as stated above, the FIRC's will be issued by the concerned 'B' category branches in respect of the inward remittances handled by them.
8. Branches are advised to log on to SWIFT as per schedule advised by SWIFT section at least twice a day and drain out all the messages for taking action thereon.

18.6. ISSUANCE OF FIRC:

1. FIRC is being issued by the system in some branches and other branches it is being issued manually on the prescribed format. FIRC charges are being recovered by the system. No changes should be made in FIRC after issuance. 'B' category branch should, before issuing FIRC, ensure correctness of the details by cross verification with original MT 103 message.
2. FIRCs should not be issued against inward remittances to NRE accounts even if received through credit push systems like RTGS / NEFT / NECS ECS. In case of inward remittances other than for credit to NRE accounts, if the proceeds of inward remittance received are remitted in foreign currency itself to the beneficiary's banker, then FIRC is to be issued by the bank which has received the proceeds in foreign exchange, i.e. the bank which converts the foreign currency into rupees is required to issue FIRC.
3. FIRCs should be issued on security paper as per Form BCI bearing distinctive serial /reference no.
4. **FIRC should be issued only in respect of**
 - (a) Advance payment for exports
 - (b) Receipt of export proceeds by an AD Bank other than the one who handles /handled GR Form/Softex/SDF/PP Forms.
 - (c) Inward remittance covering FDI/FII.
5. All FIRCs should be signed by Authorised officers of AD Banks only (i.e. those who are allotted P.A. Numbers) and whose signatures are on record with Reserve Bank of India.
6. Stocks of blank certificates should be kept in safe custody. Loss/theft if any should be reported to FEDAI through IBD, C.O. The AD Branch will also report

the Loss/theft to the office of RBI concerned.

7. **In the case of inward remittances other than listed under 2(a), (b) and (c) above, the certificates should not be issued on security paper.** Such certificates should be issued in the following manner:
 - (a) Import Trade Control or other authorities may require certificate in the format prescribed by them.
 - (b) Director General of Foreign, Trade may require certificate in prescribed form of negotiation of documents but prior to realisation of export proceeds. Such certificate shall not contain the value realized and date of realisation. Banks should merely indicate FOB value while issuing such certificates, **Authorised Dealers should make a specific remark that it is not an export realisation certificate.**
 - (c) AD Banks may issue a certificate of inward remittance in form 10H for submission to Income Tax authorities. The form 10H is prescribed under Section 8ORRA of Income Tax Act. The certificate should be specifically marked "**For Income Tax Purpose**". No separate ECF should be issued in such case, if salaries are paid in foreign currency in cash.
 - (d) In cases of encashment of foreign currency notes / travellers cheque for other than salary purpose, the certificate should be issued in **Form ECF only.**
 - (e) In cases other than point 3 and point 7(a),(b) and(c) above, certificate may be issued on printed-letterheads bearing AD Bank's Logo.
8. Multiple certificates against the same remittances should not be issued.
9. a) The AD Bank that actually receives the inward remittance or reimbursement in foreign exchange-should issue certificate.

b) In case of rupee remittance received by debit to non-resident bank account, the certificate should be issued only by the bank's branch that maintains and debits the non-resident bank account.

c) A branch of the same bank different from one actually receiving remittance or maintaining non-resident bank account may issue certificate after confirmation from the concerned branch that no such certificate has been issued and shall not be issued in future.

10. Normally, **certificates should be issued' only in one copy.** Where more copies are required by the beneficiary, additional copies may be issued by AD Bank after satisfying the need for doing so. **The additional copies should also bear the same distinctive serial / reference no.and should be prominently marked Duplicate, Triplicate etc. at the top.** The purpose for which the extra copies should be indicated prominently on the top of additional copies.

11.As inward remittance received for credit of NRE /FCNR Accounts can be repatriated freely, no certificate should be issued for such remittances.

12. Where inward remittances are required to be refunded to the remitters, certificates, if any already issued, must be called back and cancelled before the refunds can be allowed.

