

## CHAPTER 16

### RETURNS AND STATEMENTS

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#### ANNEXURE

Guide to Authorised Dealers for Compilation  
of R Returns

### 16

#### RETURNS AND STATEMENTS

##### General

**16.1** Returns and statements prescribed in the Manual are used in the Reserve Bank for compiling very valuable data relating to the country's financial transactions with the external world as well as for exercising supervision over the operations of authorised dealers. Authorised dealers should, therefore, maintain proper internal organisation both in their controlling offices as well as operating branches so that the returns/statements and other data prescribed in the Manual or prescribed by separate instructions are prepared accurately in a systematic manner and submitted to Reserve Bank within the prescribed time schedule. The work of compilation of returns and statements should be entrusted in the controlling offices and operating branches to personnel possessing requisite knowledge and experience of foreign exchange operations. Authorised dealers must undertake periodic reviews of the arrangements for compilation and submission of data to Reserve Bank to see that they are adequate and the requisite manpower and other resources continue to be available.

## **Submission of Returns**

**16.2** (i) Unless specifically indicated otherwise, all returns/statements should be submitted to the office of Reserve Bank under whose jurisdiction the concerned office/branch of authorised dealer is situated. If in any period, there are no transactions to report, the 'NIL' position may be advised by letter within the prescribed period. Authorised dealers should ensure that the returns and statements submitted to Reserve Bank reflect correctly and completely all the relevant transactions undertaken by them during the relevant period and all the supporting forms have been correctly filled up and annexed.

(ii) Section 73A of FERA 1973 empowers Reserve Bank to impose fine on an authorised dealer for contravention of Reserve Bank's directions or for failure to file returns as specified by Reserve Bank. Reserve Bank will, therefore, take a serious view of the failure of any branch of an authorised dealer to furnish returns and statements regularly or promptly as well as of any irregularities detected in their compilation and where it deems fit, it may impose financial penalty as provided in Section 73A of FERA 1973 or even direct the authorised dealer concerned to refrain from transacting foreign exchange business at the branch concerned.

## **Maintenance of Records**

**16.3** Authorised dealers should maintain proper records of all purchases and sales of foreign currencies made by them and also of all transactions relating to foreign exchange business including those on non-resident accounts and foreign currency accounts held in their books.

## **Authorised Dealers' Code Numbers**

**16.4** Every office or branch of an authorised dealer must indicate the complete fourteen digit code number allotted by Reserve Bank to the office/branch at the top of all its returns/statements submitted, irrespective of the office/department to which the returns are submitted as also on each remittance form and all copies of GR/PP/SOFTEX forms enclosed to or forwarded with Returns.

### Offices/Branches of Authorised Dealers handling Foreign Exchange Business

**16.5** (i) The Head/Principal Office of each authorised dealer should furnish an up-to-date list (in triplicate) of all its offices/branches which are authorised to transact foreign exchange business, as at the end of December every year giving their addresses and code numbers to the Chief General Manager, Exchange Control Department (Central Statistical Division), Reserve Bank of India, Central Office, Mumbai-400 001, so as to reach by 15th January of the following year. The lists should be completed showing the distribution of offices/branches area-wise i.e. according to area of jurisdiction of Reserve Bank offices and classified as under:

Category A : Offices and branches maintaining independent foreign currency accounts in their own names.

Category B : Offices and branches not maintaining independent foreign currency accounts but having powers of operating on the accounts maintained abroad by their Head/Principal Office or any other link office (The name of the latter office should also be indicated).

Category C : All other offices and branches handling foreign exchange business through other offices or branches in category A or B (The name of the latter office should also be indicated).

(ii) While forwarding the above lists to Reserve Bank, the Head/Principal Office of authorised dealer should also enclose a summary statement (in triplicate) in the following form:

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Name and address of the authorised dealer:			
Name of Reserve Bank office	No. of branches under category		
	A	B	C
Ahmedabad			
Bangalore			
etc.			
Total			

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(iii) Authorised dealers should promptly report to Reserve Bank, any change in the status (i.e. category) of their offices/branches included in the above lists. As and when a new office/branch is opened with powers to handle foreign exchange business or an existing office/branch is delisted, same should be advised promptly to Reserve Bank (both to the Central Office as well as the Regional Office of Reserve Bank having jurisdiction over the concerned authorised dealer's office/branch).

(iv) While designating and categorising offices/branches for undertaking foreign exchange business, authorised dealers should ensure that branches have adequate business and are fully equipped to handle foreign exchange business and to meet various requirements of Reserve Bank including timely submission of proper returns/statements. They should also undertake a review every year to ensure that the branches which do not satisfy the criteria are delisted/reclassified.

## **R Returns**

**16.6** (i) Authorised dealers should report all transactions made by them through their Nostro Accounts abroad and Vostro Accounts maintained with them in appropriate R Return, i.e. R Return (NOSTRO) and R Return (VOSTRO) respectively, as laid down in the Guide to authorised dealers for compilation of R Returns (see Annexure at the end of the Chapter) twice a month, at the close of business on 15th and the last day of calendar month so as to reach Reserve Bank within seven calendar days from the close of reporting period to which they relate. If the 15th or the last day of the month is a holiday, the return should be submitted as at the close of business on the preceding working day.

