Karnataka Bank Ltd.
Your Family Bank. Across India.

OPERATIONAL PROCEDURE

FOR CROSS-BORDER TRANSACTIONS UNDER FEMA

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1. Objective:

In compliance of Regulation 19 of the Foreign Exchange Management (Export and import of Goods and services Regulations, 2026, and the subsequent advisory issued by the Foreign Exchange Dealers Association of India (FEDAI) documented guidelines on handling international trade transactions, the Bank has articulated this operating procedure document aiming to achieve the purpose and objectives as per the advisory.

The main objective of this document is to provide a Digitally focused, Compliance Driven, Customer centric service to all of the Bank's customers. The same is achieved by ensuring as below:

- ❖ Transparent, Streamlined, Competent and Time bound processing of Cross-border transactions.
- ❖ Clear documentation on requirements, processing turn-around time.
- ❖ Systemize customer service practices across the bank through its Offices/Branches.
- ❖ Strengthening of operational controls by complying all the guidelines by the apex authorities.
- ❖ Structured control on Grievance Redressal and escalation mechanisms
- ❖ Pellucid mechanism for Customer's input/review/evaluation.

2. Scope:

This standard procedure stands applicable to all the branches/offices handling Foreign Exchange transactions for smoother and hassle-free faster processing of transactions.

3. Coverage:

This document covers the operational process followed for processing cross Border transactions and is applicable to all the branches/offices handling such transactions:

a. Capital Account Transactions:

i. Transactions which alter foreign assets and foreign liabilities of Indian residents.
ii. Transaction which alters Indian assets and Indian liabilities of non-residents.

Capital account transactions are cross-border financial activities that alter an individual's or company's overseas portfolio. These transactions are strictly regulated and follow a "prohibited unless permitted" framework which requires strict compliance.

Transactions covered under Capital account transactions are:

- Overseas Direct Investment (ODI)
- Foreign Direct Investment (FDI)
- External Commercial Borrowings (ECB)
- Capital account transactions under LRS
- Other Capital account transactions

b. Current Account Transactions:

Current Account transactions are all transactions which do not alter the foreign assets and foreign liabilities of the individual or company. These are routine transactions which do not fall under the category of Capital account transactions, and they include:

i. Business transactions between residents and non-residents.
ii. Short-term banking and credit facilities in the ordinary course of business.
iii. Payments towards interest on loans and by way of income from investments.
iv. Payment of expenses of parents, spouse or children living abroad or expenses on their foreign travel, medical and education.

These transactions are generally free, allowed without permission and are regulated under Foreign Exchange Management Rules (as amended from time to time). (Ctrl+Click on link)

Transactions covered under Current account transactions are:

- Import Transactions
- Export Transactions
- Liberalised Remittance Scheme (LRS)
- Other Current account transactions.

4. Compliance Regime:

This document shall be governed by the directions issued by the various authorities from time to time:

- ❖ Foreign Exchange Management Act (FEMA), 1999
- ❖ Reserve Bank of India (RBI) Master Circulars and Directions /Notifications
- ❖ Foreign Exchange Dealers Association of India (FEDAI) Guidelines and Rules
- ❖ Directorate General for Foreign Trade (DGFT) Guidelines
- ❖ Foreign Trade Policy (FTP), 2023

- ❖ Central Board of Direct Tax (CBDT) guidelines
- ❖ Any other guidelines issued by the appellate authorities
- ❖ Internal policy/circulars/guidelines issued by the Bank from time to time

This document is articulated as per present circulars/policies/guidelines/directions issued by the apex authorities. However, if there exists disparity between this document and any of the provisions mentioned under "Compliance Regime", this document shall stand modified to that extent, from the date when they come into effect.

5. General Protocols:

The Offices/Branches of the bank dealing FOREX shall make sure that:

- ❖ Customer experience prioritizes fair and transparent treatment with utmost guidance
- ❖ Clearly disclose all terms, conditions and risks associated with the product.
- ❖ Strictly prohibit coercive and misleading practices
- ❖ Service/Processing charges along with TAT's are disclosed evidently
- ❖ Transactions are processed within timelines as specified in the later section of this document provided, the customer submits complete set of documents as per the regulatory compliance and satisfaction of AD.
- ❖ Customers are charged fairly in accordance with regulatory guidelines and internal policies.
- ❖ Strong Grievance Redressal mechanism and proper escalation matrix are always followed.
- ❖ Processing of all Foreign Exchange transactions is guided by the regulatory frameworks along with compliance and operational requirements advised under FEMA, RBI, FEDAI, DGFT and various authorities alongwith the internal guidelines.
- ❖ All cross-border transactions are processed in accordance with the compliance of KYC/AML/CFT guidelines.
- ❖ The transactions are carried out in good faith with honest intent.