13.**The validity of FIRC's and other certificates mentioned above should be restricted to one year only.**

18.6.1. Issuance of duplicate FIRC

The issuance of duplicate FIRC's is fraught with risk of misuse; as several agencies are involved in granting fiscal concessions on the basis of FIRC's. The banks that issue large number of

duplicate FIRCs, should carry out internal review process and ensure the followings:

1. FIRCs are issued only in the case of 3 events mentioned in item No. 18.6(4) above.
2. The dispatch / delivery process of FIRCs is adequately tightened and controlled.
3. The bank is satisfied about the track records of the customer and circumstances about loss of certificates.
4. An appropriate indemnity should be obtained from the beneficiary of the FIRC. (Annexure –V)
5. If the beneficiary is not a customer of the issuing bank; the indemnity should be countersigned by the beneficiary's bank.
6. The duplicate FIRC should be prominently superscripted and bear the same number as that of the original.
7. The duplicate FIRC should clearly indicate name of the Authority to whom such duplicate FIRC is to be produced.
8. If it is not possible to make a notation of the authority as per para (7) above, and the AD bank is satisfied about the same, then the AD-bank may make a notation that This FIRC is issued for record purpose only and not to be used for repatriation purpose".
9. Whenever FIRC is utilised for release of GR Forms or repatriation with AD bank other than FIRC issuing bank, it should communicate to the issuing bank the fact of utilizing the FIRC for their noting.
10. The loss should be immediately reported to FEDAI and the due process be followed. (IBD Circular Letter No.6075 dated 16.04.2009 and I C 8790 dated 20.10.2010).

11. If original FIRC is issued for purpose other than mentioned in Para 18.6 (4) above, the issuance of duplicate FIRC is not warranted at all. In such situation, the process of reporting of loss of FIRC would therefore be redundant. AD Branches may consider issuance of certificate on Bank's letterhead on case-to-case basis in such situation.

12. The purpose of FIRC gets served in short time and in any case within one year. Hence, vide SPL-02 /FIRCs /2013 dated 13.02.2013 FEDAI has reiterated the following:

- (a) FIRCs are issued for eligible purpose only as stated above.
- (b) **The validity of FIRCs and other certificates mentioned above should be restricted to one year only.**
- (c) Duplicate FIRC are issued solely at the discretion of the banks concerned. FEDAI does not give any kind of approval, concurrence for issuance of duplicate FIRC.
- (d) **Issuance of duplicate FIRC may not arise for FIRC that are more than one year old.** FEDAI keeps details of loss of FIRC on their website (fedai.org.in) for one year only. AD Branches to ensure that the requests for duplicate FIRCs for transactions over one year are examined and probed carefully. The Branch concerned should satisfy -itself that no foul- play, misuse, -mischief takes place due to issue of duplicate FIRC. The bank may consider issuing a certificate on its letterhead providing details of remittance.

18.6.2. OTHER PROCEDURAL GUIDELINES

1. MT 103 will be received directly by 'B' category branch. Hence, payment should be made by them, after confirming receipt of cover funds, if the value of remittance exceeds USD5000 or its equivalent.
2. The Bank has also entered into arrangements with correspondent banks by exchange of **Relationship Management Application (RMA)**. On receipt of the RMA, branches should check the genuineness of the same by referring to SWIFT Department and release the amount.

3. If the beneficiary does not bank with us, branch should issue FC denominated MT receipt and seek disposal instructions, using address available in MT 103. In case the beneficiary desires to retain a portion of the amount in EEFC a/c or if the payment pertains to exports, foreign currency may be transferred to nostro a/c of beneficiary's bank, subject to deduction of charges. In all other cases payments may be made in Rupees as per disposal instructions of the beneficiary, less charges.

4. CHARGES:

Type of Transactions	Exchange and interest rates applicable
a. Encashment of TTs/ in respect of which cover has been received in Nostro Accounts	Current TT buying rate.(No exchange margin or interest to be charged)
b. Purchase of TTs/ Purchase of MTs/DDs where cover has not been received in Nostro Accounts	TT buying rate plus exchange margin of 0.125%. Interest shall be recovered separately from the customer at domestic commercial rate for a transit period of 15 days.

5. Details of inward remittances have to be entered in Inward Remittance Register.
6. Detailed procedure regarding handling of FCCs /FDDs etc., has been dealt with at length in Chapter 11 of the Book of Instructions on Exports under Clean purchase/Clean collection.
7. Often remittances are received through other authorised dealers. On receipt of DD/TT/PO from other ADs, credit has to be afforded to beneficiary's account. For remittances exceeding Rs.1.00 lac, other banks will forward foreign currency denominated MT Receipt seeking disposal instructions. Branch in turn has to obtain clear instructions from the beneficiary and present the MT Receipt duly discharged to the executing bank informing disposal instructions of the beneficiary. Payment when received has to be credited to beneficiary's account. However, in the

following cases payment should necessarily be received in foreign currency from other banks.

