

# **2 FOREIGN EXCHANGE OPERATIONS AND ADJUDICATION**

## **2.1 Overview**

Monitoring of foreign exchange operations is one of the vital functional responsibilities of the SBP Banking Services Corporation (BSC). Foreign Exchange Operations Department (FEOD) of BSC is responsible for day to day operation of policies issued by Exchange Policy Department of SBP, which includes core operational matters of import and export, commercial remittances and verification of exporters' performance through statements, returns, schedules, computerization of data, and subsidized support of the Government for import and export under Research and Development Support mechanism etc. FEOD also work closely with Foreign Exchange Adjudication Department (FEAD) of BSC for effective enforcement of Foreign Exchange Regulations Act. The monitoring process is the integral part of the system for which all units of the FEOD are required to be vigilant and prompt to take action. FEOD regularly interact with all counterparts viz Exchange Policy Department, SME Department, and General Counsel Office of State Bank of Pakistan and FEAD of BSC besides dealing with external stakeholders i.e. banks, Government of Pakistan, corporations and general public etc. During FY07, the BSC has not only remained engaged in its core operational activities but was also assigned with a number of new operational functions by SBP which have now become a regular part of foreign exchange portfolio. During FY07, the Foreign Exchange Adjudication Courts decided 320 cases realizing a sum of US\$5,321,709 from the delinquents.

## **2.2 Foreign Exchange Operations**

### ***2.2.1 Research and Development Support (on Exports)***

Research & Development Support (R&DS) scheme was introduced by the Ministry of Commerce, Government of Pakistan in May, 2005. Initially R&DS was provided to the textile garment units manufacturing and exporting textile garments at the rate of 6 percent of the FOB value of the exports to European Union and USA. During FY07, the facility of Research and Development Support was further extended to home textile and fabric. Leather footwear was also included in the list of eligible commodities during the current financial year. Although the extended version of the schemes and its purposes were the same but the facility announced for Home Textile was found to be more composite

having variation in rates of R&DS, besides addition of more numbers of countries and products. The schemes were circulated to all field offices of BSC with the instructions to ensure expeditious payment of eligible claim smoothly. Following were the action plans which were implemented during the year under review to make the scheme successful.

- a) Processing teams were constituted which were responsible for scrutiny of claims received under various segments of R&DS scheme.
- b) Audit officers were assigned the task of 100 percent audit of claims having payments of more than Rs.0.4 million while percentage audit techniques were followed in case of small amount and claims. Additionally, verification units were also directed to check the proceeds realizations carefully through schedules received from commercial banks.
- c) The cases returned under objections were put in the electronic system so that problems in resubmission of cases could be timely addressed.
- d) Strict procedure of checking was followed for time barred cases, duplicate claims, fake documentations, excess amount etc.
- e) Regular communications through meetings and e-mails etc. were maintained with Associations of Exporters for early and timely resolution of complaints.
- f) Separate Help Desks for R&DS Schemes were set up in all field offices and HOK of SBP-BSC for commercial banks and exporters for timely and promptly removal of objections arisen during Audit.
- g) Six training sessions on R&DS scheme were arranged at Karachi during the year for the officials of BSC field offices, representatives of commercial banks, different associations and exporters for their knowledge up gradations.
- h) All queries and references received from Ministry of Commerce and Textile, field offices of SBP-BSC, Exchange Policy Department and SME Department of SBP were attended at the senior officer's level for quick disposal.
- i) Efforts were made to replace all the manual procedures through electronic system particularly the date of receipt and disposal of claims is computerized on daily basis.
- j) Daily position on R&DS Schemes received from the field offices were consolidated on daily basis while monthly reporting is done for the information of senior officers of BSC, Exchange Policy Department (EPD), SME Department of SBP and Ministry of Commerce and Textile etc.
- k) Media reports and news clippings on R&DS schemes were carefully studied to redress genuine problems of stakeholders.
- l) List of top 50 exporters / beneficiary of R&DS schemes were prepared and submitted to the senior management along with a detailed write up and summary to be sent to the Prime Minister.
- m) An enforcement mechanism was introduced and cases of defaulting exporters were furnished to the commissioner of textile for imposition of penalty.

- n) Requests from Karachi Chamber of Commerce & Industry (KCCI) were honored and two meeting-cum-briefing sessions were held.

