



CITIZEN CHARTER FOR FOREX BUSINESS

Preamble:

Our Bank was granted license by Reserve Bank of India to deal in Foreign Exchange (Authorized dealer License) in the year 1975. We have a permanent license since the year 1999; vide RBI License No. 1/99 dated 7th June 1999.

We have been conducting the business strictly in accordance with the rules and regulations announced under FEMA, 1999 by Govt. of India and the various guidelines (including internal control guidelines) advised by RBI and the various limits fixed by Management. Apart from adhering to Internal Control guidelines framed by Reserve Bank of India, we have documented a written down Foreign Exchange Policy in 2009. Our current updated version is Foreign Exchange Policy version 05/2012 as per board resolution DBR/IBD/S96/2012-13 dated 28/06/2012. In terms of RBI guidelines on Risk Management and Inter-bank Dealing (RBI master circular *01/2003-04* dated 1.7.2003), Board of Directors of the Bank should frame an appropriate policy and fix limits for various Forex Functions and should revise the policy periodically. Ever since economic reforms were introduced in the year 1991, RBI has been gradually liberalizing foreign exchange operations allowing more powers to authorized dealers. RBI has issued Master circulars on all areas covering the Foreign Exchange by 2008, incorporating revised guidelines on Forex operations.

FOREIGN EXCHANGE BUSINESS UNDERTAKEN BY BRANCHES

1. Export Finance:

Pre shipment credit in rupee (PCL) and foreign currency (PCFC)
Post shipment credit in rupee as well as foreign currency (EBRD)
Negotiation of Export Bills drawn under LC
Purchase / Discount of Export Bills under confirmed orders
Collection of Export documents

Extension of due date of bills will be done by IBD on obtaining sanction from concerned Regional Office along with the request letter from importer-overseas, exporter customer and branch request up to 360 days as per the RBI guidelines. Extension will be allowed to a maximum period of 180 days.

Operational guidelines on overdue bills: All branches have to strictly follow the RBI guidelines on the Overdue Export bills. Branches should take serious steps to get the realization of the export bills within the due date of the bills. All effort should be taken by the branches to get the proceeds of the overdue bills under collection/crystallized and no bill should be outstanding in the branch books beyond 6 months from the due date. If branches/exporter is not able to get the realization of the overdue export bills, the same may be taken up with IBD /RBI for writing off with required documents. Branches should submit a monthly report of overdue bills, with the steps taken in the case of individual bills, to RO and RO may forward the same to IBD with their comments. All overdue bills pending with the legal matters to be separately shown in the statement.

2. Import Finance

Finance of Import trade.
Facilitation of ECB and Trade Credits:

Guidelines relating to ECB RECEIPTS AND CORRESPONDING PAYMENT:

We would like to add operational guidelines on ECB receipts and corresponding payments towards Imports:

1. Inward remittances as proceeds of Buyers Credit/ECB and corresponding outward remittances towards import are to be accounted at Inter Bank rate, prevailing at the time of the transaction and both accounting to be done on the same day.
2. The principal officer of IBD is allowed to apply the interbank rates on transactions related to ECB and corresponding import payment without any margin in deserving cases.
3. Funds received under ECB should be applied by B category branches, after obtaining permission from IBD through E mail/ Fax.

4. Without sighting the credits in the Nostro account, branches are not allowed to repatriate the amount towards payments against Imports.
5. While sanctioning the permission to issue comfort letter, Credit Department should mention the spread on the exchange rates in consultation with IBD. This spread may be in the range of 0 to 5 paise.

Guideline relating to follow up of evidence of imports:

In case of all imports, where value of foreign exchange remitted/paid for import into India exceeds USD 100,000 or its equivalent, it is obligatory on the part of the branches through whom the relative remittance was made, to ensure that the importer Submits

- (a) The Exchange Control copy of the Bill of Entry for home consumption, or
- (b) The Exchange Control copy of the Bill of Entry for warehousing, in case of 100% Export Oriented Units, or
- (c) Customs Assessment Certificate or Postal Appraisal Form, as declared by the importer to the Customs Authorities, where import has been made by post, as evidence that the goods for which the payment was made have actually been imported into India.

