

CHAPTER 4

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AUTHORISED DEALERS' DEALINGS WITH RESERVE BANK

General

4.1 (i) Authorised dealers have recourse to Reserve Bank to sell/buy U.S. dollars to the extent the latter is prepared to transact in the currency at a given point of time.

(ii) Reserve Bank will buy/sell only U.S. dollar. It will not ordinarily buy/sell any other currency from/to authorised dealers.

(iii) Reserve Bank will quote its spot buying rate for US dollar to any authorised dealer who makes a specific request to Reserve Bank Dealing Room in the Department of External Investments & Operations (DEIO), Central Office, Mumbai. The rate quoted by the Dealing Room will hold good only for the specific transaction and is subject to change unless deal is concluded

immediately.

NOTE: *Funding of or absorbing excess liquidity in ACU dollar account is arranged by Reserve Bank in accordance with the procedure laid down in Memorandum ACM.*

Settlement of Rupee Leg

4.2 The settlement of Rupee leg of the transactions can be effected at the request of authorised dealer at any of the Reserve Bank Offices (Deposit Accounts Department) at Ahmedabad, Bangalore,

Calcutta, Chennai, Kanpur, Mumbai, Nagpur and New Delhi. While concluding the deal, the authorised dealer should clearly indicate the office of Reserve Bank at which settlement of the Rupee leg is desired.

Value Date

4.3 The contract for purchase/delivery of U.S. dollar will be entered into by Reserve Bank on days on which the dealing room (DEIO) of Reserve Bank is open for business. No transaction in foreign currency will be entered into by Reserve Bank on Saturdays. The value date for spot as well as forward delivery should be in conformity with the national and international practice in this regard.

Reporting of Transactions

4.4 All transactions with Reserve Bank should be reported in R Return. Form A2 need not be completed in respect of sale of foreign currency to Reserve Bank.

Minimum and Multiple Requirements

4.5 The purchase and sale of U.S. dollar will be made by Reserve Bank ordinarily in multiple of

U.S.\$ 500,000 with the minimum of U.S.\$ 1 million.

**Confirmation of Purchase/Sale
from/to Reserve Bank**

4.6 Confirmation of the sale and purchase of U.S. dollar to/from the Reserve Bank may be sent immediately in the form RBM 1 and RBM 2 respectively to the Back-up Section of DEIO, Central Office, Reserve Bank of India, Mumbai. The confirmation may be sent by hand delivery, telex, or fax.

**Payment of Rupee Value against Sale of
Foreign currencies to Reserve Bank**

4.7 The payment of the rupee value will be made by the concerned office of Reserve Bank (cf. paragraph 4.2) to the current account of the authorised dealer on the appropriate value date without waiting for the credit intimation from Reserve Bank's overseas correspondent. If the foreign currency amount is not delivered to the overseas correspondent of Reserve Bank on the value date, interest will be charged at the Reserve Bank Rate on the rupee value credited to the account of the authorised dealer for the number of days of default. In order that the overdue interest may be recovered in such cases automatically by debit to their account with the concerned office of Reserve Bank, authorised dealers should lodge a suitable standing authority with Reserve Bank. Cases of undue delay will attract penalties, apart from overdue interest.

**Submission of Information about Principals
by Authorised Dealers' Overseas Correspondents**

4.8 Authorised dealers should leave standing instructions with their overseas correspondents to indicate clearly the name of the principal (i.e. the name of the Indian office/branch of the authorised dealer) on whose behalf the U.S. dollar amount is delivered to Reserve Bank's account with the Federal Reserve Bank of New York, New York.