6. General Practices:

The customers shall:

- ❖ Submit required applications in original duly accepted and signed;
- ❖ Declare the nature and purpose of the transaction/s;
- ❖ State source of funds and relationship with the beneficiary/applicant whenever required;
- ❖ Submit Invoice/demand/Agreement or any underlying supportive document required to process the transaction;
- ❖ Provide tax compliance documents like Form No. 145 and Form No. 146

- ❖ Submit declaration for the purpose of transaction;
- ❖ Submit Disposal instruction for Inward Remittances;
- ❖ Comprehend that all cross-border transactions are processed after successful KYC/AML compliance, Customer-wise Risk based categorization and Sanction screening from various countries like FATF/OFAC where transactions related to high-risk countries, sanctioned entities/individuals are scanned from the Bank's side and also from Nostro/Correspondent Bank's internal compliance. In case of any issues in this regard, the Bank shall provide necessary steps in contact with the correspondent Banks; however, such transactions are out of the control of the Bank.

There may be, some cases, where Beneficiary may get less amount than actually intended in case of Inbound and Outbound transactions, this is because of charges associated with the Intermediary banks or Correspondent banks for the services they have rendered. Such cross-border transactions may involve one or more intermediary banks situated overseas, may deduct applicable charges from the proceeds of the transaction. In such cases it is beyond the control of the Bank to recover such amount. Hence, the customers are advised that the final amount of credit may vary compared to the actual amount of remittance. Also, the Bank may debit the customer's account for the appropriate amount, if in case there is delay in recovering charges from the Nostro bankers for the particular transaction.

In addition to the above General Practices, some key points for cross-border transactions are:

- Foreign Exchange conversion rates are dominated by the market fluctuations;
- Delays are attributed in case of involvement of multiple banks in a single transaction or settlement to some countries which are of high risk or situated in remote places;
- Processing timelines may vary due to the factors, but not limited to, Network/Swift related issues, Political restlessness, natural calamities, market disturbances, public holidays in intermediary or beneficiary countries, any interruption in a process which are beyond the control of the Bank.

7. Operational Guidelines:

7.1 **Timing deadline:** The Bank shall put determined effort to process cross-border transactions before the deadline of 3.30 p.m. for those transactions with complete set of documents on the 'T' day i.e Transaction Day, further compliance of:

- ❖ Regulatory and Internal compliance;
- ❖ Receipt of all required documents in original duly signed;
- ❖ Receipt of full remittance instructions or disposal instructions;
- ❖ Availability of balance to debit the remittance amount, related conversion taxes, services charges, processing charges, TCS etc.,
- ❖ Confirmation if required, from the AD /branches;
- ❖ Timing factor of Forex market;

- Operational timings of Intermediary and Correspondent banks
- Sanction screening.

The requests which are received after deadline as mentioned above are considered for processing on the next Forex working day.

7.2 Turnaround Time (TAT):

The TAT or processing time of the transaction is achieved subject to the following:

- TAT is computed strictly on working days. For cross-border transactions Saturday and Sunday shall be deemed as non-working days.
- TAT is applicable for the factors that are in control of the Bank, matters outside the purview of the Bank's control are not considered.
- TAT shall commence only after receipt of fully compliant documents required to process the cross-border transaction before the time deadline on the transaction day.
- If the Bank receives incomplete set of documents or unsatisfactory reply received for the additional information sought, then TAT will commence from the date when complete set of compliant documents and satisfactory reply is received.