- Remittances meant for FCNR , RFC,EEFC deposits.
- Export bills where forward contracts were booked by our branches.
- Payment of export bills where PCFC/FC loans have been availed from us.
- Export bills purchased/negotiated/discounted by reporting to our 'A' category branches.

8. Additionally as per Section 80 RRA of the Income Tax Act, an Income tax assessee has to furnish a certificate of inward remittance in form 10H (Annexure-VI. The form is similar to FIRC (FE 642) and the exchange dealing branch which has issued the relative FIRC should issue the certificate on form 10 H on the written request of the beneficiary of inward remittance, specifically superscribing the same “ For Income Tax purposes”.

9. **Sharing of Commission for Collection of cheques/DDs/TCs: Commission will be collected by B Category branches.**

18.7. FOREIGN CONTRIBUTION REGULATION ACT (FCRA), 2010.

- ❖ Foreign Contribution (Regulation) Act, 2010 stipulates that every person who has been granted a certificate of registration/prior permission as stipulated in the Act shall receive foreign contribution in a single account and only through such branches of a bank as may be specified in his/her application. It strictly prohibits the receipt or deposit of any other funds (other than foreign contribution) in such accounts. The Act mandates that every bank or authorized person in foreign exchange shall report to specified authority, the prescribed amount of foreign remittance, source and manner in which foreign remittance was received and other particulars in such form and manner as may be prescribed. Section 18 of the Act requires every person who has been granted a certificate of registration or prior permission under the Act to intimate the Central

Government on the details provided therein in the manner stipulated therein. This intimation has to be accompanied by a copy of the statement indicating the particulars of foreign contribution received duly certified by an officer of the bank or authorized person in foreign exchange.

- ❖ Associations which were granted certificates of registration or prior permission under Foreign Contribution (Regulation) Act, 1976, will continue to be eligible to receive foreign contribution under the Act and such registration shall be **valid for a period of five years** from the date on which the Act came into force. Any permission to accept foreign hospitality granted would also be deemed to be the permission granted under the Act until such permission is withdrawn by the Central Government.
- ❖ Persons/organisations who are not authorized to accept foreign contribution are:
 1. Candidates for election
 2. Editor, printer, columnist, cartoonist or publisher of a registered newspaper, owner, correspondent etc.
 3. Judge, Govt. servant or employee of any Corporation,
 4. Member of any legislature,
 5. Political party or office bearers thereof.
 6. Organisations of a political nature as may be specified;
 7. Associations or companies engaged in the production or broadcast of audio news or audiovisual news or current affairs programmes through any electronic mode or form or any other mode of mass communication;
 8. Correspondent or columnist, cartoonist, editor, owner of the association or company referred to in (7) above.
- ❖ The Act empowers the Central Government to specify organizations as organizations of political nature by publication in the Official Gazette. Foreign contribution can, however, be accepted by the above-mentioned persons in the following specific cases:
 1. by way of salary, wages or other remuneration due to him or to any group of persons working under him, from any foreign source or by way of

payment in the ordinary course of business transacted in India by such foreign source; or

2. by way of payment, in the course of international trade or commerce, or in the ordinary course of business transacted by him outside India; or
3. as an agent of a foreign source in relation to any transaction made by such foreign source with the Central Government or State Government; or
4. by way of a gift or presentation made to him as a member of any Indian delegation, provided that such gift or present was accepted in accordance with the rules made by the Central Government with regard to the acceptance or retention of such gift or presentation; or
5. from his relative; or
6. by way of remittance received, in the ordinary course of business through any official channel, post office, or any authorised person in foreign exchange under the Foreign Exchange Management Act, 1999; or
7. by way of any scholarship, stipend or any payment of like nature.

IMPORTANT PROVISIONS

- ❖ In case a person falling in the above category is not registered with the Central Government, it can accept foreign contribution only after obtaining prior permission of the Central Government. The Central Government is also authorised to suspend or cancel the registration so granted. Every person who has been granted a certificate shall have such certificate renewed within six months before the expiry of the period of the certificate.
- ❖ The foreign contribution shall be utilised only for the purposes for which contribution was received. No foreign contribution or any income arising out of it can be used for speculative purposes. Use of foreign contribution for defraying administrative expenses has been restricted by the Act.
- ❖ A person who has been granted a certificate of registration or prior permission receives foreign contribution in excess of one crore rupees, or equivalent thereto, in a financial year, he/it shall place the summary data on receipts and utilisation of the foreign contribution pertaining to the year of receipt as well as for one year thereafter, in the public domain.