(ii) Each office/branch of an authorised dealer in category A and B (C category branches are not required to submit R Return) submitting R Returns to Reserve Bank should ensure that they use correct format of R Return as applicable to transactions and write **in bold letters** the currency name and currency code (SWIFT Code) on the relative R Return. Incomplete R Returns (i.e. where the required information, data, certification etc. are not furnished and/or any of the required enclosures are not properly completed and submitted), will be regarded as non-submission of the Return and will attract penal provisions of Section 73A of FERA 1973.

### **Earnings from Tourism**

**16.7** The Head/Principal Office of each authorised dealer should submit to the Chief General Manager, Exchange Control Department (Central Statistical Division), Reserve Bank of India, Central Office, Mumbai 400 001, a quarterly statement in form STAT 6 giving details of all purchases, irrespective of the amount of the transaction, of foreign currency travellers cheques, notes and coins purchased by them from the public, as also payments made by them during the quarter against travellers letters of credit opened by their overseas branches/correspondents. The statement should be forwarded on or before 10th of the month following the quarter to which it relates.

### **Turnover of Foreign Exchange Business**

**16.8** The Head/Principal office of each authorised dealer should submit to the Chief General Manager, Exchange Control Department (Forex Markets Division), Reserve Bank of India, Central Office, Mumbai-400 001 a statement in form FXT, showing their yearly turnover (April-March) on all-India basis of foreign exchange business with break-up under various categories and earnings/profits thereon. The statement should be submitted every year on or before 30th June.

## Other Periodic Statements

**16.9** Authorised dealers are required to submit to Reserve Bank the following periodic statements in terms of instructions contained in various Chapters of the Manual.

<b>Description</b>	<b>Manual paragraph</b>	<b>Form</b>	<b>Periodicity</b>
1. Special Report on Rupee dealings with overseas banks	5A.16	RRD	Monthly
2. Statement of positions of authorised dealers	5B.1(ii)	POS	Weekly
3. Statement regarding maturity of position	5B.1(iii)	MAP	Monthly
4. Statement of foreign currency balances of authorised dealers and rupee balances of non-resident banks	5B.2(ii)	BAL	Monthly
5. Statement showing the position of unreconciled entries in foreign currency accounts abroad	5B.2(iv)	REC	Half yearly
6. Statement regarding interest rates sensitivity	5B.9(iii)	SIR	Quarterly
7. Statement of particulars of outstanding export bills	6C.12(ii)	XOS	Half yearly
8. Export bills allowed to be written off	6C.14(ii)	EBW	Half yearly
9. Statement showing details of imports for which documentary evidence of import has not been received from importers	7A.20(v)	BEF	Quarterly
10. Statement of permission granted for opening of trading/non-trading offices/posting of representative abroad	9B.1(iii)	ORA	Monthly

11. Statement of purchases/sales of shares/debentures made on behalf of FIIs under Portfolio Investment Scheme	10B.4(ii)	LEC(FII)	Daily
12. Statement of purchases/sales of shares/debentures made on behalf of NRIs/OCBs under Portfolio Investment Scheme	10C.23(i)	LEC(NRI)	Daily
13. Statement showing remittance of income/ interest to NRIs/OCBs on investments/deposits held on non-repatriation basis	10C.24A(iii)	CIR	Half yearly
14. Statement regarding sale through stock exchange/s of shares/bonds/debentures by authorised dealers acquired by NRIs/OCBs under the Direct Investment Schemes	10C.27(iii)	DSP	Quarterly
15. Statement of operations on Diplomatic Bond Stores Accounts	11B.5(e)	DBS	Monthly
16. Statement of operations on Non-resident(External) Rupee Accounts	13B.25	STAT 1	Monthly
17. Summary of operations on Blocked accounts	13D.6 and 8	STAT 2	Annual
18. Deposits under Foreign Currency (Non-resident) Accounts Scheme	Deleted	STAT 3	-
19. Summary of operations on Foreign Currency (Non-resident) Accounts	Deleted	STAT 4	-
20. Statement showing inflow and outflow of deposits under Foreign Currency (Non-resident - Banks Scheme) [FCNR(B)] Accounts	14B.10	STAT 5	Monthly

21. Statement of earnings from Tourism	16.7	STAT 6	Quarterly
22. Summary statement of operations in EEFC accounts	14D.10	STAT 7	Quarterly
23. Statement showing details of NRE Accounts	13B.25	STAT 8	Monthly
24. Statement showing details of NRNR Accounts	13C.6	STAT 9	Monthly
25. Statement showing details of RFC Accounts	14E.10	STAT 10	Monthly
26. Statement showing turnover of foreign exchange business of authorised dealers	16.8	FXT	Annual