7.3 Transaction wise TAT:

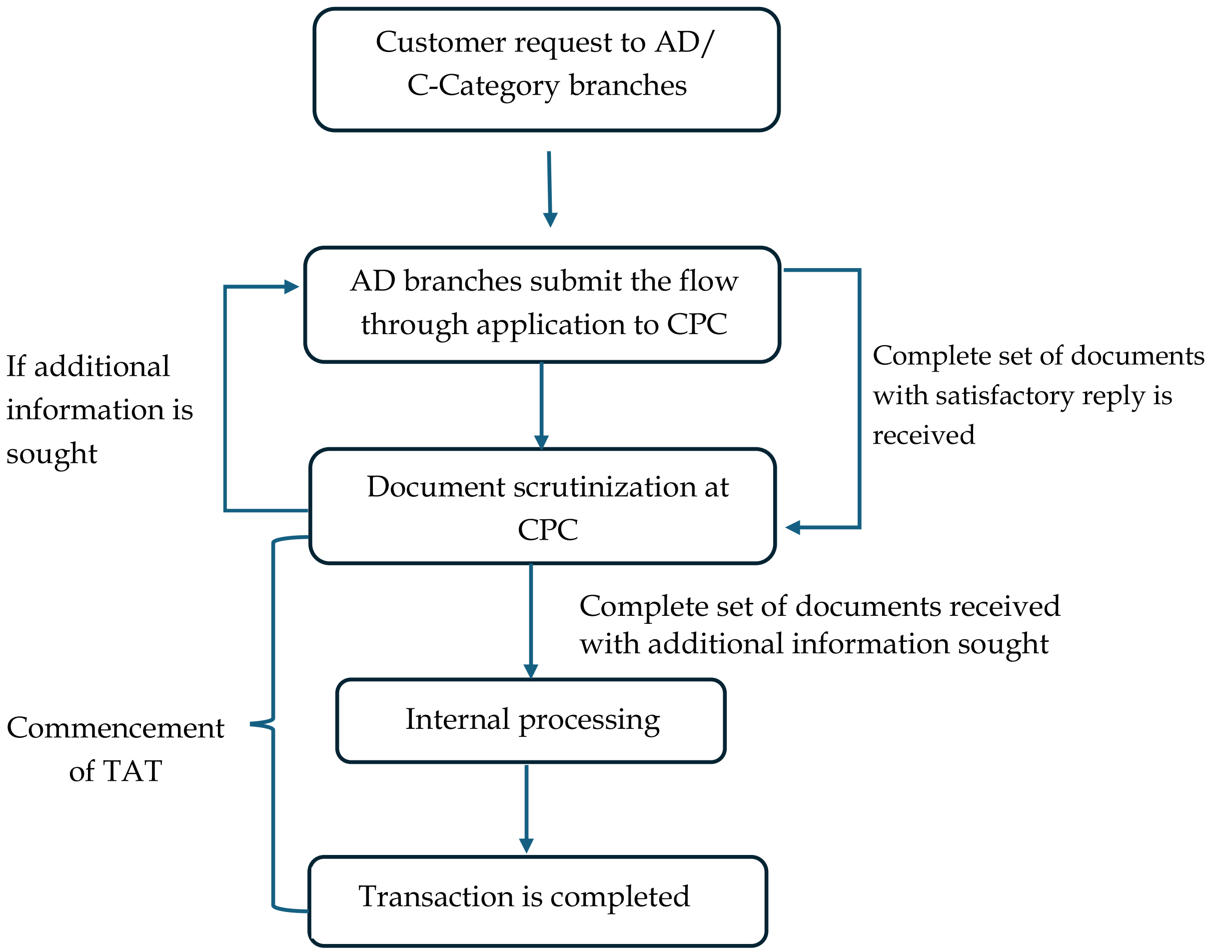
Type of Transaction	Commencement of TAT	TAT
Outward Remittance against LRS (except ODI)	From the date of receiving complete set of duly signed compliant documents at the AD counter before business hours.	Within **two (2)** Business Days
Outward remittance for NRE/NRO/FCNR/Trade related transactions	From the date of receiving complete set of duly signed compliant documents at the AD counter before business hours.	Within **two (2)** Business Days
Outward remittance under Overseas Direct Investment (ODI): Preliminary or Initial transactions which involves UIN generation from RBI portal and processing	From the date of receiving complete set of duly signed compliant documents at the AD counter before business hours.	Within **two (2)** Business Days
Overseas Direct Investment (ODI): Further processing under the same UIN	From the date of receiving complete set of duly signed compliant documents at the AD counter before business hours.	Within **two (2)** Business Days

Type of Transaction	Commencement of TAT	TAT
Inward remittance	Date of receipt of full and clear disposal instructions from the customer before business hours.	Within **two (2)** Business Days
Inward remittance under Foreign Direct Investment (FDI)	From the date of receiving complete set of duly signed compliant documents at the AD counter before business hours.	Within **two (2)** Business Days
Outward remittance under Foreign Direct Investment (FDI)	From the date of receiving complete set of duly signed compliant documents at the AD counter before business hours.	Within **two (2)** Business Days
Receipt of Advance Payment against Export	Date of receipt of complete set of documents for inward remittance application from the customer, subject to availability of the interbank market for obtaining exchange rates.	Within **two (2)** Business Days
Export against collection (where export documents are not submitted to the Bank)	The date of submission of Export documents at Bank's counter and disposal instructions, subject to availability of the interbank market for obtaining exchange rates.	Within **four (4)** Business Days
Export against collection (where export documents are submitted to the Bank)	The date of receipt of disposal instructions, subject to availability of the interbank market for obtaining exchange rates.	Within **two (2)** Business Days
Advance payment against Imports	Date of receipt of complete set of documents for outward remittance application from the customer, subject to availability of the interbank market for obtaining exchange rates.	Within **two (2)** Business Days
Import payments against Direct/Collection/Merchanting Trade	Date of receipt of complete set of documents for outward remittance application from the customer, subject to availability of the interbank market for obtaining exchange rates.	Within **two (2)** Business Days
ECB Remittances	Date of receipt of complete set of documents for outward remittance application from the customer, subject to availability of the interbank market for obtaining exchange rates.	Within **two (2)** Business Days

Type of Transaction	Commencement of TAT	TAT
Application processing and uploading the same in RBI portal	Date of receipt of complete set of documents for outward remittance application from the customer, subject to availability of the interbank market for obtaining exchange rates.	Within **two (2)** Business Days
Follow-up/Tracers messages, providing information to the overseas banks related to FATF etc.	Date of receipt of complete information at Bank's counter.	Within **two (4)** Business Days

7.4 Transaction workflow:

The workflow of cross-border transactions across the Bank are handled as under:



Stepwise understanding of workflow:

Workflow 1	▪ Customer requests for cross-border transaction to the AD/C-category branches
Workflow 2	▪ Upon receiving the request, the C-category branches requests AD branches to process the transaction. AD creates transaction flow to CPC.
Workflow 3	▪ Central Processing Centre (CPC) scrutinizes the documents for any discrepancy and also from the FEMA/Compliance angle. The same is notified to AD branches.
Workflow 4	▪ Receipt of complete set of documents and satisfactory reply for the additional information sought, if any.
Workflow 5	▪ Internal processing.
Workflow 6	▪ Transaction is completed.

