



# Foreign Exchange Dealers' Association of India

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All Member Banks

Dear Sir,

## **Issuance of Foreign Inward Remittance Certificate (FIRC)**

We understand that there have been instances of fake FIRCs and misuse of duplicate FIRCs. It was therefore decided to review and revise FIRC issuance process with a view to minimize such fraud instances.

2. Currently banks issue FIRCs under 3 circumstances as below:

- a) **Advance payment for exports**
- b) **Receipt of export proceeds by an AD I Bank other than the one that handles export documents**
- c) **Inward remittances covering FDI / FII**

3. a) In case of **advance payment for exports**, the **export documents** are required to be necessarily forwarded **through the same bank**, through which advance payment is received. It is therefore possible for the bank to link the payment with the subsequently submitted documents. **Hence, there is no need to issue FIRC in such cases.**

b) When the export proceeds are received by a bank other than the one through which documents are submitted, FIRC is required for connecting the two. Here, the banks that received the payment would issue FIRC. At this stage, the customer is aware as to which bank is handling documents. Customer can therefore approach the bank receiving payment and **apply for FIRC addressed to the bank holding documents**. This will restrict the use of FIRC. The bank that receives FIRC may send communication to FIRC issuing bank about details of the documents for which FIRC was used. The FIRC issuing bank would then mark of details of FIRC usage in their records. This will prevent issuance of duplicate FIRC for such remittance.

4. Considering the above aspects, the revised instructions for issuance of FIRCs are furnished below:

- a)
  - FIRC should be issued on security paper as per Form BCI bearing distinctive serial number
  - FIRC should be signed by authorised officials
  - Stock of blank certificates should be kept in safe custody
- b) FIRC should be issued only in respect of the followings:
  - i. **Receipt of export proceeds by a bank other than the one that handles export documents**

FIRC should be issued against specific application by the exporter. Bank may levy charge for issuance of FIRC, as per its policy.  
It should be addressed to the bank that has the shipping documents.

**ii. Inward remittances covering FDI / FII**

- c) FIRC should not be issued for advance payments for exports
- d) FIRC should clearly show the validity period of one year  
Banks may extend the FIRC, if unutilized, in exceptional cases, after satisfying about genuineness of the request, as per their own policy.
- e) Wherever, FIRC is utilised for release of export documents, or repatriation, the bank **must** advise FIRC issuing bank and they must take note of the same. This would prevent wrongful issuance of duplicate FIRC.

Kindly take note of the above instructions in addition to the ones issued so far by RBI and FEDAI. Banks should take utmost care to ensure that the above processes related to FIRC are followed meticulously and misuse / abuse of FIRC is averted.

We may mention that RBI is in the process of enhancing features of EDPMS, by incorporating details of advance remittance and shipping bills. This would eliminate the paper FIRC in para 4 (b) (i) above and replace the same with eFIRC.

The instructions are operative with effect from 1 May, 2016.

Member banks are requested to be guided accordingly.

Thanking you,

Yours faithfully,

Chief Executive