

FREQUENTLY ASKED QUESTIONS

ON

Foreign Exchange

Q.1: FEMA, 1999 was introduced in India with effect from?

Ans: 01.06.2000

Q.2: LRS, Liberalised Remittance Scheme, is not available for whom

Ans: Corporate, Partnership, HUF, Trusts

Q.3: Schedule I of Section 5 of FEMA –
Current Account transactions deals
with?

Ans: Prohibited Items

Q.4: In our bank inter bank transactions are undertaken only by?

Ans: Treasury Branch, Mumbai

Q.5: Transaction where the exchange of currencies take place on the second succeeding business day is called_____

Ans: Spot (T + 2)

Q.6: AD-I category branches have to obtain LEI for transaction of Rs.50 Cr & above under FEMA w.e.f

Ans: 01.10.2022

Q.7: The maxim used in case of “Direct Quotation” is

Ans: Buy Low - Sell High

Q.8: BOI's JPY account with a bank in Tokyo will be a Account for IB

Ans: L O R O

Q.9: What is the important factor for deciding the NRI status as per FEMA

Ans: Intent to stay abroad for an indefinite period

Q.10: Maximum period for NRE term deposit is? Additional rate of interest is applicable to staff ?

Ans: 10 Years ; No

Q.11: Exchange Earners can retain ---- %
of FC received in EEFC account?

Ans: 100%

Q.12: An NGO can receive donations from foreign donors as per____

Ans: FCRA, 2010

Q.13: Supplies to projects funded by UN agencies is called?

Ans: Deemed Export

Q.14: Import remittance for goods should be completed within ----- months from the date of shipment

Ans: Six months

Q.15: Whether NRI can be joint holder in Resident's SB/EEFC/RFC account ?

Ans: Yes - F or S basis

Q.16: ECGC premium on post shipment credit is _____

Ans: 11.50 paise /100 /month

Q.17: Number of articles in UCP 600 is?

Ans: 39

Q.18: Payment in cash can be made upto Rs.____ under Moneygram

Ans: Rs.50000

Q.19: Import Bill of Entry follow up is done nowadays through

Ans: I D P M S

Q.20: As per the country risk policy of our bank, classification followed by ----- is adopted

Ans: E C G C

Q.21: Loan against cheques/drafts representing advance payment is

Ans: Pre Shipment Credit

Q.22: Notional Transit Period (NTP) in case of demand bills as specified by FEDAI is

Ans: 25 days (bills drawn in FC)

Q.23: Which is the authentic website to access the updated list of countries notified as non-cooperative by FATF

Ans: www.fatf-gafi.org

Q.24: Advance payment for Import of Goods may be permitted by AD Banks upto

Ans: USD 5.0 Mio

Q.25: Expand F A T C A

Ans: Foreign Account Tax Compliance Act

Q.26: International Chamber of Commerce (ICC), responsible for publications like UCP 600, is headquartered in

Ans: Paris

Q.27: In order to hedge the exchange risk prevalent in foreign exchange business related limits, our loan policy insists for obtention of

Ans: Forward Cover

Q.28: AD can issue Performance Guarantee for Advance for Exports in respect of Caution Listed Exporter with

Ans: Prior approval of RBI

Q.29: In which form RFC deposits may be opened / held / maintained

Ans: SB / CA / TDR

Q.30: What is the maximum period of FCNR (B) deposits

Ans: 5 years

Q.31: _ is usually located in another country that provides service for another bank

Ans: Correspondent Bank

Q.32: Forward Premium depends on

Ans: Interest rate differential between 2 currencies

Q.33: Most Traded Forex pair is

Ans: EUR / USD

Q.34: Application of funds in case of
nostro credit entries to be made within
----- days

Ans: T + 5

Q.35: Which is the most traded commodity in the world?

Ans: Crude Oil

Q.36: What is the full form of CFR?