8. Type of transactions:

8.1 Outward Remittances:

Outward remittance is the transfer of funds from India to the overseas beneficiary. There are 3 major types of Outward remittance, they are:

1. Outward remittance against LRS
2. Outward remittances against Import of Goods and Services & Merchanting Trade
3. Outward remittances against Investment under ODI.

8.1.1 Remittance against Liberalised Remittance Scheme (LRS):

The Liberalised Remittance Scheme (LRS) is an RBI regulation allowing resident individuals to freely remit up to USD $250,000 (as amended from time to time) abroad per financial year for permissible personal or financial transactions, such as studying, traveling, gifting, or investing globally.

Key Features of LRS

- **Eligibility:** Only resident individuals (including minors).
  Corporate entities, HUFs, and trusts are not permitted to use it.
- **Usage:** Can be utilised for capital account transactions (e.g., buying foreign stocks, opening foreign bank accounts, purchasing real estate) or current account transactions (e.g., family maintenance medical treatments, education, and leisure travel).

- **Limits:** The maximum cap is USD $250,000 per financial year (April–March). However, for Education and Medical expenses there is no such cap if sufficient supporting documents are presented.
- **TCS (Tax Collected at Source):** While the LRS covers the limit for remittance, most outward remittances over ₹10 Lakhs are subject to a TCS which can later be claimed as a refund or adjusted against remitter's overall tax liability, if applicable (subject to amendments by competent authority from time to time).

Prohibited Transactions Under LRS

- Purchasing lottery tickets or banned/proscribed magazines.
- Trading in foreign exchange or margin trading.
- Making gifts or donations to individuals' resident in India but holding accounts abroad.
- Transactions with countries identified as non-cooperative by the FATF (Financial Action Task Force).

Documents Requirement:

Purpose under LRS	Type of documents required
For all LRS transactions	• Form A2 • FEMA/LRS Declaration • Any other documents as the case may be.
Family maintenance	Relation between remitter and beneficiary or declaration
Studies abroad	**Within LRS limit:** Supporting document like Passport copy, Student Visa, Admission letter, Demand/Fee structure **Exceeding LRS limit:** Apart from the above, An estimate from the college/university abroad
Medical Treatment abroad	**Within LRS limit:** Passport copy, Visa copy (not required in case of no Visa or Visa on arrival), Declaration **Exceeding LRS limit:** Apart from the above, An estimate from the doctor/hospital in India or abroad.
Business trips/ Private travel (except Nepal and Bhutan)	Passport copy, Visa copy (not required in case of no Visa or Visa on arrival), Transport ticket (Air/Ship), Travel itinerary
Emigration	**Within LRS limit:** Passport copy, Visa related documents, Demand (if the beneficiary is agent for such services) **Exceeding LRS limit:** Valid supporting document from the Government authority of country of Immigration, towards incidental expenses.
Opening of Foreign Currency Account (FCA) with a Bank	Documents pertaining to the opening of such account
Purchase of immovable property abroad	Agreement between the seller and purchaser, Demand/ payment Schedule

Overseas Direct Investment	As per requirement for remittances under ODI.

8.1.2 Outward remittance from NRI/FCNR accounts:

The remittance can be made from NRI/FCNR accounts on repatriation basis with the submission of following documents.

Documents Requirement:

Purpose	Type of documents required
NRI/FCNR – Self remittance	• Form A2 • Any other documents as the case may be.
NRI/FCNR – Third party	• Form A2, Customer letter explicitly authorizing the transaction, AD confirmation for Bonafide and legitimacy of the transaction. • Any other documents as the case may be.

8.1.3 Outward remittance of asset proceeds under One Million scheme:

NRO customers may opt this scheme for the remittance of proceeds against sale of assets by providing the following documents. The documents required under this category may change on case-to-case basis. Hence, the documents mentioned below are **illustrative but not exhaustive.**

Purpose	Type of documents required
Remittance of proceeds under USD One million scheme	▪ Form A2 ▪ FEMA declaration ▪ Form No. 145 & 146 (if applicable) ▪ Declaration and Undertaking ▪ Any other documents as the case may be.

8.1.4 Miscellaneous permitted transactions under Trade/Non-Trade:

Miscellaneous remittances can be requested to the Bank by providing the following documents. The documents required under this category may change on case-to-case basis. Hence, the documents mentioned below are **illustrative but not exhaustive.**

Purpose	Type of documents required
Miscellaneous Trade or Non Trade remittances	▪ Form A2 ▪ FEMA declaration ▪ Form No. 145 & 146 (if applicable) ▪ Demand from the beneficiary ▪ Any other documents as the case may be.

8.1.5 Outward remittance against Import of Goods and Services:

Import of Goods and Services are processed mainly as per RBI master direction RBI/FED/2016-17/12 FED Master Direction No. 17/2016-17 (Ctrl+Click on link) dated 01st January 2016 (as amended from time to time), also in accordance with Foreign Trade Policy (FTP) 2023, FEMA norms, Custom practices and Internal policy of the Bank.

