

JAIIB

Principles and Practices of Banking (PPB)

Foreign Currency Accounts for Residents-2

JAIIB FREE ONLINE CLASSES

3RD JULY TO 8TH JULY 2023

S. NO	TOPIC OF THE SESSION	COMPONENT	CHAPTER NUMBER	MODULE	DAY	FACULTY	TIME
1	Foreign Currency Accounts for Residents-2	PPB	Ch-10 Foreign Currency Accounts for Residents and Other Aspects	A	Monday	Megha Mam	7:00 PM
2	Preparing Trial Balance	AFM	Ch 5 - Trial Balance, Rectification of Errors and Adjusting & Closing Entries	A	Tuesday	Nishant Sir	7:00 PM
3	Five Year Plans	IEIFS	Ch 3 - Economic Planning in India & NITI Aayog	A	Wednesday	Surender Sir	7:00 PM
4	Locker Operations	PPB	Ch-15 Ancillary Services	A	Thursday	Megha Mam	7:00 PM
5	How To Prepare Bank Reconciliation Statement?	AFM	Ch 4 - Bank Reconciliation Statement	A	Friday	Nishant Sir	7:00 PM
6	NITI Aayog	IEIFS	Ch 3 - Economic Planning in India & NITI Aayog	A	Saturday	Surender Sir	7:00 PM

RFC (Domestic) A/c

- A person resident in India can open the [RFC (D)] account in India out of the foreign exchange acquired him/her in the form of **banknotes, currency notes and travellers' cheque** from overseas sources as follows:
- Payment on a visit abroad for services
- As gift or honorarium or in settlement of any lawful obligation or for services rendered by any person who is not a resident in India and who is on a visit to India,
- Gift or honorarium while visiting any place outside India,
- A gift from a relative



- In the form of unspent foreign exchange acquired from an authorised person for travelling abroad,
- By way of **disinvestment proceeds** obtained by the resident account holder upon conversion of the shares held by him/her to American Depositary Receipts or Global Depositary Receipts under the Depository Receipts Scheme, 2014,
- Received as the proceeds of the life insurance policy claims or maturity or surrender values that are settled in foreign currency from an insurance company permitted by the IRDA for undertaking the life insurance business in India.
- RFC(D) account is a **current non-interest earning account** with no ceiling on balances in this account.
- The balances in this account can be credited to the NRE account, or FCNR(B) account at the account holders' request or option upon the change in their residential status from resident to non-resident.

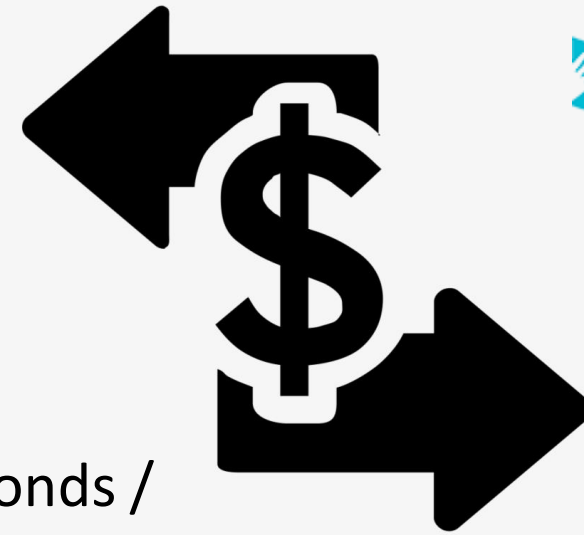


Diamond Dollar Account (DDA) Scheme

- Firms and companies who comply with the eligibility criteria stipulated in the **Foreign Trade Policy of Government of India**, subject to the terms and conditions of the DDA Scheme
- The DDA will be opened in the **exporters' name** and maintained only in **US Dollars**.
- Only in the form of a **current account**, and there is **no interest** paid
- **No intra-account transfer** is allowed between the DDAs maintained by the account holder.
- An exporter firm or company is permitted to open and **maintain five or less than five DDAs**.
- The exporter firms and companies holding and maintaining foreign currency accounts, except EEFC accounts, with banks in India or abroad will not be eligible to open DDAs.



DDA can be opened by



- **Firms and companies dealing in**
- purchase / sale of rough or cut and polished diamonds /
- precious metal jewellery plain, minakari and / or studded with / without diamond and / or other stones,
- with a track record of at least 2 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery / plain gold jewellery and
- having an average annual turnover of Rs 3 crore or above during preceding three licensing years.



- The balances held in the accounts shall be subject to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements.
- Funds can be transferred to rupee account.



Debit & Credits allowed

- Amount of pre-shipment and post-shipment finance availed in US Dollars.
- **Realisation of export proceeds** from shipments of rough, cut, polished diamonds and diamond studded jewellery.
- Realisation in US Dollars from local sale of rough, cut and polished diamonds.
- Payment for import / purchase of rough diamonds from overseas / local sources.
- Payment for purchase of cut and polished diamonds, coloured gemstones and plain gold jewellery from local sources.
- Payment for import/purchase of gold from overseas / nominated agencies and repayment of USD loans availed from the bank.



Practice Question

Varun an Indian resident visited America and received USD 5,000 as honorarium. He brought the currency to India. He should open what type of account to deposit the amount?

- a) EEFC A/c
- b) RFC A/c
- c) RFC(D) A/c
- d) Diamond Dollar A/c



Practice Question

Which of the following statement is correct regarding Diamond dollar A/c?

- a) It is a non-interest bearing A/c.
- b) Only individuals can open this A/c.
- c) It can be opened in any foreign currency
- d) All are correct

Practice Question

For which of the following account amount can be credited to NRE/FCNR(B) account consequent upon change of status to non-resident?

1. EEFC A/c
 2. RFC A/c
 3. RFC(D) A/c
 4. Diamond Dollar A/c
- a) 1,2 and 3
b) 2,3 and 4
c) 1 and 3
d) All of the above

Homework Question

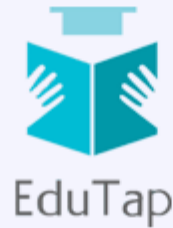
Ramadheer's Firm has to receive money for plain gold jewellery exported to Russia. Which is the most appropriate account to receive the currency?

- a) EEFC A/c
- b) RFC A/c
- c) RFC(D) A/c
- d) Diamond Dollar A/c



*Thank
You!*

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CONTACT US

 +91-8146207241 |  hello@edutap.co.in

 www.edutap.co.in