INTERNAL POLICY/FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

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CREDIT SANCTIONS DEPARTMENT – FOREX SUPPORT GROUP

INTERNAL POLICY / FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

a. SCOPE & OBJECTIVE

With a view to promote ease of doing business, especially for small exporters and importers, and to empower authorised dealers (AD's) to provide quicker and more efficient service to their customers, the Reserve Bank of India (RBI) has comprehensively reviewed the regulations and directions governing export and import of goods and services, under FEMA, 1999, in consultation with stakeholders, and issued Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 vide (i) Notification No. FEMA 23(R)/2026-RB dated 13.01.2026, (ii) Notification No. FEMA 23(R)/(1)/2026-RB dated 22.09.2026 and RBI/2025-26/194 A.P. (DIR Series) Circular No. 20 dated 16.01.2026.

Regulatory Framework:

All Export and Import transactions will be facilitated only where a genuine underlying trade transaction exists and is supported by adequate documentary evidence, in compliance with all applicable laws, regulations, and regulatory requirements.

All Trade transactions (Exports & Imports) will be handled taking into account, customer KYC compliance & due diligence (CDD), sanctions screening, anti-money laundering (AML), Trade-based money laundering aspects, overseas country risk and ongoing transaction monitoring. Customer identity, nature of business, source of funds, trade rationale and compliance with applicable regulations will be ensured while processing cross border trade transactions.

All trade finance and foreign trade transactions will be processed in accordance with the provisions of the Foreign Exchange Management Act (FEMA), regulations and directions issued by the Reserve Bank of India (RBI), the Foreign Trade Policy (FTP), Uniform Customs and Practice for Documentary Credits (UCP 600), Uniform Rules for Collections (URC 522), International Standby Practices (ISP98), FEDAI Rules, and the Bank's internal policies and operating guidelines.

Objective:

- To establish a comprehensive, uniform, and regulator-compliant framework governing the handling of export and import of goods and services.

- To translate the statutory and regulatory requirements prescribed under FEMA, RBI directions, and the Foreign Trade Policy into clear, enforceable internal standards applicable to all operational units of the Bank.
- To ensure that foreign trade transactions undertaken by customers of the Bank are genuine, transparent, properly documented, and aligned with the declared economic purpose.
- To prevent misuse of banking channels for capital flight, round-tripping, layering of funds, trade-based money laundering, sanctions evasion, or circumvention of regulatory restrictions.
- To provide clarity to operational staff and approving authorities by laying down structured procedures, responsibilities, escalation mechanisms, and approval requirements.

Regulatory Guidelines:-

- These guidelines are framed pursuant to the provisions of the Foreign Exchange Management Act, 1999, and all rules and regulations framed thereunder, including but not limited to the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, the Foreign Exchange Management (Borrowing and Lending) Regulations and other notifications/directions issued by regulators from time to time.
- In the event of any amendment, clarification, or supersession of regulatory provisions, the corresponding provisions of this Internal Policy/Framework shall be interpreted dynamically to ensure continued compliance until formal amendment is carried out.

Pertinence and Supersession:-

- These guidelines will be applicable to all Branches, centralised processing centres and any other offices/departments of the Bank involved in handling export and import transactions, whether directly or indirectly.
- The provisions of this Internal Policy/Framework will apply uniformly irrespective of the size, location, or business profile of the Branch/customer.
- In the event of any ambiguity, inconsistency, or interpretational dispute relating to the applicability of this Internal Policy/Framework, the interpretation/clarification, if any by the Reserve Bank of India shall prevail for all foreign exchange matters.
- For matters relating to classification of goods, export incentives, or trade policy conditions, the interpretation of DGFT shall prevail.
- In the event of any inconsistency, the provisions of this Internal Policy/Framework will prevail over all existing internal policies, circulars, operational guidelines and instructions relating to export and import of goods & services and Merchanting Trade Transactions.

General Principles Governing Export and Import Transactions:-

- AD Branches shall ensure that every export and import transaction handled by them represents a **bona fide underlying trade transaction** and ascertain that the transaction is genuine and not designed to circumvent FEMA provisions or launder proceeds of crime.

- AD Branches shall satisfy themselves, before handling or regularising any transaction, as to:
    i. The genuineness of the underlying trade
    ii. The correctness and completeness of the declared value
    iii. Adherence to stipulated timelines for realisation or payment
    iv. Compliance with reporting requirements under EDPMS, IDPMS and FETERS.

Applicability

These guidelines will be applicable with regard to:-

- Export of Goods & Services.
- Project Exports
- Import of Goods & Services.
- Merchanting Trade Transactions
- Export Factoring
- Import Factoring
- Reconciliation of entries in EDPMS/IDPMS.