The FEOD has played an active role in implementation of existing R&D Support mechanism despite limited resources. All efforts have been put in place to ensure that funds are disbursed swiftly. A total number of 183,771 cases under R&DS schemes were disposed of and a sum of Rs.19.9 billion was disbursed to the exporters since inception of the scheme, while during FY07 a total number of 118,028 cases were disposed of and a sum of Rs.14,100 million was disbursed to the exporter as compared to 65,743 cases disposed of and a sum of Rs.5,754 million disbursed during FY06.

<b>Table 2.2.1(a) Profile of Payments under R&amp;DS up to 30-06-2007</b>						
<i>(Amount in million)</i>						
<b>Field Office</b>	<b>Garments</b>		<b>Home Textile</b>		<b>Leather Footwear</b>	
	<b>Cases</b>	<b>Amount</b>	<b>Cases</b>	<b>Amount</b>	<b>Cases</b>	<b>Amount</b>
Faisalabad	16,540	2,048.675	16,017	1,620.389	-	-
Gujranwala	107	16.765	22	1.858	23	1.577
Hyderabad	180	23.033	255	36.653	-	-
Karachi	70,414	8,238.412	26,514	2,395.889	7	0.685
Lahore	32,575	3,804.143	6,366	481.205	736	78.124
Multan	620	162.565	362	19.745	298	88.276
Rawalpindi	153	14.984	495	57.362	-	-
Sialkot	11,858	750.309	93	4.947	136	8.278
<b>Total</b>	<b>132,447</b>	<b>15,058.886</b>	<b>50,124</b>	<b>4,618.048</b>	<b>1,200</b>	<b>176.94</b>

<b>Table 2.2.1 (b) Disposal of R&amp;DS cases and payments made</b>			
<i>(Amount in million)</i>			
<b>S #</b>	<b>Description</b>	<b>Cases</b>	<b>Amount</b>
1	Garments	132,447	15,058.886
2	Home Textile	50,124	4,618.048
3	Leather Footwear	1,200	176.940
	<b>Total</b>	<b>183,771</b>	<b>19,853.874</b>

Field Office	2005-06		2006-07		% Change	
	Cases	Amount	Cases	Amount	Cases	Amount
Faisalabad	8,732	749.120	23,825	2,919.944	173	290
Gujranwala	38	6.264	114	13.936	200	122
Hyderabad	1	8.229	434	51.457	43,300	525
Karachi	34,247	2,952.151	62,688	7,682.835	83	160
Lahore	22,363	1,707.091	17,314	2,656.381	-23	56
Multan	183	38.169	1,097	232.417	499	509
Rawalpindi	81	5.671	567	66.675	600	1,076
Sialkot	98	287.201	11,989	476.333	12,134	66
<b>Total</b>	<b>65,743</b>	<b>5,753.896</b>	<b>118,028</b>	<b>14,099.978</b>	<b>80</b>	<b>145</b>

### **2.2.2 System Based Approach through Department Support Teams**

Since in the past due to deprivation of computerization and non-listing of FEOD projects with ISTD, workload problem and its distribution was a major operational issue. Besides, shortage of computer skilled staff was also a cause of concern. Necessary measures were taken during the year to develop a complete database of paid cases both in terms of number as well as amount paid so far as the volume and number of cases relating to subsidized schemes of export and import has been increasing. Field Offices of BSC dealing in foreign exchange activities were linked in such a way to retrieve any data that may be required by the stakeholders including SBP, BSC and concerned ministries for analysis of different figures relating to subsidized schemes.

By and large, the work of R&DS / knitted garment, home textile, leather footwear from its entry into Letter Management System (LMS) to final preparation of payment advice has been computerized. The computerization of above processes has been initiated by the FEOD through its in-house resources. The system has been developed in such a way that no exporter can get double payment under one 'E' Form.

FEOD has also taken following measures to enhance the efficiency of the department:

- Different colors of processing / scrutiny sheets have been introduced to avoid overlapping and distinguish one scheme from another so that processing of cases may be made accurate within minimum possible time.
- Different information such as country wise, bank wise, branch wise, exporter wise and period wise can be retrieved in case of need.
- Manual inward / outward system to diarize each case received in the department had already been eliminated. Now every case received in the department is properly diarized under the LMS.