Branches are required to

1. Keep special watch on bank accounts of organisations/associations etc. and ensure valid permission has been obtained before allowing credit of any foreign contributions. Every person who has been granted a certificate or given prior permission shall receive foreign contribution in a single account only through such one of the branches of a bank as he may specify in his application for grant of certificate. Such person can open one or more accounts in one or more banks for utilising the foreign contribution received by him. However, no funds other than foreign contribution shall be received or deposited in such account or accounts. The Act makes it mandatory for every bank or authorised person in foreign exchange to report to such specified authority (a) the prescribed amount of foreign remittance (b) the source and manner in which the foreign remittance was received and (c) other particulars, in such form and manner as may be prescribed.
2. Report every half year (September and March) to IBD for consolidation and onward submission to the Ministry of Home Affairs. Branches will confirm to their respective Regional office that the said statement has been submitted. In case there are no such transactions a 'NIL' statement should be sent to IBD.
3. Other domestic transactions are not to be permitted in such accounts.
4. No advances are to be granted in such accounts.
5. If the amount of foreign contribution lying unutilised in the exclusive foreign contribution bank account of a person whose certificate of registration has been cancelled shall vest with the banking authority concerned till the Central Government issues further directions in the matter. In case a person whose certificate of registration has been cancelled transfers/has transferred the foreign contribution to any other person, the above condition would apply to the person to whom the fund has been transferred.

6. Bank has to send a report to the Central Government within thirty days of any transaction in respect of receipt of foreign contribution by any person who is required to obtain a certificate of registration or prior permission under the Act, but who was not granted such certificate or prior permission as on the date of receipt of such remittance. Such report has to contain the following details:
 - i. Name and address of the donor.
 - ii. Name and address of the recipient.
 - iii. Account number.
 - iv. Name of the Bank and Branch.
 - v. Amount of foreign contribution (in foreign currency as well as Indian Rupees).
 - vi. Date of receipt.
 - vii. Manner of receipt of foreign contribution (cash/cheque/electronic transfer etc.)

7. Bank concerned to send a report to the Central Government within thirty days from the date of such last transaction in respect of receipt of any foreign contribution in excess of one crore rupees or equivalent thereto in a single transaction or in transactions within a duration of thirty days, by any person, whether registered or not under the Act, and such report also has to include the aforesaid details.

18.7.1. Cheques / Drafts received under FCRA

Branches are receiving cheques/drafts denominated in foreign currency for collection which are subsequently turned out to be fraudulent in nature. In order that branches are not put in loss due to non-adherence of the stipulated guidelines, the procedure to be followed while handling foreign cheques/drafts for collection:-

- i) Scrutinize the instrument carefully where required and in case of any doubt, make proper enquiry of source, nature of

transaction/credential of remitter before accepting for collection. Branches will accept cheques/drafts only if these are payable to the customer having account with the Branch. The originating branch will give proper endorsement on the back of the instrument such as payee's a/c will be credited on realization or payee's account credited."

ii) Branches will comply with the requirements of KYC norms and FCRA. Regulations as applicable. Branches will retain photocopy, both obverse and reverse, of the cheque/drafts for their records.

iii) Obtain identity letter as per Annexure VII.

iv) Branches will control the instrument with FBC No. and give the name of the branch on the face of the instrument.

v) The branch will then forward the instrument to CCC at Overseas Branch, Mumbai for collection. However, while forwarding such instruments, branches should also inform CCC that the cheque/draft represents the foreign contribution. They should also confirm to CCC that the provision of FCRA 2010 have been duly complied with while forwarding the instrument for the purpose of collecting the proceeds. On realization CCC will credit the proceeds to respective branches through finacle.

18.8. Annexures

Annexure -I

From:

To: The Branch Manager,
Union Bank of India,
Branch.....

**Encashment of Foreign Currency / Travellers
Cheques**

I wish to encash foreign currency and 'travellers cheques
aggregating to

The pass port details are as under:

1. Passport No.	
-Date of Issue	
-Place of Issue	
-Date of Expiry	
2. Purpose of visit	
3. Local Address	
4.Currency / TC No. and denomination	

I undertake to indemnify the Bank in case the foreign currency
notes / TCs tendered by me are found to be fake / counterfeit.

I also undertake to refund the entire amount negotiated
in such eventuality at the rate prevailing at the time of
refunding of such amount.