Ans: Cost & Freight

Q.37: Reserve Bank of India depends on the data available in ----- for caution listing exporters

Ans: EDPMS

Q.38: Issuance of solvency / capability certificate is based on

Ans: Tangible Net worth

Q.39: As per Country Risk Management Policy of ECGC, Sudan is under

Ans: Restricted Cover (Group II)
Specific Approval

Q.40: World Rank of LC opening bank may be verified from

Ans: Bankers' Almanac

Q.41: Delegation of powers for permitting advance remittance in respect of Merchanting Trade

Ans: Same as other Advance Remittances

Q.42: Reasonable time for acceptance or refusal of documents under UCP is

Ans: 5 Banking days

Q.43: Currency component of FX in
respect of travel to
a) Iraq b) Iran c) Bhutan d) Others

Ans: 5000 / full / 0 / 3000

Q.44: RBI has permitted resident individuals to open the following four types of foreign currency accounts

Ans: RFC, RFC (Domestic), EEFC, DDA

Q.45: In case of export of goods in physical form, date of export means:

Ans: Date of Shipment

Q.46: The expiry date of L.C. is 16th March 2021. It is the last date for

Ans: Presentation of documents to nominated bank

Q.47: Where an exporter fails to submit the shipping documents to the AD within 21 days from date of shipment

Ans: AD can allow in genuine cases

Q.48: Proceeds of goods and services exported by a status holder exporter are required to be brought to India within ----- from the date of shipment

Ans: 9 months

Q.49: Royal Bank of Scotland, London is maintaining an account with our Model Branch. This account is called

Ans: Vostro Account

Q.50: Tax Collected at Source (TCS) on LRS, the threshold limit is

Ans: Rs.7 lakhs

Q.51: IFSC Banking Unit (IBU) of our Bank is situated at

Ans: GIFT City

Q.52: Maximum liability cover available under ECGC WT-PC is

Ans: Rs.500 Cr.

Q.53: Threshold limit for Card Rate transaction is USD

Ans: 10000

Q.54: Import advance remittances, in respect of PSU, may be permitted by AD without Gtee/Standby upto

Ans: USD100,000

Q.55: A returning traveller is permitted to retain TC and Currency in FC upto

Ans: USD 2000

Q.56: Declaration in respect of software exports is to be done on

Ans: SOFTEX Form / STPI

Q.57: Permission for establishing Branch Office / Liaison Office by foreign law firm in India may be granted by

Ans: Not Permitted

Q.58: NRI having business interest in India may open ----- account for handling bonafide business transactions. Maximum time limit

Ans: SNRR, No time limit

Q.59: In India, exports and imports come under the purview of

Ans: Ministry of Commerce & Industry

Q.60: Revaluation of foreign currency assets and liabilities is being done periodically as per

Ans: A S 11

Q.61: Branches operating on the nostro accounts maintained by Treasury branch are called

Ans: Category B branches

Q.62: Banks may open a ----- bank account for a foreign student

Ans: N R O

Q.63: Bank acquiring INR from the customer for exchange of FC is a

Ans: Sale Transaction

Q.64: In respect of two way quotations, type of quotes given by the market maker is

Ans: Bid - Offer

Q.65: All transactions taking place in Nostro account will be reflected in ----- account for reconciliation purpose

Ans: Mirror account

Q.66: If a person (foreign citizen) is the spouse of an Indian citizen or PIO, they are considered as

Ans: Person of Indian Origin

Q.67: In case of FCNR or NRE deposits, joint account with a resident close relative may be permitted as

Ans: F or S

Q.68: Which category of branches cannot open NRO Capital Gains account

Ans: RURAL

Q.69: Name the currencies for opening FCNR (B) in our Bank

Ans: USD/AUD/CAD/SGD
GBP/EUR/JPY/CHF

Q.70: In case of an NGO who receive donations from foreign, whether prior approval is required for change in board members more than 50%

Ans: Online intimation is enough

Q.71: Pre Shipment credit in FC is called

Ans: F C P C

Q.72: Loan against NRO Capital Gains Account is

Ans: Not permitted

Q.73: Maximum period for which Pre shipment finance at concessional rate can be extended is