## **ANNEXURE**

### **GUIDE TO AUTHORISED DEALERS FOR COMPILATION OF R-RETURNS**

#### **Introduction**

1. The information about the inflows and outflows of foreign exchange is of immense importance to the Government of India (GOI) and Reserve Bank of India (RBI) for making important policy decisions. The major source of this information is the financial transactions with the outside world that take place through banks, i.e., Authorised Dealers (ADs) in foreign exchange and reported by them in R>Returns. In addition, as a member of International Monetary Fund (IMF) India have an obligation to present the quarterly Balance of Payments (BOP) statistics to the IMF. GOI have accepted Special Data Dissemination Standards (SDDS) prescribed by the IMF which, inter alia, require that the publication of BOP data should be made within three months from the closure of the quarter. The BOP statistics are the source for the outside world to know about the country's transactions relating to trade in merchandise, services, assets and liabilities with the outside world that take place during the quarter. ADs are, therefore, required to submit the information pertaining to the transactions put through their Nostro accounts maintained by them with correspondents/branches/head office abroad and Vostro accounts (of non-resident banks) maintained with them, in R>Returns, accurately and strictly adhering to the prescribed time schedule.

#### **Objective and scope of the Guide**

2. This Guide has been prepared to facilitate correct compilation of R>Returns by the staff attending to the work in Ad offices/branches and its provisions are supplementary to the provisions of Chapter 16 of Exchange Control Manual. The correct manner of reporting certain transactions where errors in reporting have been noticed frequently, has been explained. The various checks AD should exercise before forwarding R>Returns and other documents to RBI are also listed. ADs should ensure that the dealing officers and staff in their offices/branches are fully conversant with the provisions of the Guide. They may approach RBI for any clarification they need in this regard.

#### **Types of R>Returns**

3. Every transaction which causes inflow of foreign exchange into India or outflow of

foreign exchange from India and affects the position of foreign currency assets or liabilities, is required to be reported to RBI. As these transactions take place by way of debits and credits to the Nostro Accounts maintained by the ADs and Vostro accounts of non-resident banks maintained with the ADs, every debit and every credit to these accounts (and only every debit and every credit to these accounts) are required to be reported. [Exceptions to this rule are (i) sale/purchase of foreign currency notes and coins where sales (outflows) and purchases (inflows) are to be shown as such and (ii) the transactions relating to export bills negotiated, purchased or discounted as mentioned in Paragraph 18 below.] Thus there are two types of R>Returns, viz., R-Return (NOSTRO) and R-Return (VOSTRO). A separate R-Return (NOSTRO) and a separate R-Return (VOSTRO) for each currency is required to be submitted irrespective of number of accounts operated upon in that currency.

#### **Printing of R-Return forms**

4. Authorised Dealers should themselves arrange to have their requirements of R>Returns printed as per the specifications and formats prescribed by RBI. Care should be taken to indicate the name of currency in **bold** letters. The size of the paper should be 'foolscap' for R-Return (NOSTRO) and 'double foolscap' for R-Return (VOSTRO). The size of the paper for the various other formats enclosed should also be either foolscap or double foolscap. Quality of the paper should be such that it is capable of sustaining repeated handling.

#### **Time limit for submission of R>Returns**

5. R>Returns should be submitted twice a month as at the close of business on 15th and the last day of the month. The Returns are to be sent so as to reach RBI within 7 calendar days from the close of period to which they relate. AD branches submitting R>Returns should, however, make all efforts to submit them as quickly as possible, **without waiting for the last day of submission**, in order to avoid inconvenience to themselves and RBI as well.

#### **Who should submit R-Return (NOSTRO)**

6. Offices/Branches of ADs in categories A and B should submit R-Return (NOSTRO) in the same format, independently, to RBI together with the required documents as indicated in Paragraph 15 below. Under no circumstances category B Offices/Branches of ADs should forward the supporting documents to the category A Offices/Branches on whose Nostro accounts they operate, for onward transmission to RBI.

#### **Who should not submit R>Returns (NOSTRO)**

7. **Offices/Branches of ADs in category C should not submit their R>Returns (NOSTRO) independently to RBI.** Their transactions will be reflected in (NOSTRO) the Returns of the Office/Branch in category A or B through whom their transactions are booked. Accordingly, forms A1, A2 and forms GR/PP/SOFTEX should be sent to that Office/Branch for onward submission to RBI alongwith relative R>Returns submitted by that Office/Branch.

#### **Who should submit R>Returns (VOSTRO)**

8. Offices/Branches of ADs maintaining accounts of non-resident banks (including banks from ACU member countries) as also private exchange houses (i.e., VOSTRO accounts) in their books, should report operations thereon to RBI in R-Return (VOSTRO) duly supported by forms A1, A2, A3 pertaining to all the transactions including the transactions relating to other branches / other AD branches routed through such accounts.

#### **Who should not submit R>Returns (VOSTRO)**

9. **Offices/Branches of ADs in category C should not submit any R-Return (VOSTRO). Offices/ Branches of ADs who do not maintain VOSTRO accounts should also not submit R>Returns (VOSTRO).** However, in support of the transactions put through by them in VOSTRO Account maintained by another AD/branch/office, they should certify duly completed forms A1 and A2 and forward them immediately to the concerned reporting AD/branch/office, i.e., AD/branch/office maintaining the relative VOSTRO Account for submission to RBI as mentioned in Paragraph 8 above.