Following services are offered in the Bank against Import of Goods and Services:

1. Advance against Import
2. Direct payment
3. Payment against collection
4. Payment against Letter of Credits (LC)

Requirement of documents:

Purpose	Type of documents required
Advance payment against Import of Goods and Services	▪ Annexure-2 ▪ FEMA declaration ▪ Proforma Invoice/Invoice/Contract etc., mentioning Payment terms as Advance and Place of destination as India. ▪ SBLC/Bank guarantee (if advance payment terms is more than USD 2 Lakhs)/ SBLC/BG waiver to such effect. ▪ License from the concerned authority in case, if the goods are restricted as per DGFT., ▪ Undertaking or Declaration from the customer for Policy condition as per DGFT. ▪ Undertaking from the customer confirming Customs Authorities informed about import and download date (if any) in case of Import of services. ▪ Declarations for the remittance to High-risk countries, with the consent of the remitter. ▪ Any other documents as the case may be.
Direct payment	▪ Annexure-2 ▪ FEMA declaration ▪ Commercial Invoice & Packing list ▪ Transport documents ▪ Copy of Bill of Entry (BOE) / details ▪ License from the concerned authority in case, if the goods Are restricted as per DGFT. ▪ Undertaking or Declaration from the customer for Policy condition as per DGFT.

	▪ Kimberley certificate (KC) in case of Import of Rough Diamonds. ▪ Confirmation/supporting document for Status Holder certificate, SEZ/EOU unit etc., ▪ Undertaking from the customer confirming Customs Authorities informed about import and download date (if any) in case of Import of services. ▪ Declarations for the remittance to High-risk countries, with the consent of the remitter. ▪ Any other documents as the case may be.
Payment against collection (Bank to Bank bills)	▪ Annexure-2 ▪ FEMA declaration ▪ Copy of Bill of entry in case of Usance bills. ▪ License from the concerned authority in case, if the goods are restricted as per DGFT ▪ Undertaking or Declaration from the customer for Policy condition as per DGFT. ▪ Any other documents as the case may be.
Payment against Letter of Credits (LC)	▪ Annexure-2 ▪ FEMA declaration ▪ Copy of Bill of entry in case of Usance bills. ▪ Any other documents as the case may be.

Note: The Bank at its own discretionary may call for Credit report of the Overseas party/ies, wherever required from the Credit Rating Agencies (CRA) empaneled by the Bank.

8.2 Inward Remittances:

Inward Remittances is the secure transfer of funds from an overseas bank account to the bank account in India through SWIFT/Bank transfers. There are 4 major types of Inward remittances that Bank’s come across, they are:

1. Retail Inward remittance
2. Inward remittance for Miscellaneous services (Trade/Non-Trade)
3. Inward remittance against Export of Goods and Services
4. Inward remittance against investment under FDI.

8.2.1 Retail Inward remittance:

Retail Inward Remittances is the process of receiving funds from overseas Bank to India. These are typically personal or individual cross-border transactions for purpose like

Family maintenance, gifts, compensation of employees etc., The documents required under this category may change on case-to-case basis. Hence, the documents mentioned below are **illustrative but not exhaustive.**

Documents Requirement:

Purpose	Type of documents required
Retail Inward Remittance	▪ Disposal instructions ▪ Underlying supporting documents as per nature of the transaction a. Relationship proof/Declaration b. Employment proof ▪ Any other documentary evidence as the case may be.

8.2.2 Inward remittance for Miscellaneous services (Trade/Non-Trade)

Inward remittance is also processed for miscellaneous services in genuine cases after scrutinizing the nature and purpose of the transaction. The documents required under this category may change on case-to-case basis. Hence, the documents mentioned below are **illustrative but not exhaustive.**

Documents Requirement:

Purpose	Type of documents required
Miscellaneous Inward Remittances	▪ Disposal instructions ▪ Underlying supporting documents as per nature of the transaction a. Demand/Agreement/Contract/Invoice etc., ▪ Any other documentary evidence as the case may be.

8.2.3 Inward remittance against Export of Goods and Services:

Export of Goods and Services are processed mainly as per RBI master direction **RBI/FED/2015-16/11 FED Master Direction No. 16/2015-16** dated 01st January 2016 (as amended from time to time), also in accordance with Foreign Trade Policy (FTP) 2023, FEMA norms, Custom practices and Internal policy of the Bank.

Following services are offered in the Bank against Export of Goods and Services:

1. Advance against Export of Goods and Services
2. Export against collection
3. Exports against Letter of credit (LC)

Requirement of documents:

Purpose	Type of documents required
Advance payment against	▪ Disposal instructions from the customer as per format

Export of Goods and Service	▪ Underlying supporting documents as per nature of the transaction a. Demand/Agreement/Contract/Invoice etc., ▪ Any other documentary evidence as the case may be.
Export against collection for Lodge and/or Dispatch	▪ Bill of Exchange (if applicable) ▪ Commercial Invoice ▪ Packing list ▪ Shipping bill ▪ Transport documents ▪ Insurance (if applicable, as per Incoterms) ▪ GJEPC confirmation for Export of Rough Diamonds. ▪ Declarations for the export to High-risk countries, with the consent of the Exporter. ▪ Any other documents as the case may be.
Export against LC for Lodge and/or Dispatch	▪ Bill of Exchange (if applicable) ▪ Commercial Invoice ▪ Packing list ▪ Shipping bill ▪ Transport documents ▪ Insurance (if applicable, as per Incoterms) ▪ Any other documents as the case may be.
Export against collection/ LC For Realisation	▪ Clear disposal instructions, alongwith invoice /Bill reference details ▪ Any other documents as the case may be.