Ans: 1 YEAR

Q.74: Advance against “Bill sent on collection basis” is called

Ans: Post Shipment Credit

Q.75: Trade Credit for imports into India is availed based on issuance of

Ans: Bank Guarantee including Standby LC

Q.76: The word “License” is now replaced by

Ans: Authorisation

Q.77: Exports made to a warehouse situated outside India – Realisation period permitted is

Ans: 15 Months

Q.78: As per RBI guidelines, for import of Aircraft maximum amount that can be remitted by AD Bank as advance remittance is

Ans: USD 50 Million

Q.79: Banks can have access to information in Indian Customs EDI System through the portal

Ans: ICEGATE

Q.80: Based on an export LC if a local LC is opened it is called

Ans: Back-to-Back LC

Q.81: Difference between buying and selling rates in an exchange rate or interest rate is called

Ans: Spread

Q.82: The latest version of UCP and it is effective from

Ans: UCP 600 (01.07.2007)

Q.83: Speed Remit is for remittance
from to India

Ans: S I N G A P O R E

Q.84: LRS is available to resident individuals for

Ans: Current / Capital / Both

Q.85: Person surrendering FC more than USD5000 or FC/TC more than USD 10000 should submit

Ans: C D F

Q.86: Trade Credits (Buyers Credit/Suppliers Credit) are permitted only for ----- transactions

Ans: Import

Q.87: Maximum number of Diamond Dollar Accounts permitted is

Ans: Five

Q.88: Penalty for pre mature closure of NRE term deposit for converting into RFC deposit

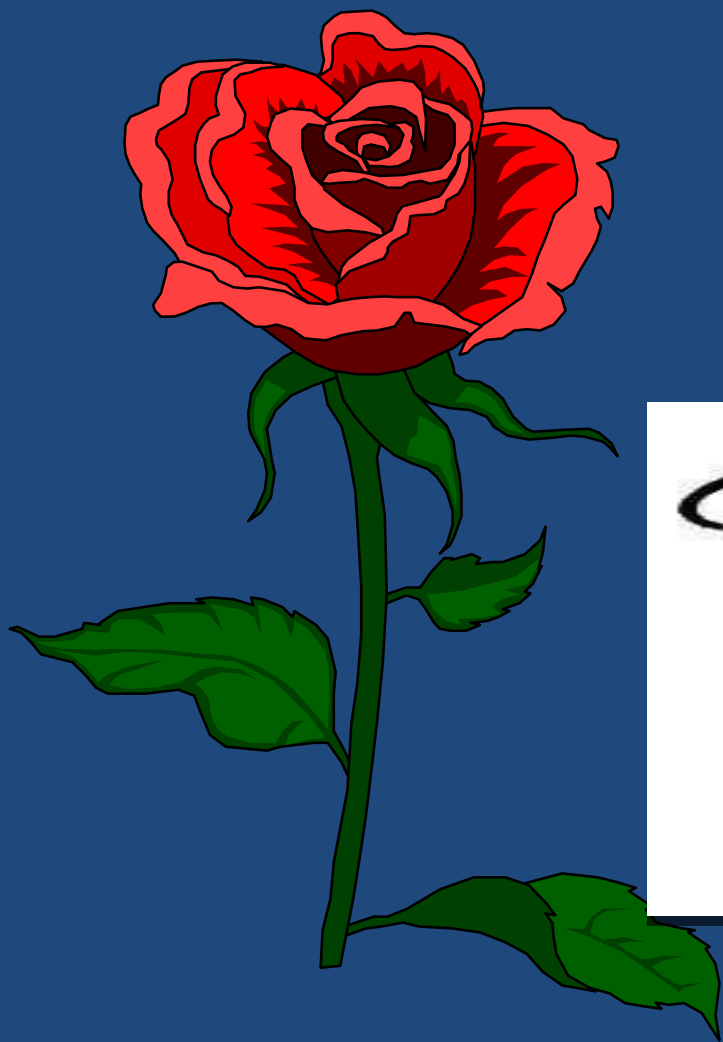
Ans: No Penalty

Q.89: The primary liability to pay under an LC arrangement lies with

Ans: Issuing Bank

Q.90: What is the rate prescribed by FEDAI for clean inward remittance

Ans: TT Buying Rate



Thank
you