

FORWARD CONTRACT FOR FCNR (B)/NRE TERM DEPOSIT

DEFINITION:

A forward Contract is a contract involving sale or purchase of foreign currency (permitted currency) at a fixed price on a fixed future date.

NRI clients having FCNR/NRE deposits with forward cover option can take advantage of reduced risk and earn better returns.

ELIGIBILITY:

1. Customer having or desirous to have FCNR (B) deposits /NRE deposits.
2. Customer may be retail user or non-retail users.

FUND:

Foreign currency on account of current and capital account transaction permissible under FEMA 1999 or any rule or regulation made there under.

BENEFITS:

Effective method for earning higher premium and yield on FCNR deposits in INR. The highlights on benefits of booking forward contract for FCNR.

- Attractive interest rate along with increased premium rate.
- Earnings can be repatriated on maturity.
- Investment will be protected from fluctuations in the exchange rate.
- Risk can be reduced/mitigated
- Exit option on forward contract is permissible with penalty/charges.

SETTLEMENT:

Exposure in foreign currency can to be settled in INR on maturity.

TERMS AND CONDITION:

1. The value and maturity of the contract should not exceed the value and maturity of the underlying deposit and interest applicable.
2. The contract is for the purpose of hedging.
3. Forward contract can be cancelled either in full or in part at the request of the customer and Gain or loss on cancellation of contract will pass to the customer or recover from the customer.
4. Retail or non-retail customer of the bank can book forward contract.
5. At the time of booking of contract, Customer to clearly indicate for contracted or anticipated exposure.
6. Contracts against balance in FCNR/RFC deposit shall be booked on deliverable basis.
7. The cost of hedge should be met out of repatriable funds or through an inward remittance.
8. All outward remittances incidental to the hedge are allowed subject to payment of tax, if any.

9. Cross currency forward contract can also be booked to convert the balance into another foreign currency.
10. Customer has to bear applicable service charge fee along with GST relating for booking /cancellation/rollover .(Presently 750/- +others (if cancellation is there)+GST.
11. Individual can book forward contract up to USD 1.00 MN or equivalent in other currencies.
12. NRI should not be allowed to rebook for an exposure that has been booked once and cancelled but such forward contract can be rolled over on or before maturity.
13. This facility can be provided based on satisfying the bank's guidelines on forward contract time to time.

ROI for FCNR [B] deposits of amount less than USD 1 million (or its equivalent in other currencies) with effect from 07.07.2021 as under: **(In % p.a.)**

PERIOD OF DEPOSIT	CURRENCY OF DEPOSITS				
	USD	GBP	EUR	CAD	AUD
1 year & above but less than 2	0.85	0.57	NIL	0.98	0.53
2 years & above but less than 3	0.99	0.77	NIL	1.24	0.69
3 years & above but less than 4	1.22	0.91	0.02	1.49	0.90
4 years & above but less than 5	1.44	1.02	0.09	1.71	1.13
5 years only	1.60	1.10	0.16	1.86	1.34

Interest rates on NRE Term Deposits of with effect from 08.02.2021.

SLABS	PERIOD OF DEPOSIT	RATE OF INTEREST*	
		Less than Rs. 2 Crore	Rs. 2 Crore to less than 10 Crores
SLAB-1	1 Year only	5.20	3.90
SLAB-2	Above 1 year to less than 2 years	5.20	3.90
SLAB-3	2 Years & above to less than 3 Years	5.40	3.90
SLAB-4	3 Years & above to less than 4 Years	5.50	3.40
SLAB-5	5 Years & above to 10 Years	5.50	3.40

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Please look for our next News Bulletin for further information to make your banking experience easy and enjoyable. Your valuable feedback and suggestions are always welcome! (E-mail: nrihub@canarabank.com, nrihelpdesk@canarabank.com) Contact Number - 080 22280811/NRI customers CALL CANARA number 080-22064232.

For various Investment Facilities/Insurance/Mutual Fund Schemes, please refer following links:

LIFE INSURANCE:

<https://www.canarabank.com/insurance/index.html>

HEALTH INSURANCE:

https://www.canarabank.com/User_page.aspx?menulevel=1&menuid=3&CatID=45

GENERAL INSURANCE:

<http://www.canarabank.com/english/bank-services/personal-banking/insurance-business/general-insurance/>

INVESTMENT FACILITIES FOR NRIs:

https://www.canarabank.com/User_page.aspx?menulevel=1&menuid=2&CatID=23

MUTUAL FUNDS:

https://www.canarabank.com/User_page.aspx?menulevel=1&menuid=2&CatID=4

DEPOSITORY SERVICES:

https://www.canarabank.com/User_page.aspx?menulevel=1&menuid=2&CatID=9