8.3 Merchanting Trade Transactions:

Merchanting Trade Transactions is a model where an intermediary i.e trader from India buys goods from an overseas supplier and sells them to an overseas buyer without physically moving the goods to India.

The commencement of merchanting trade would be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date would be the date of shipment / export leg receipt or import leg payment, whichever is the last.

The entire merchanting trade transactions should be completed with an overall period of nine months and there should be any outlay of foreign exchange beyond four months including Buyers/ Suppliers Credit or Discount of Export LC.

Documents Requirement:

Purpose	Type of documents required
Merchanting Trade	▪ Annexure-2

Transaction (MTT)	▪ FEMA declaration ▪ MTT declaration ▪ Invoice/Contract of both Import and Export leg ▪ Packing list (if applicable) ▪ Transport documents (if applicable) ▪ Undertaking as per MTT guidelines ▪ License from the concerned authority in case, if the goods are restricted as per DGFT. ▪ Undertaking or Declaration from the customer for Policy condition as per DGFT. ▪ Declarations for the remittance/export to High-risk countries, with the consent of the remitter/exporter. ▪ Any other documents as the case may be.

8.4 Capital Account Inward/Outward Transactions:

The capital account transactions include:

1. Foreign Direct Investment (FDI) – Inward Remittance
2. External Commercial Borrowings (ECB) - Inward Remittance
3. Overseas Portfolio Investment (OPI) – Outward Remittance
4. Overseas Direct Investment (ODI) – Outward Remittance

The above transactions are guided by RBI directions, FTP and other related circulars, guidelines and directions. The documents required under this category may change on case-to-case basis. Hence, the documents mentioned below are **illustrative but not exhaustive.**

Documents Requirement:

Purpose	Type of documents required
Foreign Direct Investment	▪ FEMA declaration ▪ Disposal instructions ▪ FCGPR/FCTRS documents ▪ Company financials ▪ Valuation certificate ▪ Board resolution in case of Private limited company ▪ Agreement for subscription of shares ▪ Necessary approval from regulatory body, if and wherever applicable. ▪ Any other documents as the case may be.

External Commercial Borrowings (ECB)	▪ FEMA Declaration ▪ Disposal instruction from customer ▪ Agreement on loan availed ▪ ECB Form ▪ CA certificate, wherever required ▪ Documents to generate Loan Registration Number (LRN) ▪ Any other documents as the case may be.
Overseas Portfolio Investment (OPI)	▪ Form A2 ▪ FEMA Declaration ▪ Request from the customer ▪ Details of investment. ▪ Any other documents as the case may be.
Overseas Direct Investment (ODI)	▪ Form A2 ▪ FEMA Declaration ▪ Form FC ▪ Audited Financial statements ▪ CA certificate mentioning Net worth of remitter ▪ Shares valuation report ▪ Board resolution in case of Private Limited company ▪ Share purchase agreement for WOS ▪ Joint Venture (JV) agreement ▪ KYC report and Certificate of Incorporation of the Overseas Entity. ▪ Any other documents as the case may be.

Note: During the processing of cross-border transactions, Bank come across variety of challenges that requires expanded verification with heightened scrutiny resulting in extension on processing timelines. In some cases, Bank may also ask for additional documents in order to comply with the regulatory norms and also as per guidelines of the local authority in the correspondent banks country. Hence, customers are requested to submit required documents/proofs/information as and when sought by the Bank.

An illustration list of such transactions is mentioned below:

1. High risk customer profile;
2. High-value remittances/receipts barring threshold limits;
3. Complicated framework of transaction;
4. Remittances involving High risk countries/entities/individuals;
5. Responding to the information sought by the Intermediary/Correspondent/Beneficiary banks;

6. Transactions requiring RBI permissions;
7. Transaction requiring internal permission as per Internal policy of the Bank;
8. Transactions related to Donations, Charities and Trusts;
10. Transactions related to High-Net-worth Individuals (HNI), Non-Profit Organisations (NPO) and Politically Exposed Persons (PEP);
11. Any other transaction as may deem fit by the bank under this category.

9. Service Charges:

Bank service charges are standard fees applied for rendering the services to the customers. During processing of cross-border transactions, apart from Bank's service charges, expenses like correspondent Bank charges, postage and courier charges, Credit Report charges, Swift charges etc., occurs and shall be recovered from the customer's account invariably.

In addition to the above, Bank service charges shall be applicable as per "Schedule of charges for Foreign Exchange Transactions", (Ctrl+Click on link) hosted on the Bank's website.

10. Response Monitoring:

The Bank through various reliable channels may obtain customers response related to the service quality, transparency in conduct of transaction and service charges, Support given by the Banks staff for documentation, maintaining TAT for transaction processing, etc.,

11. Grievance Redressal Mechanism:

Bank has a structured multi-tier process designed to receive, evaluate and resolve complaints or disputes related to cross-border transactions. The customer may file complaints through branches, offices, email, Bank's website and through dedicated helpline. The dedicated helpline for the NRI customers is (+91) 080-22021555.