#### **To whom R>Returns should be submitted**

10. R>Returns should be submitted to the Regional Office of Exchange Control Department of RBI under whose jurisdiction the concerned Office/Branch of the Authorised Dealer is situated.

#### **Periodical check by category A branches**

11. Since Offices/Branches of ADs in category B will be submitting R>Returns alongwith necessary enclosures directly to RBI, the offices in category A who will be reporting sale and purchase transactions in respect of category B branches against items **I.G** and **II.G** respectively, should periodically tally them with the sales and purchases actually reported to RBI in the R>Returns submitted directly by the category B branches.

#### **Submission of Form A1**

12. Every credit to Mirror (of Nostro) account and every credit to Vostro account for payment towards imports into India, including advance payment for imports, should be supported by an application in Form A1 made by the remitter (importer) and duly certified by the AD. It should be ensured that commodity description and code number under Harmonised Coding System (HSITC) devised by DGFT as also I/E code number are filled in by the importer applicant. The concerned AD office/branch should also ensure that an appropriate item in the AD's certificate is properly tacked as indicated in Form A1.

#### **Submission of Form A2**

13. Every credit to Mirror (of Nostro) account and every credit to Vostro account (except

those mentioned in Paragraph 14 below), for payment towards purposes other than imports into India but including imports under intermediary trade, should be supported by an application in Form A2 made by the remitter and duly certified by the AD.

### **Submission of Form A3**

14. Every credit and debit to Vostro account towards transfer of funds between accounts of non-resident banks, transactions relating to funding of / withdrawal from the Vostro account or the transactions by the account holder non-resident bank with RBI should be supported by Form A3 duly completed by the AD.

### **Documents to be submitted alongwith R>Returns**

15. The following documents / statements / schedules (as per formats enclosed) relating to payments from and receipts in both Nostro and Vostro accounts during the period under report should accompany the respective R>Returns:-

- (i) Forms A1 and A2/ statement of travel transactions in lieu of Forms A2 (in forms TRA) together with covering schedules duly segregated as under, statement of sales to overseas banks/branches and Forms A3 (in the case of Vostro account):
- (ii) SCH 1            (a) for Forms A1 relating to payments below the equivalent to Rs.5,00,000/- towards imports into India  
                              (b) for Forms A1 relating to payments equivalent to Rs. 5,00,000/- and above towards imports into India
- (iii) SCH 2            (a) for Forms A2 relating to payments below the equivalent to Rs.5,00,000/- towards purposes other than imports  
                              (b) for Forms A2 relating to payments equivalent to Rs. 5,00,000/- and above towards purposes other than imports
- (iv) ENC                relating to physical exports, bills in respect of which were negotiated, Statement purchased, discounted or sent for collection during the reporting period.
- (v) GR/PP/SOFT        relating to exports where full export value has been realised with EX Forms invoices/accounts sales, etc. as enclosures to SCH 3/SCH 5.
- (vi) SCH 3              for exports where full value has been realised
- (vii) SCH 4             for exports where part value has been realised
- (viii) SCH 5            for exports where full value has been received in advance

- (ix) SCH 6 for exports where part value has been received in advance
- (x) Supplementary statement of receipts, i.e., debits to Mirror (of NOSTRO) accounts or VOSTRO accounts, for purposes other than exports, involving amounts equivalent of Rs.1,00,000/- and above as per the format enclosed.
- (xi) Exchange Control copies of import licences which have been fully utilised/expired, under a covering schedule giving licence numbers and dates.
- (xii) **Selected large branches of ADs (critical branches) who have been advised to submit the data relating to sale and purchase transactions with public duly classified purposewise, on a floppy, should submit the floppy alongwith R>Returns.**

#### **Uniform code number allotted to AD branches**

16. Part I (7 digits) of the uniform code number allotted to the reporting Office/Branch of AD should be indicated on the top of the R>Returns, as well as on all the enclosures. As and when new branches are authorised ADs should apply to the Director, Banking Statistics Division, Department of Statistical Analysis and Computer Services, Reserve Bank of India, C-8/9 Bandra Kurla Complex, Post Box No.8128, Bandra (East), Mumbai 400 051 through their Head Office for allotment of code number irrespective of whether the branch intends transacting foreign exchange business immediately or not. Any existing branch having a code number but which is not transacting foreign exchange business may use the number allotted to it as and when it starts transacting such business at a future date.

#### **What should be reported in R>Returns**

17. All credits and debits to Mirror (of NOSTRO) account and to VOSTRO account, pertaining to the reporting period only, should be reported in R>Returns. In other words, from a set of vouchers pertaining to any transaction, only Mirror (of NOSTRO) account voucher or VOSTRO account voucher qualifies for reporting. Sales and purchases of foreign currency notes and coins should also be shown as sales (payments) and purchases (receipts).

