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(EXTRA ORDINARY)
PART II - SECTION 3 - SUB - SECTION (i)

MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)

NOTIFICATION

New Delhi, Dated 3rd May, 2000

G.S.R. 379(E).- In exercise of the powers conferred by section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999) , the Central Government hereby makes the following rules, namely:-

1. **Short title and commencement**-(1) These rules may be called the Foreign Exchange Management (Encashment of Draft, Cheque, Instrument and payment of interest) Rules, 2000.

(2) They shall come into force on the 1st day of June, 2000

2. **Definitions**:- In these rules, unless the context otherwise requires;-

(a) “Act” means the Foreign Exchange Management Act, 1999 (42 of 1999);

(b) "Adjudicating Authority" means an officer appointed by the Central Government under sub-section (1) of section 16 of the Act;
(c) "Authorised Person" means a person as defined in clause (c) of section 2 of the Act;

(d) "Cheque" includes a traveller's cheque;

(e) "Investigation" means an investigation as envisaged under section 37 of the Act;
(f) "Special Director (Appeals)" means Special Director (Appeals) appointed by the Central Govt. under sub-section (1) of section 17 of the Act;
(g) "Appellate Tribunal" means the Appellate Tribunal for Foreign Exchange established under section 18 of the Act.

3. Delivery of Draft, Cheque and other Instrument for Encashment

Where investigation referred to in section 37 is being taken up into any alleged contravention of any provision of the Act or of any rule, regulation, direction or order, or violation of any condition subject to which Reserve Bank of India gives authorisation, made thereunder, and any draft, cheque or other instrument relevant for such investigation such officer shall cause such draft, cheque or other

instrument to be delivered for encashment to Reserve Bank of India or an authorised person as the officer may specify.

4. **Encashment of draft, cheque or other instrument** - The Reserve Bank of India or an authorised person 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 Directorate of Enforcement.

5. **Opening an Account** :- Where Investigation referred to in section 37 of the Act is being taken up into any alleged contravention of any provision of the Act or any rule, regulation or direction or order, or violation of any condition subject to which Reserve Bank of India gives authorisation, the indian currency relevant to such investigation is in the custody of an officer of Enforcement Directorate, then, such officer shall deposit the indian currency in a nationalised bank to a separate account in the name of Directorate of Enforcement.

6. **Indemnity**:- The Central Government shall indemnify the Reserve Bank of India or an authorised person against any liability which the Reserve Bank of India or an authorised person may incur by reason of, or in connection with, the encashment of the draft , cheque or other instrument delivered to it.

7. **Direction for Payment of the Proceeds** :- (i) Where it has been found during the course of investigation or adjudication that, any draft, cheque or other instrument is not relevant for such investigation, the Investigating Officer or the Adjudicating Authority, as the case may be, pass such order that the person to whom the proceeds of such draft, cheque or other instrument may be paid.

(ii) Where it has been found during the course of appeal before the Special Director (Appeals) or the Appellate Tribunal or the High Court, as the case may be, that, any draft, cheque or other instrument is not considered relevant for such appeal, then, the Special Director (Appeals) or the Appellate Tribunal or the High Court, as the case may be, pass such order specifying the person to whom the proceeds of the draft, cheque or other instruments may be paid.

8. **Payment of interest on the seized Indian currency**:- (i) Where it is found after completion of the investigation that the Indian currency seized under section 37 of the Act is not involved in the contravention and is to be returned, the same shall be returned to such persons together with interest at the rate of 6% per annum from the date of seizure till the date of payment.

(ii) Where it has been found during the course of adjudication that the seized Indian currency is not relevant for such adjudication, the Adjudicating

Authority may pass such order returning such Indian currency togetherwith interest at the rate of 6% per annum to such person.

(R. S. Sharma)
Joint Secretary to the Government of India

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