Escalation matrix for customer complaints:

The complaints resolution/escalation matrix describes the time period to be escalated to higher authorities if not resolved within the time stipulated at various levels.

Sl. No.	Level	Days for redressal [T + Calendar days]
1.	Branch/Office	7 Days

2.	Regional Office	15 Days
3.	Head Office	30 Days

12.Disclaimer:

The Bank at its own discretion reserves the right to:

- ❖ Decline any transaction with proper justification.
- ❖ Seek additional clarification, information, declarations, or supporting documents wherever required under regulatory/ statutory guidelines or internal policies.
- ❖ Restrain processing of transactions until submission of requisite information to render the required service.
- ❖ Abort transactions on account of notices received from appellate authority.
- ❖ Temporarily hold the transaction due to regulatory requirement or internal compliance matters.

13. Important terminologies used:

Term	Definition
FEMA	means the Foreign Exchange Management Act, 1999
Authorised Dealer or AD Bank	is legally permitted through license by the Reserve Bank of India to operate in Foreign Exchange transactions under FEMA.
Advance Payment	payment made/received in advance before the shipment.
Outward Remittance	Funds outflow from India through Bank/Entity/Individual to Overseas bank/entity/individual as per nature of the transaction.
Inward Remittance	Funds inflow from Overseas Bank/Entity/Individual to the Bank account in India as per nature of the transaction.
Foreign Direct Investment (FDI)	is the regulated investment through equity means by a person resident outside India (a) in an unlisted Indian company; or (b) in 10 percent or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company.
External Commercial Borrowing (ECB)	Are commercial loans raised by an eligible resident entity/ies borrower from a recognised non-resident as per FEMA provisions regulated by RBI.

Term	Definition
Overseas Direct Investment (ODI)	refers to the investments made by Indian entity/individual in foreign entities to set up JV (Joint Venture) or Wholly Owned Subsidiaries (WOS). This investment is governed by RBI under FEMA provisions.
Overseas Portfolio Investment (OPI)	means investment, other than ODI, in foreign securities.
SWIFT	is a global messaging interface used to securely transmit financial and non-financial messages to the Banks across globe. Most commonly used Swift messages are Pacs.008 (Bank to customer message) and Pacs.009 (Bank to Bank messages).
Nostro Account	is a foreign currency account maintained by Indian bank with a foreign bank.
NRE Account	A Rupee account maintained by a Non-Resident Indian (NRI) in India where the funds are fully repatriable, and interest earned is exempt from Indian Income tax.
NRO Account	A Rupee account maintained by a Non-Resident Indian (NRI) in India for managing his/her income earned in India. Repatriation of funds are subject to tax with limits and conditions.
FCNR Account	A fully repatriable foreign currency deposit account maintained by NRI's in India in designated foreign currencies.
Correspondent Bank	Provides banking services and account facilities on behalf of another bank, mainly for cross-border transactions.
Business/Working day	Especially for cross-border transactions means, generally from Monday to Friday, excluding weekends and public/bank holidays. Business/working days vary by location; hence Business/Working day also means: ▪ The link branch (where the customer maintains the account) is operational; and ▪ AD- B Category Branch through which the transactions are being routed to CPC is operational; and ▪ Sanctioning/Permission authority at Regional office or Head office is operational; and ▪ Central Processing Centre (CPC) where the cross-border transactions are carried out is operational; and

Term	Definition
	▪ The interbank foreign exchange market is available for obtaining exchange rates.

* * * *

Annex I
FORM A2

(To be completed by the applicant)
(For payments other than imports of goods and remittances covering intermediary trade)

AD Code No: ____________________________

Form No. ________________________________
(To be filled in by the Authorised Dealer)

Currency__________ Amount ______________

Equivalent to Rs.________________________
(To be completed by the Authorised Dealer)

Application for Remittance Abroad

I/We
____
(Name of applicant remitter)

PAN No.
____

Address____

authorize The Karnataka Bank Limited,
____

To debit my Savings Bank/ Current/ RFC/ EEFC A/c. No. ___________________________________ together with their charges and

* a) ~~Issue a draft: Beneficiary's Name~~
____

~~Address~~
____

* b) Effect the foreign exchange remittance directly –

1) Beneficiary's Name
____

2) Name and address of the bank ____

3) Account No.
____

* c) ~~Issue travellers cheques for~~
____

* d) Issue foreign currency notes for
____

Amount (specify currency)
____

* (Strike out whichever is not applicable) for the purpose/s indicated below

2) To be filled in by residents only if the remittance is made under LRS

Sr. No.	**Whether under LRS (Yes/No)**	**Purpose Code**	**Description**

3) Payment for import of services (Purpose Group Nos. 02, 03, 05, 06, 07, 08, 09 10, 11, 15, 16 or 17), please indicate:

“Name of the country providing ultimate services: ……………”
(Remitter should put a tick (√) against an appropriate purpose code. In case of doubt/ difficulty, the AD bank should be consulted).

Declaration
(Under FEMA 1999)

1. # I, ______________________________ (Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year including this application is as per the extant FEMA Regulations and certify that the source of funds for making the said remittance belongs to me and the foreign exchange will not be used for prohibited purposes / Foreign exchange purchased from you is for the purpose indicated above.