#### **Suspense Account**

18. As per the guidelines for compilation of BoP statistics, export receipts are required to

be included as inflows when (constructive) ownership is passed on from the exporters. As such when the export bills are negotiated, purchased or discounted, the bill amounts should be shown as export receipts. This is an exception to what is stated in paragraph 17 above. Pending realisation of such bills the bill amounts are debited to a Suspense Account. On realisation of export bills the bill amounts are debited to Mirror (of Nostro) Account and credited to the Suspense Account to reverse the earlier debit entries. This Mirror (of Nostro) Account debit should not be reported. Thus, this Suspense Account, in a way, is regarded as a part of Mirror Account and hence the balance in that account is included in Opening and Closing Balances. This Suspense Account is also operated upon in the case of transactions initiated locally, pending actual debit or credit in NOSTRO Account.

### **What should not be reported in R-Return**

19. Debit or credit to any account, other than those mentioned at Paragraph 17 and 18 above, should not be reported in R>Returns for any reason whatsoever. Similarly, as exception, debits /credits pertaining to transfer between any two accounts [cash (Mirror), suspense, deposit, treasury bills, treasury deposit, securities, shares, foreign currency loan, etc., accounts] mentioned in items **III** and **IV** of R-Return (NOSTRO) should not be reported as they get reflected by increase in balance in one and corresponding decrease in balance in the other.

### **Revised R-Return to be submitted by ADs**

20. **Back data**, if any, pertaining to earlier reporting periods **should not be reported** in R>Returns for the current period. Instead, a revised R-Return for the relevant earlier period, should be submitted, duly superscribed as "REVISED R-RETURN". Similarly, in the event of any wrong reporting in R-Return noticed later, a revised R-Return should be submitted.

### **Amounts in R>Returns**

21. **No decimal places should be reported.** Only foreign currency amounts, **in rounded whole units of the currency**, should be reported in all R>Returns (NOSTRO) and R>Returns (VOSTRO) in ACU Dollars. Similarly, only rounded whole Rupee amounts should be reported in R>Returns (VOSTRO) in Indian Rupees.

### **Important major items of the R-Return (NOSTRO)**

22. The following are the important major items to be reported in the R>Returns (NOSTRO):

- I. Sales (NOSTRO)
- II. Purchases
- III. Opening balances
- IV. Closing balances
- V. Aggregate balances in customers' accounts which are in the nature of foreign currency liability of the AD.

These are followed by the certificate to be given by the AD branch submitting the Returns. The individual item headings are self explanatory. Care should be taken to ensure that the Opening balances shown in the Return are exactly the same as the Closing balances shown in the previous period's Return. It should also be ensured that the Return balances arithmetically, i.e., Item III + Item II - Item I = Item IV.

### **Important major items of R>Returns (VOSTRO)**

23. The following are the important major items to be reported in the R>Returns (VOSTRO):

Col.2	Opening Balance
Cols.3, 4 and 5	Credits
Col. 6	Total Credits
Col. 7, 8 and 9	Debits
Col. 10	Total Debits
Col. 11	Closing Balance

These are followed by the certificate to be given by the AD branch submitting the Returns. The individual column headings are explicit and self explanatory. Care should be taken to ensure that the Opening Balances shown in the Return are exactly the same as the Closing Balances shown in the previous period's Return. It should also be ensured that the Return balances arithmetically, i.e., Col.2 + Col.6 - Col.10 = Col.11.

24. The following are **brief clarifications of the various items to be reported in R-Return (NOSTRO)**:

#### **Item No.    What should be filled in against the item**

##### **Sales for imports below equivalent of Rs.5,00,000/-**

- I.A.(i)    Aggregate amount of sales of foreign currency to public towards all payments individually equivalent of Rs.5,00,000/- for imports into India including remittances towards advance payments indicating the number of Forms A1 enclosed. Duly completed Form A1 for each transaction should be enclosed. These Forms A1 should be separately bunched together and listed in SCH 1 (a).

##### **Sales for imports equivalent of Rs.5,00,000/- and above**

- I.A.(ii)    Aggregate amount of sales of foreign currency to public towards all payments individually equivalent of equivalent of Rs.5,00,000/- and above for imports into India including remittances towards advance payments indicating the number of Forms A1 enclosed. Duly completed Form A1 for each transaction should be enclosed. These Forms A1 should be separately bunched together and listed in SCH 1 (b).

### **Sales for imports under intermediary trade**

- I.B Aggregate amount of sales of foreign currency to public for intermediary trade indicating number of Forms A2 enclosed. Duly completed Form A2 for each transaction should be enclosed. These Forms A2 should be separately bunched together.

### **Sales for non-imports below equivalent of Rs.5,00,000/-**

- I.C.(i) Aggregate amount of sales of foreign currency to public towards all payments individually below the equivalent of Rs.5,00,000/- for purposes other than imports, including bank charges due on import transactions where remitted separately as also commission, reduction of value, etc., deducted from export proceeds. Duly completed Form A2 for each transaction should be enclosed, except in cases where a statement in lieu of Forms A2 is enclosed, such as in the case of payments relating to travel abroad, etc. These Forms A2 and statements in lieu thereof should be separately bunched together and listed in SCH 2 (a).

