

FOREIGN EXCHANGE REGULATION (ENCASHMENT OF DRAFT, CHEQUE OR OTHER INSTRUMENT) RULES, 1977

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FOREIGN EXCHANGE REGULATION (ENCASHMENT OF DRAFT, CHEQUE OR OTHER INSTRUMENT) RULES, 1977

In exercise of the powers conferred by section 79, read with sub-section (2) of section 42 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Central Government hereby makes the following rules, namely :-

1. Short title and commencement :-

- (1) These rules may be called the Foreign Exchange Regulation (Encashment of Draft, Cheque or other Instrument) Rules, 1977.
- (2) They shall come into force on the date of their publication in the Official Gazettee

2. Definitions :-

In these rules, unless the context otherwise requires,-

- (a) "Act" means the Foreign Exchange Regulation Act, 1973 (46 of 1973);
- (b) "agency" means an authorised dealer as defined in clause (b) of section 2 of the Act;
- (c) "cheque" includes a traveller's cheque;
- (d) "Officer" means the Collector of Customs or the Director of Enforcement.

3. Delivery of draft, cheque or other instrument for

encashment :-

As soon as may be, after a direction under sub-section (1) of section 42 of the Act has been made,-

(a) in a case where the direction has been made by an officer, the officer making the direction; or

(b) in a case where the direction has been made by a court, the officer on whose application the direction was made, shall cause the draft, cheque or other instrument to be delivered for encashment to the Reserve Bank or to such agency as the officer or the court, as the case may be, may specify.

4. Encashment of draft, cheque or other instrument :-

The Reserve Bank or the agency shall take steps without delay for encashing the draft, cheque or other instrument and, on such encashment, shall credit the proceeds realised (less any commission and expenses incurred for such encashment) to a separate account in the name of the Customs Department or the Directorate of Enforcement, as the case may be.

5. Indemnity :-

The Central Government shall indemnify the Reserve Bank or the agency against any liability which the Reserve Bank or the agency may incur by reason of, or in connection with, the encashment of the draft, cheque or other instrument delivered to it.

6. Direction for payment of the proceeds :-

Where it has been decided that any draft, cheque or other instrument is not to be confiscated,-

(a) in a case where the direction has been made by an officer, the officer making the direction shall, or

(b) in a case where the direction has been made by a court, the officer on whose application the direction was made shall apply to the court to,

specify the person to whom the proceeds of the draft, cheque or other instrument may be paid and the currency and the manner in which such payment is to be made.

7. Payment of the proceeds and interest :-

(1) On a direction being made under rule 6, the officer referred to in the said rule shall cause to be paid to the person specified in the direction, and in such currency and in such manner as may be

specified therein, the proceeds of the draft, cheque or other instrument together with interest as provided for in sub-section (3) of section 42 of the Act.

(2) Where an order is made for confiscation of any draft, cheque or other instrument, a copy of such order shall be forwarded to the Reserve Bank or the agency, by the officer or the court making the order of confiscation, and thereupon the Reserve Bank or the agency shall credit to the account of the Central Government, the amount realised out of such draft, cheque or other instrument, together with interest, if any, on such account as credited under rule 4.