Notwithstanding the above arrangements, FEOD has initiated providing of option for checking of duplicate E-form number through online Globus system in consultation with ISTD of SBP.

### ***2.2.3 Computerization and Verification of E-Forms***

The inclusion of home textile and leather footwear in the existing list of 6% R&DS on knitted garments has made the task more difficult. Before the introduction of scheme for home textile, the number of cases received on an average basis ranged from 150 to 200. After the inclusion of home textile and leather footwear, the number of cases has been increased by a wide margin and approximately 500 cases are being received on a daily basis. The situation becomes more complicated when the concerned ministries make some changes / amendments in these schemes. Resultantly, the influx of R&DS cases has not only affected the entire setup of the department physically but has also increased the need for human resources substantially. The department, however, did manage this inflow of cases with the existing available resources. FEOD has successfully established a separate database for garments, home textile and leather footwear and other subsidy schemes announced by the Government of Pakistan.

### ***2.2.4 Subsidized Government Support on Imports***

Since R&DS Division was overburdened in dealing with existing schemes (relating to exports), therefore, subsidy on Import of whole gram black and other commodities included in the current year was entrusted to another unit during FY07 to enhance the efficiency in early disposal of the claim cases. The subsidy on whole gram black is subject to the approval of EPD of SBP. The FEOD has successfully managed the disbursement of subsidies on import of various commodities under different schemes. During FY07 a sum of Rs.674 million was paid on account of subsidy on import of whole gram black weighing 84.2 million Kg.

<b>Table 2.2.4 Disbursement of Subsidy on Import of Whole Gram Black during FY07</b>			
<i>(Amount in million)</i>			
<b>S #</b>	<b>Field Office</b>	<b>Quantity in Kg</b>	<b>Amount</b>
1	Karachi	73,605,567	588.8
2	Multan	230,110	1.8
3	Faisalabad	8479,292	67.8
4	Lahore	111,520	0.9
5	Hyderabad	1,328,275	10.6
6	Peshawar	505,540	4
<b>Total</b>		<b>84,260,304</b>	<b>673.9</b>

### ***2.2.5 Streamlining the Procedure of Enforcement and Recovery of Export Overdue Proceeds***

As per rules, exporters are required to bring in proceeds within a period of 180 days in accordance with the terms of contract. Generally, the exports made on letter of credit basis are fully realized and the realization certificate is issued by the commercial bank through which the exporters lodged the documents. While the commercial banks submit two statements i.e. V-16 and V-17 in FEOD for reporting purpose on monthly basis wherein the details of the realized cases are given in V-17 and overdue cases are reported in V-16. However, in order to ascertain the quantum of exports made through other mode of financing like D/P, D/A basis, a six-month data study was conducted during the year. Keeping in view the findings of the study, the department has taken a number of steps to improve the existing procedure of reporting of export overdue cases and following changes have been made in the existing procedure:

- Consultative approach has now been adopted. The representatives of banks are now called to discuss the irregularities observed in their statements so that knowledge gap could be shared.
- The issues of software programming have been taken up with ISTD so that garbage data available in the system could be cleaned up.
- Although the computerization and reconciliation of data of Export Overdue cases is an ongoing exercise, however, exclusive meetings were held to reconcile the data with commercial banks. As a result of this exercise, 4,000 cases have been adjusted as realized. However about 34,000 cases have to be filtered down to configure reliable data base.
- Regular communications are sent to banks to keep them informed about the operational implications involved in the reporting mechanism.
- Meetings have been held on regular intervals with EPD, SBP and FEAD to devise a mechanism and to submit recommendations particularly to dispose of long outstanding over due cases. Proposals have been made to bring amendments in the FER Act 1947 so that old cases could be closed where the chances of recovery are impossible.

### ***2.2.6 Measures taken to expedite prosecution of Authorized Dealers and Exporters***

The enforcement procedure to prosecute exporters for non-realization of export overdue proceeds has undergone improvement in view of the increased focus on early export overdue realization. As per existing instructions contained in Chapter XI of FE Manual and Booklet of Instructions, all the BSC field offices are authorized to accept shortfall in the realization of export proceeds up to 30% of invoice value or USD 1,000, whichever is

less. The following measures were taken during FY07 to expedite prosecution of authorized dealers and exporters.