### **Sales for non-imports equivalent of Rs.5,00,000/- and above**

- I.C.(ii) Aggregate amount of sales of foreign currency to public towards all payments individually equivalent of Rs.5,00,000/- and above for purposes other than and above imports, including bank charges due on import transactions where remitted separately as also commission, reduction of value, etc., deducted from export proceeds realised. Duly completed Form A2 for each transaction should be enclosed, except where a statement in lieu of Forms A2 is enclosed, such as in the case of payments relating to travel abroad, etc. These Forms A2 and statements in lieu thereof should be separately bunched together and listed in SCH 2 (b).

### **Sales to other ADs, FFMCs**

- I.D Aggregate amount of sales of Sales to other foreign currency
- (a) to other Authorised Dealers
  - (b) to the reporting AD's other branches in India maintaining independent position
  - (c) to ADs on account of conversion into another currency
  - (d) to FFMCs in the form of TCs, notes and coins

No form is required to be completed for these transactions.

### **Sales to RBI**



I.E Aggregate amount of sales of foreign currency to RBI.

No form is required to be completed.

**Sales to overseas banks and branches**

I.F Aggregate amount of sales of foreign currency to overseas banks and branches. No form is required to be completed. However, a statement in the prescribed form enclosed with A.D.(M.A. Series) Circular No.36 dated 11 September 1997 should be submitted.

**Sales reported by category B branches**

I.G Aggregate amount of sales of foreign currency to public at category B branches, operating on the account maintained by the reporting category A branch. These sales should correspond to the sales independently reported by those category B branches to RBI.

**Notional sales relating to reversal of purchases**

I.H Aggregate amount of notional sales of foreign currency arising out of reversal of entries relating to purchases of export bills due to delinking of foreign currency. The amount should be shown only in the inner column. No form is required to be completed.

**Purchases relating to export bills - NPD**

II.A(i)(a) Aggregate amount in foreign currency relating to all  
export bills negotiated under letters of credit.  
export bills purchased and  
export bills discounted.

**Purchases relating to bills sent for collection and undrawn balances**

II.A(i)(b) Aggregate amount of realisation of foreign currency relating to export bills sent for collection earlier and undrawn balances against export made earlier.

**Purchases of advance export receipts**

II.A(ii) Aggregate amount of purchases of foreign currency from public representing advance receipts for exports.

**Purchases under intermediary trade**

II.B Aggregate amount of purchases of foreign currency from public relating to proceeds under intermediary trade, which are not covered by forms GR/PP/SOFTEX.

**Purchases of non-export receipts below equivalent of Rs.1,00,000/-**

II.C(i) Aggregate amount of purchases of foreign currency from public for purposes other than exports, individually below the equivalent of Rs.1,00,000/-.

**Purchases of non-export receipts equivalent of Rs.1,00,000/- and above**

II.C(ii) Aggregate amount of purchases of foreign currency from public for purposes other than exports, individually equivalent of Rs.1,00,000/- and above. A supplementary statement in the prescribed proforma giving details of the transactions should be submitted.

**Purchases from other ADs, FFMCs**

II.D Aggregate amount of purchases of foreign currency from

- (a) other ADs
- (b) the reporting AD's other branches in India maintaining independent position
- (c) other ADs on account of conversion into another currency
- (d) FFMCs in the form of TCs, notes and coins

No form is required to be completed.

**Purchases from RBI**

II.E Aggregate amount of purchases of foreign currency from RBI. No form is required to be completed.

**Purchases from overseas banks and branches**

II.F Aggregate amount of purchases of foreign currency from overseas banks and branches. No form is required to be completed.

**Purchases reported by category B branches**

II.G Aggregate amount of purchases of foreign currency from public at category B branches, operating on the amount maintained by the reporting category A branch. These purchases should correspond to the purchases independently reported by those category B branches to RBI. No form is required to be submitted.

### **Notional purchases relating to purchases reversed earlier**

- II.H Aggregate amount of notional purchases of foreign currency relating to realisations against export bills delinked as at item No.I.H. No form is required to be submitted.

### **Opening Cash Balance**

- III.A Balance as at the opening of the reporting period in the Mirror (of NOSTRO) accounts. If the reporting Office/Branch is maintaining more than one NOSTRO (Current) account abroad, the total of balances in the corresponding Mirror accounts should be shown. Physical cash balance in the form of foreign currency notes and coins should be included in the cash balance.

**Branches in Category B should maintain a separate Interbranch account for each foreign currency they are dealing in, to book foreign currency transactions and should report the balance as at the opening of the reporting period in that account, against this item. Physical cash balance, as above, should also be included.**

### **Opening balance in suspense account**

- III.B Balance as at the opening of the reporting period in the Suspense account maintained, as an intermediate arrangement, to park the transactions initiated by the reporting category A branch ( or by the category B branches operating on the NOSTRO account maintained by the reporting A category branch), in their NOSTRO account. Such transactions generally include export bills negotiated/purchased/ discounted pending realisation, drafts drawn by overseas correspondents pending receipt of cover funds, etc.