Branches should acknowledge receipt of evidence of import e.g. Exchange Control copy of the Bill of Entry, Postal Appraisal Form or Customs Assessment Certificate, etc., from importers by issuing acknowledgement slips containing all relevant particulars relating to the import transactions.

The forex concurrent auditors/internal inspectors should carry out verification of the documents evidencing import, e.g. Exchange Control copies of Bills of Entry or Postal Appraisal Forms or Customs Assessment Certificates, etc., and submit a certificate confirming the compliance of the same through their half yearly inspection report of B category branches. IBD & respective ROs should follow up with the concerned branches to obtain the evidence of imports, within the stipulated period as per RBI guidelines.

Branches need not follow up submission of evidence of import involving amount of USD 25,000 or less provided branch is satisfied about the genuineness of the transaction and the bonafides of the remitter and on getting permission from IBD. Branches are requested to submit a detailed report to IBD in respect these items on a monthly basis, with the reasons for waiving the same to consider the request of the branch.

3. Inward and Outward Remittances through Nostro/ Vostro Accounts

Inward remittance in foreign currency towards advance remittance for exports

Inward remittance in foreign currency towards credit to NRI's accounts

Inward remittance in foreign currency towards credit to Resident's accounts

Outward remittance in foreign currency being proceeds of imports

Outward remittance in foreign currency being other than proceeds of imports

Inward remittance in Indian Rupees through DD Drawing and Speed

Remittance arrangements with Exchange houses and banks in the Middle East & Singapore

4. Issue/Purchase of Foreign Currency instruments (Travelers Cheques, Foreign Currency Cheques and Drafts)

Issue and purchase foreign currency Travelers Cheques Issue and Purchase of foreign currency cheques and drafts

Purchase and sale of Foreign Currency Notes and coins

Purchase of foreign currency notes and coins from Public, Foreign tourists, other banks and Full fledged moneychangers.

Sale of Foreign Currency Notes to Travellers, other banks and Full fledged money changers

5. Maintenance of account in foreign currency in the name of non-residents and residents

FCNR accounts (Non- Resident Indians)

DDA account in USD of exchange houses (Non-resident entities)

Security Deposits of Exchange houses (Non-resident entities)

RFC accounts of returnees (residents)

6. Maintenance of account in Indian Rupees in the name of Non-residents

NRE SB, NRE Current account and NRE Term deposits in the name of non-resident Indians.

Portfolio investment and gilt investment through account of non-resident Indians

NRO SB, NRO Current account and NRO Term Deposits in the name of non-residents.

7. Off-Balance Sheet transactions

Issue of Letters of Credit for imports

Issue of Bank Guarantee favoring non-resident beneficiaries at the instance of our constituents, issue of counter guarantees favoring other banks on a back-to-back basis in respect of Bank Guarantees issued by them at our instance

Issue of Standby LCs

Handling of Forward Purchase and Sale Contracts for the constituents.

Issue of letter of comfort for trade credits.

8. Categorisation of branches

In terms of present RBI guidelines, Banks are having freedom to categorize their branches as A, B or C as per the details given below:

'A' Category Branches: 'A' category branches can open, operate, maintain and close Nostro and Vostro accounts and also undertake any type of foreign exchange transactions permitted by RBI including dealing room operations and fund management.

'B' Category Branches: 'B' category branches can operate on the Nostro account, maintain vostro a/c and undertake any type of foreign exchange transactions, but only for (a) their constituents and (b) the constituents of 'C' category branches linked to them.

'C' Category Branches : 'C' category branches can undertake foreign exchange transactions for their constituents only through the 'B' category branch to which they are linked, subject to exceptions given below; ie opening and maintenance of NRE, NRO, FCNR, RFC accounts and Loans and advances in Foreign Currencies