- All field offices have been advised that in case any Authorized Dealer fails to provide pre-adjudication information, a complaint may be filed with the Adjudication Court after serving the show cause notice to the defaulting bank. This step has helped in providing pre-adjudication information by the Authorized Dealers.
- Communications have been exchanged with concerned stakeholders to get access form NADRA Database for searching the actual whereabouts of exporters.
- Teams of Joint Director and Junior Joint Director have been constituted to visit BSC field offices to ascertain the practice of follow-up procedure and suggest means to bring down the existing quantum of export overdue cases in offices.
- Guidelines have been issued to offices to develop standard operating procedures on this account and maintain a database for this purpose.

### **2.2.7 Disposal of Complaints**

FEOD had lodged a total of 13,550 complaints of over due since its inception out of which 10,845 have been disposed of and 2,705 cases are outstanding which are still to be decided by the Foreign Exchange Adjudication Department. The area wise details of the cases are as under:

<b>S #</b>	<b>Courts</b>	<b>Link office</b>	<b>Cases Referred</b>	<b>Cases Decided</b>	<b>Cases Pending</b>
1	Karachi.	Karachi, Hyderabad, Quetta and Sukkur	3,319	2,333	986
2	Lahore	Lahore, Peshawar, Rawalpindi, Muzaffarabad, D. I. Khan and Islamabad	4,234	3,488	746
3	Faisalabad	Faisalabad, Bahawalpur and Multan	3,236	2,896	340
4	Sialkot.	Sialkot and Gujranwala.	2,761	2,128	633
<b>Total</b>			<b>13,550</b>	<b>10,845</b>	<b>2,705</b>

### 2.2.8 Expediting the Role of Export Advisory Committee

Export Advisory Committee (EAC) was constituted by the Governor SBP in 2000 in order to have a direct contact with the exporters with the assistance of Chamber of Commerce and TDAP to persuade exporters to bring the export proceeds in the country. At Karachi Forum, the role of EAC members particularly members from KCCI and TDAP was not up to the mark. While, in other cities the coordination among group members was more responsive. Considering this position, FEOD has proposed that the existing role and TORs of EAC could be revisited and clubbed with the Local Credit Advisory Committee (LCAC) and a joint forum of KCCI, TDAP, commercial banks and Exporters Associations may be formed. For this purpose, the department has moved a summary to seek views from all concerned so that the role of EAC could be made more proactive. The department has also proposed that Chief Managers of BSC field offices may hold regular meetings with all concerned quarters and ensure that all efforts are put in place to increase export over due realization. In addition to the above proposed arrangements, the department has arranged four meetings of EAC; one at Karachi, two at Lahore and one at Faisalabad during FY07. Details of the cases discussed in these meetings are as follows:

<b>Place</b>	<b>Closed Cases</b>	<b>Reviewed Cases</b>	<b>Referred to Prosecution Section.</b>	<b>Total</b>
Karachi	-	-	220	220
Lahore	44	137	237	418
Faisalabad	2	6	177	185
Lahore	128	55	217	400
<b>Total</b>	<b>174</b>	<b>198</b>	<b>851</b>	<b>1,223</b>

### 2.2.9 Computerization of Data of Triplicate E-Form against Advance Payment

Triplicate E-Form in respect of CAD, DAP, DA, L/C, composite payment terms, etc are being reported in the form of schedule in the Returns Section of the FEOD. Earlier, there was no proper reporting and confirmation thereof in respect of export made on advance payment basis. The verification of the contents of triplicate E-Form is very important as FEOD need to have confirmation whether all the advance payments have been received in full. In case of short realization, the department has to make sure that the remaining balance must be repatriated after shipment has been made. During FY07, the procedure of triplicate “E” Form was reviewed to make the reporting of advance payment more systematic and purposeful. Now this record has been computerized and every detail can

be retrieved in respect of country, currency, exporter and bank wise. Recording of data in respect of Advance Payment have become a regular feature since the automation of the process.