### **Opening balances in other asset / liability accounts in fgn. currency**

- III.C} Balances as at the opening of the reporting period in the respective  
III.D} accounts as per local books against respective items.  
III.E}  
III.F}  
III.G}

### **Opening balances in fgn. currency loan accounts**

- III.H Balances as at the opening of the reporting period in the account of foreign currency loans extended by the AD and outstanding as per local books

### **Closing balances**

IV. A to H Balances as at the close of the reporting period in the same manner as in the case of opening balances at III.A to III.H.

### **Balances in foreign exh. liability a/cs.**

V Aggregate of balances in each type of accounts mentioned at sub-items A to F. These are the deposit accounts where AD has liability in foreign exchange towards residents or non-residents.

### **Items in R-Return (VOSTRO)**

25. The following are **brief clarifications of the various columns in R>Returns (VOSTRO)**.

<u>Col.No.</u>	<u>What should be filled in against the item</u>
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#### **Identification of the account**

Col. 1	Name, place and country of the VOSTRO account holder non-resident banks/branch/correspondent/private exchange house.
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#### **Opening balances**

Col. 2	Balances as at the opening of the reporting period in the relative accounts. Care should be taken to ensure that they are exactly same as the closing balances in Return for the preceding reporting period.
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#### **Credits towards imports below equivalent of Rs.5,00,000/-**

Col. 3(a)	As in Item I.A(i) of R-Return (NOSTRO), "aggregate amount of credits" instead of "aggregate amount of sales of foreign currency".
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#### **Credits towards imports equ. of Rs.5,00,000/-**

Col. 3(b)	As in Item I.A(ii) of R-Return (NOSTRO), "aggregate amount of credits" instead of "aggregate amount of sales of foreign currency".
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#### **Credits towards non-imports below equ. of Rs.5,00,000/-**

Col. 4(a)	As in Item I.C.(i) of R-Return (NOSTRO), "aggregate amount of credits" instead of "aggregate amount of sales of foreign currency". Credits towards imports under intermediary trade should also be included.
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#### **Credits towards non-imports equivalent to Rs.5,00,000/- and above**

Col. 4(b) As in Item I.C(ii) of R-Return (NOSTRO), "aggregate amount of credits" instead of "aggregate amount of sales of foreign currency". Credits towards imports under intermediary trade should also be included.

**Credits towards funding**

Col.5 Aggregate amount of credits on account of  
(i) funding of the account by account-holder bank [there should be corresponding purchase of foreign currency in the appropriate R-Return (NOSTRO)] and  
(ii) transfer from another account of the same or other non-resident bank with the same or another AD.

Forms A3 should be enclosed.

**Debits towards exports**

Col.7 As in Item II.A.(i)(a), II.A.(i)(b), and II.A.(ii) of R-Return (NOSTRO), "aggregate amount of debits" instead of "aggregate amount of purchases of foreign currency" in the case of Vostro Account in Rupees. In the case of Vostro Account in ACU\$ reimbursement towards exports made to other Ads/branches should not be included.

**Debits towards non-exports below equ. of Rs.1,00,000/-**

Col.8(a) As in Item II.C(i) of R-Return (NOSTRO), "aggregate amount of debits" instead of "aggregate amount of purchases of foreign currency". Debits towards exports under intermediary trade should also be included.

**Debits towards non-exports equivalent of Rs.1,00,000/- and above**

Col.8(b) As in Item II.C(ii) of R-Return (NOSTRO), "aggregate amount of debits" instead of "aggregate amount of purchases of foreign currency". Debits towards exports under intermediary and trade should also be included.

**Debits towards withdrawals**

Col.9 Aggregate amount of debits on account of  
(a) withdrawals by the withdrawals account-holder bank. [there should be corresponding sale of foreign currency in the appropriate R-Return (NOSTRO)] and  
(b) transfer to another account of the same or another non-resident bank with the same or another AD.

Forms A3 should be submitted.

In the case of Vostro Account in ACU\$, reimbursement made to other ADs/branches should be included in this column. No form is required to be submitted for this purpose.

### **Closing balances**

Col.11 Balances as at the close of the reporting period in the relative accounts.

### **Reporting of certain transactions**

26. All ADs are expected to follow uniform procedure for reporting the transactions in R>Returns. The following clarifications are provided for reporting of certain transactions in which reporting errors are observed commonly:

#### **Export bills NPD**

- (i) As already explained in Paragraph 18 above, value of export bills negotiated, purchased or discounted (NPD) should be reported against item II.(A) (i) (a) of R-Return (NOSTRO) although, it is debited to Suspense Account instead of Mirror (of NOSTRO) Account pending actual realisation. In ENC statement, however, full invoice value of relative exports should be reported.