SIGNATURE

For Office Use :
1.Amountof Encashment
TCs
TOTAL

2. Distinctive Nos. of FC Notes:

Annexure -II

UNION BANK OF INDIA

BRANCH OFFICE _____

Ref.No. EXCH.

Date:

CERTIFICATE OF FOREIGN INWARD REMITTANCE

We certify that we have received the following remittance and proceeds thereof were paid

a) to the beneficiary M/s. _____
(Name and Address)

_____ on _____

() By Cash

() By Pay-Order

() By Credit to Current/Saving/Cash Credit Account with us/with our

_____ office for
beneficiary's account.

b) to _____
Bank on _____ for credit of beneficiary
M/s. _____
(Name & Address)

Name and place of residence of remitter

Name and address of remitting Bank

DD/TT/MT No. _____ dtd. _____

Foreign Currency Amount _____ Rupee Equivalent
_____ (Rupees _____
_____) favouring _____

_____ Rate applied _____

Purpose of remittance as stated by remitter/beneficiary*

We also certify that the payment thereof has/has not been received in non-convertible Rupees or under any special trade or payments agreement.

We confirm that we have obtained reimbursement in an approved manner.

For UNION BANK OF INDIA

Manager
Foreign Exch. Dept.
Counter signed for UNION BANK OF INDIA

(Name) _____
Manager (Address)

Annexure -III

UNION BANK OF INDIA

Name of the Branch: _____

Address: _____

ECF

(Paragraph 17.4 and paragraph 8 of Memorandum FLM)

(Valid for three months from date of
purchase of foreign currency)

RBI Licence No.

ENCASHMENT CERTIFICATE

Sr.No.

Date :

We hereby certify that we have purchased today foreign currency from

(Name of person)

holder of passport No. _____

Nationality _____ and

paid rupee equivalent as per details given below :

**A. DETAILS OF FOREIGN CURRENCY NOTES/COINS/TRAVELLERS CHEQUES
PURCHASED**

Currency purchased (indicating g clearly notes/coins and travellers cheques separately).	Amount	Rate	Rupee equivalent	Stamp and signature of authorised dealer/full- fledged money changer
(1)	(2)	(3)	(4)	(5)
Notes/ Coins: Travellers Cheques :				
		TOTAL		

**B. DETAILS OF PAYMENTS MADE IN RUPEES TOWARDS HOTEL BILLS/COST OF
GOODS/SERVICES**

Opening Balance Rs. _____

Sr. No	Name & Full address of Hotel/Company/Firm	No. & Date of Bill	Date of payment	Amount of Bill (in rupees)	Balance left after deduction amount at Col. 5	Stamp & Signature of authorised money changer with No. & date of RBI Licence
(1)	(2)	(3)	(4)	(5)	(6)	(7)

NOTE : This certificate should be carefully preserved to facilitate reconversion of the rupee balance if any, into foreign currency at the time of departure from India and/or for payment in rupees of hotel bills, passage fare or freight on personal baggage; if necessary.

Annexure-IV

DECLARATION

To :
The Branch Manager/Chief Manager
.....
.....

Sir,

We have been informed that an amount of _____
has been received by your Bank favouring me/us. We request you as under :-

Convert entire amount into Indian Rupees at ready rate and credit the proceeds
to our a/c.

Retain - percentage to our EEFC a/c. at _____ Branch and
convert the remaining amount into Indian Rupees and credit the proceeds to our
account.

We hereby declare that the remittance is not against any export bills
purchased/discounted/ sent on collection. Purpose of the remittance is
_____.

Thanking you,

Yours faithfully,

DECLARATION - CUM - INDEMNITY

(in case of individual) 1. I, _____ of, Indian 'Inhabitant' residing at _____ do hereby solemnly declare and say as follows :

OR

(in case of company) I, _____ of, Indian Inhabitant(s), residing at _____ do hereby solemnly declare and say as follows :-

1. I am the Managing Director/Director of _____ Limited (hereinafter called "the Company) a company registered under the Companies Act, 1956 and having its registered office at _____

OR

(in case of a firm) I, _____ of , Indian Inhabitant do hereby solemnly declare and say as follows :