#### ***2.2.10 Verification of Performance of Exporters through EE/EF Statement***

FEOD undertakes the verification job of exporter's performance every year by verifying the entries of their advance payments. Profile payments, which are concurrently reported in schedules of A-1 and A-2 is maintained for this purpose. Since every year time limit to complete this job is very restricted, therefore, special teams were constituted and concerted efforts were made to complete this job within time limit. The quantum of job done during FY07 as compared to last year depicted that verification of entries has increased substantially. A comparative review of FY07 and FY06 showed that 170,187 entries checked and verified during 2006-07 as compared to 158,160 entries were checked and verified during 2005-06, which reflects an increase of 12,027 entries during FY07 [Table.2.2.10].

In order to improve the processing of the EE/EF statements some additional steps were taken during the year, which are as under:

- Massive rotation among the staff members of FEOD was made as well as some new officers were also inducted in the teams.
- Arrangements were made in the visitors' room to facilitate commercial banks for timely receipt of EE/EF statements and on the spot disposal of their grievances.
- Record management approach was strictly maintained to address the quarries / references received from EPD & SME Department of SBP and Authorized Dealers.
- Close navigation method was applied in some of the cases at random, with the view to identify the gaps in present practices made by commercial banks and exporters. To this effect, a detailed analytical summary was prepared and sent to field offices and a vigorous verification plan is to be taken shortly to control the irregularities committed by the banks.

S #	Name of the Bank	Entries	
		2005-06	2006-07
1	ABN AMRO Bank N V	4,660	4,945
2	AL Baraka Islamic Bank	238	944
3	Allied Band Limited	3,535	2,720
4	Askari Band Limited	13,493	15,125
5	Bank Alfalah Limited	8,557	7,456
6	Bank AL Habib	16,854	17,505
7	Bank Islami	-	355
8	Bank of Khyber	-	275
9	The Bank of Punjab	33	87
10	Citi Bank NA	2,534	2,459
11	Crescent Commercial Bank	296	37
12	Deutsche Bank	792	794
13	Dawood Bank Limited	-	10
14	Faysal Bank	3,376	3,084
15	First Women Bank	39	62
16	Habib Bank AG Zurich	12,714	-
17	Habib Bank Limited	13,380	14,295
18	Hong Kong Shanghai Banking Corporation	1,597	1,350
19	KASB Bank	893	2,398
20	MCB Bank	2,721	2,416
21	Meezan Bank	5,206	7,525
22	Metropolitan	26,557	42,846
23	My bank	788	1,144
24	National Bank of Pakistan	2,695	2,700
25	NDLC-IFIC	5,437	-
26	NIB Bank	-	7,232
27	Oman International	160	116
28	PICIC Commercial Bank	2,747	1,734
29	Prime Bank	2,709	2,377
30	Saudi Pak Commercial	301	694
31	Soneri Bank Limited	8,145	9,984
32	Standard Chartered Bank	2,617	11,509
33	Union Bank (Now Standard Chartered)	8,696	-
34	United Bank Limited	6,390	6,009
<b>Total</b>		<b>158,160</b>	<b>170,187</b>

### ***2.2.11 Establishment of Help Desk***

During FY07, a Help Desk has been established not only at the SBP-BSC Head Office, Karachi but also at each Foreign Exchange Division / Unit working in the field offices across the country to facilitate the authorized dealers / exporters who wants to have information about the processing of their cases. The authorized dealers have also been advised to establish a similar help desk in all of their branches dealing with foreign exchange. The number of officials receiving R&DS cases at these help desk has also been increased.

### ***2.2.12 Training on R&DS Documentations***

During FY07, the FEOD have successfully arranged 6 training sessions on “R&DS Documentation” for the representatives of authorized dealers and members of exporters associations at Karachi and separate sessions at Lahore, Faisalabad and other parts of the country on the request of Karachi Chamber of Commerce and Industry and various other Exporter’s Associations. The Director and other senior officers of FEOD were the guest speakers on these occasions. Around 238 participants from Karachi Chamber of Commerce and Industries, Exporters Associations and commercial banks have attended these sessions. The feedback so far received was very positive and officials of associations and authorized dealers have appreciated the efforts of SBP-BSC and suggested that this kind of sessions should be conducted in future at regular intervals to update their existing knowledge base.

Similar training sessions were also conducted by the SBP-BSC field offices at Faisalabad, Gujranwala, Lahore, Multan, Sialkot, and Rawalpindi for the representative of Authorized Dealers. Officials from FEOD were also invited to cover the operational as well as the procedural aspect of the R&DS scheme. About 231 participants from different chambers of commerce and industries, exporters associations, and commercial banks of the respective region have attended these training sessions.