Note:- The term "Services" shall be interpreted broadly to include all forms of intangible exports, including but not limited to software development, IT and IT-enabled services, consultancy, professional services, management services, engineering services, design services, maintenance services, and digital or cloud-based services. Software means any computer programme, database, drawing, design, audio/video signals, any information by whatever name called in or on any medium other than in or on any physical medium.

The mode of delivery shall not determine the classification of a transaction as a service export. Services delivered electronically, remotely, through digital platforms, cloud infrastructure, or other technological means shall be treated as service exports if consideration is received from a person resident outside India.

Further, a traveller moving personal effects (which are either accompanied or unaccompanied) from India shall not be treated as an exporter for the purposes of these Guidelines /Regulations.

Indication of importer-exporter code (IEC):-

The importer-exporter code number allotted by the Director General of Foreign Trade under Section 7 of the Foreign Trade (Development & Regulation) Act, 1992 (22 of 1992) shall be indicated on all copies of the declaration forms submitted by the exporter to the specified authority and in all correspondence of the exporter with the Bank or the Reserve Bank of India, as the case may be.

Import Licences:-

Except for goods included in the negative list which require licence under the Foreign Trade Policy in force, the Bank may freely open letters of credit and allow remittances for import. While opening letters of credit, for goods in negative list, the licence should be called for and adherence to special conditions, if any, attached to such licences should be ensured.

Internal Control Framework

- The Bank will maintain robust internal control framework for foreign trade transactions, including segregation of duties, maker-checker controls, documented SOP's, system validations and exception handling mechanisms.
- Operational staff shall have clearly defined roles and responsibilities at each stage of transaction processing.

KYC & AML Controls

- All export and import transactions shall be subject to customer KYC compliance, due diligence, ongoing monitoring and transaction screening in accordance with the Bank's Policy on Know Your Customer (KYC) Standards and Anti Money Laundering (AML) Measures.
- Transactions involving high-risk customers, jurisdictions, goods or services shall be subjected to enhanced due diligence in accordance with KYC and AML Policy.

Sanctions Screening:-

- All parties involved in foreign trade transactions, including buyers, sellers, remitters, beneficiaries shall be screened against applicable sanctions lists.
- Transactions involving sanctioned entities or jurisdictions shall be rejected or reported as per extant internal guidelines/SOP for screening.

Delegation of powers for internal approvals for each process:-

Detailed delegation matrix for various type of transactions is enclosed as Annexure I

Reference to Reserve Bank of India (RBI):-

Any reference to the Reserve Bank of India (RBI) should be made to the Regional Office of the Foreign Exchange Department situated in the jurisdiction where the applicant person resides, or the firm / company functions, unless otherwise indicated, through Forex Support Group/Compliance Department. All references to the Reserve Bank of India shall be through PRAVAAH portal.

Audit Coverage

- All foreign trade transactions shall be subject to concurrent audit. Audit scope shall include transaction processing, documentation, approvals, reporting accuracy, and adherence to provisions of Internal Policy/Framework.
- Audit observations shall be recorded, analysed and addressed within defined timelines.

EFFECTIVE DATE:-

- This Internal Policy/Framework will come into force from **October 01, 2026** and will remain effective until amended or withdrawn.
- All Import & Export transactions and Merchanting Trade Transactions undertaken on or after the effective date shall be governed by the provisions of this Internal Policy/Framework.

b. INTERNAL POLICY/FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

1. DECLARATION OF EXPORTS

A. An exporter of goods shall furnish to the specified authority, a declaration in the Export Declaration Form (EDF) specifying the amount representing the full export value of goods, at the time of export.

An exporter of services shall furnish to the specified authority, a declaration in EDF specifying the amount representing the full export value of services, within 30 days from the end of month in which invoice for services has been raised, provided that:-

- The exporter of services who has exported services to one or more recipients in a month, may submit a single EDF for all such exports.
- The exporter of services other than software, may submit an EDF on or before the date of receipt of payment.
- The Bank may, on a request from the exporter citing reasons for delay, extend the period for submission of the EDF after satisfying itself about the reasonableness of the request.

The declaration requirement is intended to ensure systematic monitoring of foreign exchange inflows arising from exports and to enable regulatory supervision over realisation and repatriation of export proceeds. This declaration is a statutory requirement and forms the foundation for regulatory monitoring of export realisation, foreign exchange inflows, and compliance with prescribed timelines. The declaration must accurately reflect the true commercial value of the goods exported and shall not be manipulated to understate or overstate value for regulatory or tax arbitrage. Failure to submit accurate declarations may attract regulatory action under FEMA.