1. I am a partner of the firm name and style of Messrs. _____ (hereinafter called 'the firm') a partnership firm registered under the provisions of the Indian Partnership Act 1932 and having its principal place of business at _____.
2. I say that ___ Bank (hereinafter called 'the said Bank') has issued to me/to the Company to the firm, a foreign inward remittance certificate dated _____ bearing serial No. _____, in terms of the provisions of the Foreign Exchange Regulation Act, 1973, in respect of the foreign inward remittance of _____ (Rupee equivalent _____) paid to me/the company/the firm, on the _____ day of _____, 19_____ (the aforesaid inward remittance certificate is hereinafter called "the said certificate").
3. I say that the said certificate has been lost/misplaced by me/by the company/by the firm, and I/the Company/the firm have not been able to retrieve the said certificate despite diligent effort made in that behalf.
4. I say that the said certificate has not been given by me/the Company/the firm, to any person or persons for any purpose whatsoever.
5. I say that the Bank has agreed to issue to us a duplicate of the said certificate to replace the original which has been lost/misplaced as aforesaid.
6. I hereby agree and undertake/the Company hereby agrees and undertakes that in the event that the said certificate is retrieved/found by me/the Company/the firm, the same shall be forthwith returned to the Bank.
7. In pursuance of the above and in consideration of the said Bank agreeing to issue to us a duplicate of the said certificate which has been lost and/or

misplaced by me/the Company/the firm as aforesaid, I hereby indemnify/the Company/the firm hereby indemnifies, keep(s) safe, harmless and indemnified, the said Bank' and its successors from and against any claim or demand of whatsoever nature and howsoever made against the said Bank, in respect of and/or arising out of the said certificate, the duplicate of the said certificate or any misuse whatsoever thereof as also against all suits, proceedings, or actions which any governmental/semi-governmental/statutory or other body or authority or any person or persons may take against the said Bank in respect of and/or authority or any person or persons may take against the said Bank in respect of and/or arising out of the said certificate or the duplicate of the said certificate agreed to be issued by the Bank and also from and against all costs, charge and expenses which the said Bank may incur or be put to as a result of such suits, proceedings or actions as also from and against all losses and damages which the said Bank may suffer or be put to in respect of and/or arising out of the said certificate or the duplicate thereof issued by the said Bank. I hereby confirm that the declarations and statements contained hereinabove are absolutely true, I am making this declaration-cum-indemnity knowing fully well that on the faith and strength hereof, the said Bank has agreed to issue to me/the Company/the firm, a duplicate of the said certificate.

Solemnly declare at)
By the within named)
In the presence of _____)

Dated this day of 20

Annexure-VI
Form 10H

1ST SUPPLEMENT TO I.T.RULES
FORM NO.10H

INCOME TAX RULES, 1997 EDITION P.1364
Insertion of Form 10H

FORM NO.10H
(See rules 29 A)

No.

Ref.No. _____
_____ Bank

Date _____

Certificate of Foreign Inward Remittance

We certify that we have received the following remittance and proceeds thereof were paid :

a) to the beneficiary M/s. _____ on _____
(name & address)

By cash / By Pay-order /By credit to Current/Saving /Cash credit account with us/with our _____office for beneficiary's account or

b) to _____ Bank _____ on _____
for credit of beneficiary M/s. _____'s Account.
(name & address)

14. Name and place of residence of remitter: _____

15. Name and address of remitting bank : _____

16. Demand Draft /Telegraphic Transfer/Money Transfer No. _____ dated _____
Foreign Currency Amount _____ Rupee equivalent _____
(Rupees _____)
Favouring _____

17. Exchange Rate applied

18. Purpose of remittance as stated by
remitter* _____

Beneficiary _____

We also certify that the payment thereof has* / has not been received in non-convertible rupees or under any special trade or payments agreement.

We confirm that we have obtained reimbursement in a manner approved by Reserve Bank of India and according to the laws.

For _____ Bank
Manager

Countersigned _____
(Name and designation)

*Strike out whichever is inapplicable.

To _____

Annexure-VII

LETTER OF UNDERTAKING REGARDING CLEAN COLLECTION
INSTRUMENTS

From:

To:

Branch Manager
Union Bank of India

Branch

Dear Sir,

Cheque/DD/TC/IMO/P0 no. dated..for ... drawn on ..

In enclosing the above instrument, I/We request you to collect the proceeds of the same. The details of the above inward remittances are as under:

Name and address of the remitter

Purpose of remittance

If pertaining to exports

invoice No. and date
Export Bill Ref.No.of the Bank

I/we request you to seek unconditional/conditional credit the proceeds to my/our account only after final realisation/on receipt of conditional credit in your Nostro account.

In the event of the instrument returning unpaid, for whatever reason, I/We undertake to reimburse the amount to the Bank at TT selling rate together with interest and other charges.

Thanking you

Your faithfully,

Place
Date