#### **Export bills sent for collection**

- (ii) While only the amounts realised against export bills sent for collection earlier should be included in item II.A(i)(b) of R-Return (NOSTRO), as explained against the item, full invoice value of the relative export bills should be reported in the relative ENC statement at the time of sending the bills for collection.

#### **Non-payment of export bills NPD**

- (iii) When export bills negotiated, purchased or discounted are dishonoured and are taken on collection basis, the purchases earlier reported as at (i) above have to be reversed. Reporting of such a reversals has to be made by reporting equivalent amount against item I.C(i) or I.C(ii). Duly completed form A2 indicating GR/PP/SOFTEX form number, amount of bill, period of R-Return in which purchase was reported and reason for reversal, should be enclosed.

#### **Export bills realised in another currency**

- (iv) When an export bill is realised in the currency other than that of the bill earlier purchased and reported as in (i) above, it has to be reversed as indicated at (iii) above. Purchase of the currency actually realised should be reported in R-Return pertaining to that currency.

#### **Short realisation of export bills**

- (v) When the amount amount realised against an export bill is short of the actual bill amount reported earlier as in (i) above, on account of discount, reduction allowed or commission deducted, etc., the difference should be reported as sale against item I.C.(i) or I.C.(ii). Duly completed Form A2 indicating the details such as GR/PP/ SOFTEX form number, bill amount, etc., should be enclosed.

#### **Export bills under LC restricted to another AD**

- (vi) When a forward purchase contract is booked by an AD (**Exporter's AD**) against an export bill under letter of credit (LC) negotiated with another AD (**LC Negotiating AD**) to whom the LC is restricted, the **LC Negotiating AD** should follow the reporting procedure as in (i) above, at the time of negotiating by reporting the amount as purchase in R-Return and full invoice value in ENC statement, and as in (v) above, at the time of receipt of the foreign currency by reporting short realisation, if any. When the foreign currency amount is paid by the **LC Negotiating AD** to the **Exporter's AD** in settlement of the forward contract both the ADs should report the transaction as an interbank transaction against item I.D and II.D respectively. **Exporter's AD** should immediately pass on the relative **GR/PP/ SOFTEX** form to the **LC Negotiating AD** for submission to RBI alongwith the latter's R-Return.

#### **Payments for imports under deferred guarantees/loans/credits**

- (vii) Payment for imports under deferred guarantees/loans/ credits or other suppliers' credits (whether short, medium or long term) should be reported against item I.C.(i) or I.C.(ii). Form A2 duly completed and certified by the AD indicating the purpose of remittance with details such as, break-up of the amount towards principal and interest, RBI/ GOI approval/ registration no., if any, etc.

#### **Credits to EEFC/RFC Accounts**

- (viii) The credits to the EEFC/RFC Accounts have to be out of realisation/receipt of foreign currency amounts. As explained in **Paragraphs 17 and 19** above all such receipts being debited to Mirror (of NOSTRO) Account have to be reported as purchases against appropriate item in relative R-Return (NOSTRO). As the credits to EEFC/RFC Accounts are corresponding domestic part of the transactions, they **should not be reported** in any manner in any R-Return nor should any form be enclosed, for any reason whatsoever. Even the interest, if any, payable on the balance in the account and credited, should not be reported as there is no corresponding effect on Mirror (of NOSTRO) Account.

#### **Debits to EEFC/RFC Accounts**

- (ix) Debits to the EEFC/RFC Accounts for payments in Rupees in India should be treated exactly in the same manner as credits, as explained in (viii) above. Debits for payments abroad for any approved purposes should be reported as sales against item I.A.(i) or I.A.(ii) or I.C.(i) or II.C.(ii) in appropriate R-Return (NOSTRO) because there is corresponding credit to Mirror (of NOSTRO) Account. Forms A1/A2 duly completed by the remitter and certified by the AD indicating requisite details, should be submitted.

#### **Foreign currency received for credit to FCNR(B) / RFC A/Cs**

- (x) When foreign currency amount is received for credit to FCNR(B), RFC Accounts, Mirror (of NOSTRO) Account is debited and hence the same **should be reported as purchase against item No. II.C.(i) or II.C.(ii)** giving appropriate purpose in the supplementary statement. RFC A/Cs

#### **Submission of R>Returns**

27. All R>Returns should be submitted in two sets as detailed below:

- Set I**
- i) All R>Returns (originals)
  - ii) All SCH I and SCH II (originals)
  - iii) All Supplementary Statements of non-export receipts (originals)
  - iv) All
    - a) ENC statements (originals and duplicates)
    - b) SCH 3, SCH 4, SCH 5 & SCH 6 (originals & duplicates)
    - c) duplicates of GR/PP/SOFTEX forms
- Set II**
- i) All R>Returns (duplicates)
  - ii) All SCH I and SCH II (duplicates) alongwith forms A1,A2 & A3
  - iii) All Supplementary Statements of non-export receipts (duplicates)
  - iv) Fully utilised/expired import licences and those having meagre balances together with a list giving serial numbers of licences surrendered.
  - v) Exchange Control copies of Bills of Entry (wherever required)



Both the sets should be sent in the same cover.