

July 17, 2006

To,

All Category - I Authorised Dealers in Foreign Exchange

Madam / Sir,

Issue of Encashment Certificate (EC)

Attention of Authorised Dealer banks (Category I) [AD – Category I] is invited to Annexure V to A. D. (M. A. Series) Circular No. 11 dated May 16, 2000 in terms of which, pending issue of further directions, Authorised Dealers would be guided by the provisions of para 3 D.4 of the Exchange Control Manual (ECM, Volume I) for issue of Encashment Certificate. [ECM is available on the Bank's website at http://www.rbi.org.in/scripts/BS_ECMCatDisplay.aspx?catid=10].

2. According to the provisions of para 3 D.4 of the ECM, Authorised Dealers and their exchange bureaux are required to issue Encashment Certificates (EC) in form ECF in all cases of purchase of foreign exchange from the public, irrespective of whether the Currency Declaration Form (CDF) has been submitted or not by the tenderer of foreign exchange and whether the tenderer requests for the certificate or not. The certificate is required to be issued on security paper, if the amount of foreign currency encashed exceeds Rs.15,000/- in value and in other cases, on the letter-head of the authorised dealer/exchange bureaux (with their logo printed on it).

3. On a review, it has been decided to dispense with the requirement of issue of Encashment Certificate on security paper. Accordingly, when requested by the customer, Encashment Certificate in form ECF, duly signed by authorised officials, may be issued by ADs Category I on their letter-head (with their logo printed on it), irrespective of the amount. A proper record of all Encashment Certificates issued may be maintained. In cases where the Encashment Certificate is not issued, attention of the customer should be

drawn to the fact that in the absence of encashment certificate, unspent local currency held by non-resident visitors will not be allowed to be converted into foreign currency.

4. Authorised Dealer banks (Category I) may bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this Circular have been issued under Section 10(4) and 11(I) of the Foreign Exchange Management Act 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

M. Sebastian
Chief General Manager