



Foreign Exchange Dealers' Association of India

Self-Regulatory Organisation (SRO) of all ADs regulated by RBI

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To All Member Banks

Sub: Conversion of Inward Foreign Currency Remittances by Intermediary AD Banks

The Reserve Bank of India had raised the issue of conversion into Indian Rupees (INR) of foreign currency (FCY) remittances received by an Indian intermediary Authorised Dealer (AD) bank for onward credit to a beneficiary maintaining an account with another AD bank.

With a view to ensuring clarity and consistency in the handling of such inward remittances, the following guidance is issued:

1. An intermediary AD bank should not convert an FCY inward remittance into INR solely for the purpose of onward credit to a beneficiary's account maintained with another AD bank, unless specifically instructed by the remitter or the beneficiary.
2. In the absence of any such instruction, the remittance should be retained in the original currency and routed onward, subject to applicable regulatory requirements and prevailing banking arrangements.
3. Where a specific instruction for conversion into INR is received from the remitter or the beneficiary, the conversion may be undertaken at the prevailing exchange rate, as per the policy/laid down norms of the converting bank.

All member banks are advised to ensure strict compliance with the above guidance while handling inward foreign currency remittances and to suitably advise their concerned branches and operating units accordingly.

Chief Executive Officer