

Crystallization of Export Bill:

Export bills drawn in foreign currencies are being purchased/negotiated /discounted by the bank as per terms of sanction. The Foreign Currency amount is converted to Indian Rupee at appropriate buying rate on the date of purchase. In the process, the exchange risk of the exporter is taken over by the bank. The Bank covers the risk through interbank cover operations. The cover transaction may not be on case-to-case basis but is largely dependent on the overall position of the Bank in foreign currency and also depends upon the expected date of realization of the export bill. If the bill is realized, on its due date/notional due date, the transaction is complete. However, in case the payment of bill is not received on due date and it becomes overdue, bank's exchange risk becomes open till the bill is realized or the amount is recovered from the exporters. Crystallization is a process of retransferring the exchange rate risk back to exporter.

- I. The crystallisation of export bill of different category are done on the basis of periodicity for crystallisation defined as under:
 - i. **In case of Discounted/Purchased/Negotiated export bills:** The overdue export bill will be crystallized on 15th banking day from due date / notional due date for better monitoring and control of export bills.
 - ii. **In case of Discounted/Purchased/Negotiated export bills dishonoured/ returned unpaid:** The export bill will be crystallized immediately.
 - iii. In case of North-East based exporters, crystallization period for export bills will be 30 days as a special dispensation to continue the existing business in the area.
- II. **Realisation of Bill after Crystallisation:** After receipt of advice of realisation, the authorised dealer will apply TT Buying rate or contracted rate (if any) to convert foreign currency proceeds.
- III. **Dishonour of Export bills:** In case of dishonour of a bill before crystallisation, the AD branch shall recover:
 - i. Rupee equivalent amount of the bill and foreign currency charges at TT Selling rate.
 - ii. Appropriate interest and rupee denominated charges.

Crystallization of PCFC/FCL/FOBD:

- i. Overdue PCFC/FCL will be crystallized on 15th banking day from the due date.
- ii. In case of account slipping to NPA, the Foreign Currency Liability PCFC/FCL will be converted to Rupee liability immediately after the account turned into NPA.
- iii. In case of FOBD (Post Shipment Credit in Foreign Currency), the liability may continue in Foreign currency till the due date of the bill even after the account turning into NPA. If the Bill is not realized on due date, same will be crystallized.