Foreign Exchange Dealers' Association of India

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All members of FEDAI

A) Issuance of Certificates by AD Banks for Inward Remittances

In terms of extant guidelines of RBI **since 1987**, AD Banks may be required to issue Certificates to beneficiaries of Inward Remittances received through their medium for production as supporting evidence for claiming various facilities / benefits / entitlements under Exchange Control Regulations or Government Rules. RBI and FEDAI had issued circulars in this regard from time to time. Some of important provisions in respect of issuance of certificates for inward remittance are summarised below:

1) FIRCs should be issued on security paper as per Form BCI bearing distinctive serial / reference no.

2) **FIRC should be issued only in respect of**
   a) **Advance payment for exports**
   b) **Receipt of export proceeds by an AD Banks other than the one who handles / handled GR Form/Softex/SDF/PP Forms.**
   c) **Inward remittance covering FDI/FII**

3) All FIRCs should be signed by officers of AD Banks whose signatures are on record with Reserve Bank of India.

4) Stocks of blank certificate should be kept in safe custody. Loss/theft if any should be reported to the office of RBI concerned.

5) **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 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 80RRA 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 1 and point 5 (a), (b), (c) and (d) above, certificate may be issued on printed letter heads bearing AD Bank's Logo.

6) Multiple certificates against the same remittances should not be issued.

7) 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.

8) 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.

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

10) 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.

11) The validity of FIRCs and other certificates mentioned above should be restricted to one year only

B) Issuance of duplicate FIRCs due to loss of certificate

The issuance of duplicate FIRCs is fraught with risk of misuse; as several agencies are involved in granting fiscal concessions on the basis of FIRCs. 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. A(2) 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.

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 B (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 utilising the FIRC for their noting.

10) The loss should be immediately reported to FEDAI and the due process be followed. Please refer the following Circulars for the detailed instructions:

i) 2445/FIRC/SPL-67/97 dated 17th September 1997
ii) SPL-13/FIRC/09 dated 31st March 2009
iii) SPL-38/LOSS OF FIRCs/2010 dated 4th October 2010

11) It may please be noted that if original FIRC is issued for purpose other than mentioned in Para A (2) above, the issual of duplicate FIRC is not warranted at all. In such situation, the process of reporting of loss of FIRC would therefore be redundant. You may consider issual of certificate on your letter head on case to case basis in such situation.

Kindly take note of the above instructions and ensure that process of issue of FIRC is streamlined and need for duplicate FIRCs is minimized. Issue of duplicate FIRC should be a matter of exception and should be handled with due diligence and caution.

Please follow the above instructions meticulously.

Yours faithfully,

Chief Executive