

Annual Conference of Authorised Dealers

November 19, 1999

Dr Bimal Jalan, Governor, Reserve Bank of India today inaugurated the annual conference of the heads of foreign exchange departments and international divisions of banks in Mumbai. The annual conference of authorised dealers and heads of international divisions of banks is a forum for exchange of views among authorised dealers (banks authorised to deal in foreign exchange), the Reserve Bank officials and the Foreign Exchange Dealers' Association of India (FEDAI). Apart from authorised dealers and FEDAI, the conference was also attended by Shri S.P. Talwar, Deputy Governor, Dr. Y.V. Reddy, Deputy Governor, Shri Khizar Ahmed, Executive Director of the Reserve Bank.

Explaining briefly the role played by the Reserve Bank of India in management of foreign exchange markets, Governor Dr. Jalan stated that irrespective of the system and the level of development, all countries are equally concerned - explicitly or implicitly - about the sharp movements in their currencies. "Too much action in too short a time is a cause of concern for all", he stated. According to the Governor, therefore, developed as well as developing countries closely monitor the developments in the foreign exchange markets. As the experience the world over has shown, no central bank can afford complacency, the Governor maintained. He further stated that the main objective of the exchange rate management policy pursued by the Reserve Bank was to ensure orderly conditions and avoid unusual volatility. He added that the Reserve Bank kept a high level of reserves to be able to meet any unforeseen contingency. The Governor expressed "reasonable satisfaction" at the manner in which the foreign exchange markets had responded so far.

Focusing upon the procedural aspects relating to the exchange control regulations, the Governor stated that India had attained full convertibility of the Rupee on the current account. This policy change was supplemented by simplifying the procedures and documentation. The Reserve Bank has sought to achieve this simplification in procedures by increasing delegation of powers to authorised dealers. This undoubtedly placed greater responsibility on the authorised dealers. He urged the authorised dealers to further help in simplification of procedures to the individual customers and provide hassle-free and efficient service. The Governor informed that the Reserve Bank was also attempting to minimise the documentation. The bonafides of any transaction, he said, should be verified only in cases of doubt and not routinely. He referred to the Regulation Review Authority set up in the Reserve Bank of India to look into these issues and welcomed the suggestions from authorised dealers towards further simplifying exchange control regulations for the public and the corporate sector.

Earlier, while welcoming the participants to the conference, Executive Director, Shri Khizar Ahmed gave an overview of the development in the exchange control area over last one year. He mentioned that the delegation of powers to authorised dealers on current account was nearly completed and he urged the authorised dealers to pass on the benefits of this simplification to the general public. He also underscored the need for educating the bank functionaries at the front desk on the simplified procedures for better customer service. Shri Shankarnarayan on behalf of FEDAI and other member banks assured full cooperation in

achieving the long-term objective of the Reserve bank in making foreign exchange transactions for the general public hassle-free.

Alpana Killawala
General Manager

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