The training fund of FEOD for the year 2007-08 will be utilized to further educate the representatives of Authorized Dealers and members of Exporters Associations about the changes made in the R&DS scheme from time to time. The department is also contemplating to start training sessions on new terminologies introduced in the area of export and trade finance in recent years to acquaint the officials of the concerned unit in particular and the department in general by inviting the experts from outside. A presentation will also be arranged on “Stand by Letter of Credit” which is one of the latest terms of sale by inviting an expert on this issue.

## **2.3 Foreign Exchange Adjudication**

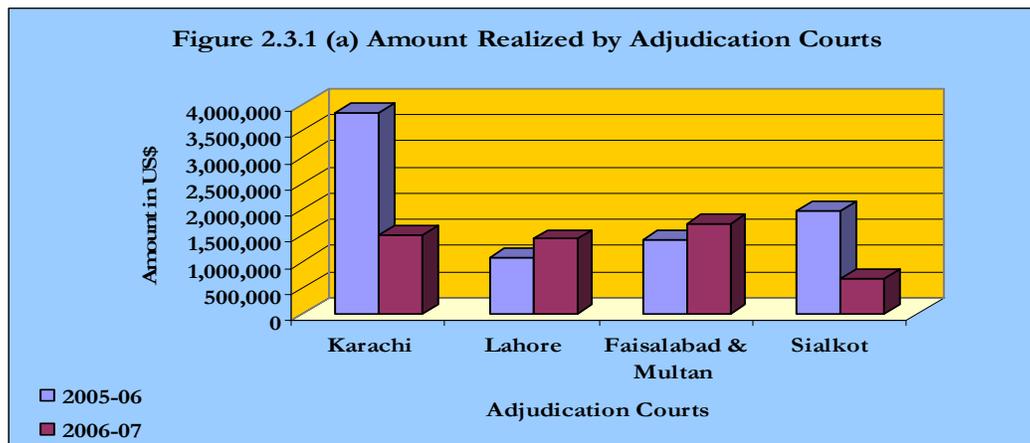
In order to run the department effectively and efficiently the organizational structure of Foreign Exchange Adjudication Department (FEAD) has been split into Judicial,

Coordination & Recovery and Administration divisions at Head Office, Karachi. This initiative has led to prompt judicial process, efficient and effective data compilation and follow up of the closed cases where fines were imposed on the delinquent exporters.

### 2.3.1 Realization of Export Proceeds

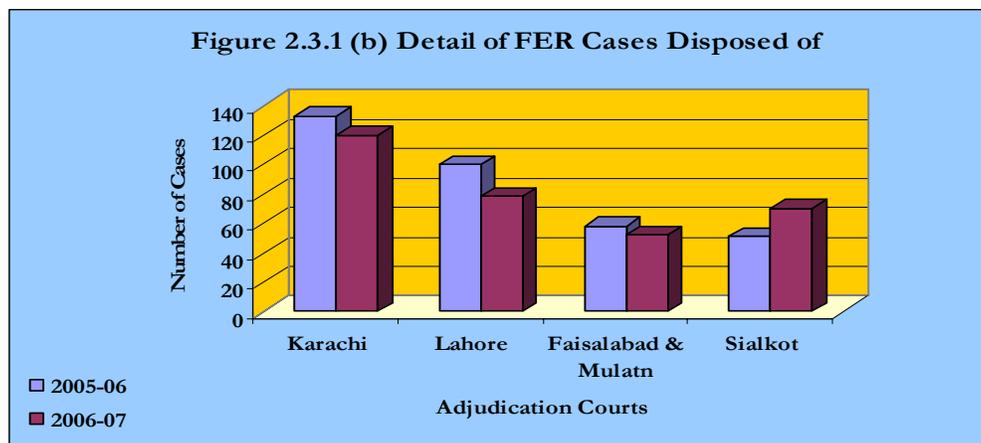
During FY07, the department has arranged realization of stuck up export proceeds equivalent to US\$5.32 million as compared to realization of overdue export proceeds of US\$8.29 million last year indicating a net decrease of US\$2.97 million. The comparative detail of amount realized by the Adjudication Courts at Karachi, Lahore, Sialkot and Faisalabad including Multan during the current as well as last year is given below:

Adjudication Court	2005-06	2006-07	+ / - (%)
Karachi	3,851,586	1,496,649	-61.1
Lahore	1,067,686	1,434,033	+34.3
Faisalabad & Multan	1,408,277	1,716,265	+21.9
Sialkot	1,959,314	674,762	-65.6
<b>Total</b>	<b>8,286,863</b>	<b>5,321,709</b>	<b>-35.8</b>



During the year under review, the department disposed of 320 complaints as against 342 in the preceding year. The reduction in number of cases disposed of during the current year could be attributed to the fact that as a matter of strategy the department had discontinued settling the cases on ex-parte basis since last year. The details are mentioned below.

Adjudication Courts	<b>(Cases in Number)</b>		
	2005-06	2006-07	+ / - (%)
Karachi	133	120	- 9.8
Lahore	100	78	- 22.0
Faisalabad & Multan	58	52	- 10.3
Sialkot	51	70	37.3
<b>Total</b>	<b>342</b>	<b>320</b>	<b>- 6.4</b>



### **2.3.2 Penalty Imposed on Non-realization of Export Proceeds**

During the current year an amount of Rs.0.001 million was imposed as penalty on the exporters on account of non-realization of export proceeds as compared to Rs.21.5 million last year showing a net decrease of Rs.21.49 million. The decrease in the amount of penalty was due to change in the strategy towards more emphasis on repatriation of export proceeds instead of imposing penalty.

### **2.3.3 Coordination with Stakeholders**

The main stakeholders of the FEAD are Foreign Exchange Operations Department of BSC, Authorized Dealers and defaulted / accused (exporters and importers). As part of new strategy to focus on repatriation of foreign exchange from delinquent exporters maximum coordination is sought from the stakeholders. To this end, various government agencies like NADRA, CBR, Customs etc are approached with a view to trace the whereabouts of accused. Besides, the Authorized Dealers are also encouraged to make efforts in locating the accused for motivating them to repatriate export proceeds.

### ***2.3.4 Monitoring & Adjudication***

The department has redesigned the statements / returns to facilitate reporting of data submitted by various FEAD Courts. This has been done with a view to keep close monitoring of all the adjudication courts on a periodical basis. In this way performance of all the adjudication courts can be ascertained in a more focused manner. These statements covered various aspects such as complaints filed, disposed of and proceeds realized / penalties imposed / recovered from the delinquent importers / exporters. These returns also reveal aging of the complaints in FEAD.

### ***2.3.5 Automation***

The department takes optimum advantage of automation facilities provided by SBP for intra communication and with external stakeholders as well. This has not only made the communication more efficient but has also helped in reducing cost. The department has been able to collect data / information electronically from all the courts periodically. All outstanding complaints have been aged and year wise penalty imposed / recovered since inception of the department have been reconciled. The department also intends to computerize the work relating to issuance of reminders to Revenue Authorities in connection with recovery of outstanding penalties. The data relating to all court cases has been computerized and a database is being maintained at the HOK in the following categories:

- a) Cases where penalty has been imposed.
- b) Cases where export proceeds have been realized.
- c) Cases under process in various Adjudication Courts.
- d) Cases which were vacated either after realization or exonerated on other grounds.
- e) Cases under which the penalties are recoverable and pending with District Recovery Officers.

### ***2.3.6 Capacity Building of Employees***

The training on various modules is being provided to the officials in order to build their capacity as per training calendar of Training and Development Department. The officers attending these courses / seminars are mandated to share their knowledge with rest of the officers of the department upon return. In addition, periodical lectures on various topics are also delivered in the department. Periodical meetings of the employees of the department are held to provide an opportunity to share and exchange the knowledge and views in order to improve their capacity. In consultation with Training and Development Department, FEAD also intends to acquire specific training courses for the Adjudicating Officers and other court staff.

The Adjudicating Officers are empowered to take ex-parte decisions and impose penalty on the accused. That is the simplest and efficient way of closing such cases. Further, the progress in recovery of the penalty imposed on the accused by using the office of the District Revenue Officer has also been negligible. The department is, therefore, continuing to motivate the accused to repatriate the foreign exchange by giving a reasonable time or the option to repatriate the stuck up over dues in installments as well.