Details of the remittances made/transactions effected under the Liberalised Remittance Scheme in the current Financial Year (April-March) xxxx-xx.

Sr. No.	Date	Amount	Name and address of AD branch/FFMC through which the transaction has been effected
1.			
2.			
3.			
4.			
5.			

2.# The total amount of foreign exchange purchased from or remitted through, all sources in India during this calendar year including this application is within USD ________________ (USD ____________) the annual limit prescribed by Reserve Bank of India for the said purpose.

3.# Foreign exchange purchased from you is for the purpose indicated above

(Strike out whichever is not applicable)

Signature of the applicant
Name:________________________________ Date: ______________

Certificate by the Authorised Dealer:

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:

Stamp and seal:

Signature:

Date:

Annexure -2

APPLICATION CUM UNDERTAKING FOR PAYMENT TOWARDS IMPORT OF GOODS AND SERVICES

Date:

From,	To, Karnataka Bank Ltd., Branch:……………………..

Dear Sir,

I/We wish to purchase foreign exchange of (amount in figures) ………………………. (amount in words…………………………………………………….......……………………. towards the payment of imports into India. The details of the transaction are as under:

Invoice Details				Quantity of goods	Name and address of the foreign party to whom the payment is to be made	Description of goods / service	ITC HS Code
No and date	Terms (c.i.f., f.o.b., c.&.f. etc.)	Currency	Amount				

Country of origin of goods / service	Country from which goods / services are consigned	Mode of shipment (air, sea, post, rail, river, transport etc.)	Date of shipment (if not known Approximate date)

Details of import license (wherever applicable):

Import Licence No.	Date of Issue	Date of expiry	Face value of licence	Amount to be Endorsed (in Rs.) @

@ Actual amount endorsed in rupees against each licence involved, should be stated under this column.

Note: If more than one licence is involved, particulars of all licences should be furnished. If the space is inadequate, separate statement may be attached. The amount utilised against each licence should invariably be indicated.

Details of forward contract booked against the present remittance……………………………………………………………………………………...

If remittance to be made is less than invoice value, reasons thereof (i.e. part remittance, instalment etc)………………………………..……………………………………………...

I/We hereby declare that the statements made by me/us on this form are true and that I/we have not applied for an authorisation through any other bank for the same remittance.

I/We declare and also understand that the foreign exchange to be acquired by me/us pursuant to this application shall be used by me/us only for the purpose for which it is acquired and that the conditions subject to which the exchange is granted will be complied with.

Further, I/We declare that the import licence/s against which the remittance is sought is/are valid and has/have not been cancelled by DGFT.

I/We undertake that in the event of non-import of goods / service or if the remitted amount is unutilized for any other purpose in accordance with the then extant guidelines, within six months of such remittances, I/We will repatriate the amount remitted into India through proper banking channel and inform the bank about such details.

I/We herewith enclosing the relative Exchange Control Copy of the Bill of Entry for home consumption / Customs Assessment Certificate or Postal Appraisal Form / Courier Bill of Entry. The details are as under:

……………………………………………………………………………………………………

OR

I/We undertake to submit the relative evidence of import within 3 months from the date of remittance. (Strike off whichever is not applicable)

Seal and signature of the signature of the importer

FEMA DECLARATION

DECLARATION CUM UNDERTAKING

(UNDER SECTION 10(5) CHAPTER III OF THE FOREIGN EXCHANGE MANAGEMENT ACT 1999)

I/WE HEREBY DECLARE THAT THE TRANSACTION DETAILS OF WHICH ARE SPECIFICALLY MENTIONED IN THE SCHEDULE HERE UNDER DOES NOT DESIGNED FOR THE PURPOSE OF ANY CONTAVENTION OR EVASION OF THE PROVISIONS OF THE AFORESAID ACT OR ANY RULE, REGULATION, NOTIFICATION, DIRECTION, OR ORDER MADE THERE UNDER.

I/WE ALSO HEREBY AGREE AND UNDERTAKE TO GIVE SUCH INFORMATION/DOCUMENTS AS WILL REASONABLY SATISFY YOU ABOUT THIS TRANSACTION IN TERMS OF THE ABOVE DECLARATION.

I/WE ALSO UNDERSTAND THAT IF WE REFUSE TO COMPLY WITH ANY SUCH REQUIREMENT OR MAKE ONLY UNSATISFACTORY COMPLIANCE THERE WITH, THE BANK SHALL IF IT HAS REASON TO BELIEVE THAT ANY CONTRAVENTION/EVASION IS CONTEMPLATED BY MY REPORT TO THE MATTER TO THE RESERVE BANK OF INDIA.

*I/WE FURTHER DECLARE THAT THE UNDERSIGNED HAS THE AUTHORITY TO GIVE THIS DECLARATION AND UNDERTAKING ON BEHALF OF THE COMPANY.

____

Signature of the Applicant for foreign exchange

Date:

Place:

*Applicable when the declaration/ undertaking is signed on behalf of the firm/company.

SCHEDULE

Nature/ Purpose of Foreign Exchange transaction: ____

Amount of Foreign Exchange: ____

Beneficiary: ____

For Office use: details of documentary evidence verified:

1.
2.
3.
4.
5.