The EDF should be submitted to the relevant specified authorities which are as under:-

(i) Commissioner of Customs in Domestic Tariff Area (DTA) and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for goods;

(i) An Authorised Dealer in DTA and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for services other than software; and

(ii) An Authorised Dealer or Software Technology Parks of India (STPI) in DTA, and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for software.

B. Export of goods through EDI ports

For goods exported through Electronic Data Interchange (EDI) ports, EDF shall be deemed to be submitted as part of the shipping bill. Hence, no separate EDF to be obtained at the time of submission of export documents. However, details of EDF like Shipping bill Number & date, Form Number & date, Port Code, Value of export, overseas party, third Party, if any, etc are to be obtained. Details to be cross verified with EDPMS data and in case of any inconsistency exporter to be advised to rectify the same with customs/ respective EDI Port.

C. Export of goods or Services (where specified authority is other than AD) through Non-EDI ports

In case of Export of Goods or Services (where specified authority is other than AD) through Non-EDI ports, copy of duly authenticated EDF shall be forwarded by the specified authority to the respective Authorised Dealer named in the declaration.

In such cases, upon receipt of EDF from specified authority, same to be reported into EDPMS and follow-up shall be done with the exporter for submission of related documents. Upon receipt of documents, transaction shall be reported in EDPMS and monitored for realization.

D. Export of goods through Post

Postal Authorities allow export of goods by post only if the original copy of the EDF has been countersigned by an AD. Therefore, EDF which involve sending goods by post should be first presented by the exporter to an AD for countersignature. In such cases, upon receipt of EDF, the same to be reported into EDPMS and followup shall be done with the exporter for submission of related documents and realization.

Further, EDF covering parcels addressed directly to the consignees may be countersigned, provided:-

a) An irrevocable letter of credit for the full value of export has been opened in favor of the exporter and has been advised through the AD Branch concerned.

(or)

b) The full value of the shipment has been received in advance by the exporter through our Bank.

(or)

c) The AD Branch is satisfied, on the basis of the standing and track record of the exporter and the arrangements made for realization of the export proceeds.

E. Export of Software

For software exports undertaken, exporter shall submit a declaration in the form EDF specifying the amount representing the full value of software exports to Software Technology Parks of India (STPI)/Authorised dealer (AD) in Domestic Tariff Area (DTA) and Development Commissioner in Special Economic Zones (SEZ) in case of SEZ units, within 30 days from the end of month in which invoices has been raised. The exporter of services who has exported services to one or more recipients in a month, may submit a single EDF for all such exports.

STPI/AD/ Development commissioner SEZ acts as a specified authority for accepting the EDF. Based on declaration by the exporter in EDF and the as per the corresponding invoices/list of invoices submitted and declared by the exporter, EDF is accepted & certified by the Specified authority.

Subsequently such EDF is reported into in Export Data Processing and Monitoring System (EDPMS) for monitoring of realization of export proceeds by respective AD, whose name is mentioned in EDF.

F. Export of Services

In case of services other than software, exporter shall submit a declaration in the form of EDF specifying the amount representing the full export value of services, for all services export value invoices raised during the month within the 30 days from the end of month in which invoice has been raised provided that:-

- ❖ The exporter of services who has exported services to one or more recipients in a month, may submit a single EDF for all such exports.
- ❖ The exporter of services other than software, may submit an EDF on or before the date of receipt of payment.

AD/ Development commissioner SEZ acts as a specified authority for accepting the EDF. Based on declaration by the exporter in EDF and the as per the corresponding invoices/list of invoices submitted and declared by the exporter, EDF is certified by AD/DC. Such EDF is reported into in Export

Data Processing and Monitoring System (EDPMS) for monitoring of realization of export proceeds.

G. Change Of Buyer/Consignee

After shipment of goods, request from exporter for Change of buyer/Consignee, if they are to be transferred to a buyer other than the original buyer in the event of default by the later may be permitted.

H. Opening / Hiring of Warehouses Abroad

Applications received from exporters may be considered and permission for opening / hiring warehouses abroad may be granted as per the delegation conferred under this Internal Policy/Framework.

In terms of A.P. (DIR Series) Circular No 03 dated April 23, 2025, Opening/hiring of a warehouse in 'Bharat Mart' by an Indian exporter with a valid Importer Exporter Code may be allowed, without any pre-conditions, after verifying the reasonableness of the same.

I. Export of Goods On Lease, Hire, etc

Approval for export of machinery, equipment, etc., on lease, hire basis under agreement with the overseas lessee against collection of lease rentals/hire charges and ultimate re-import, may be accorded as per as per the delegation conferred under this Internal Policy/Framework.

J. Exports to neighbouring countries by road, rail or river:-

The following procedure should be adopted by exporters for filing original copies of EDF where exports are made to neighboring countries by road, rail or river transport:

- In case of exports by barges/country craft/road transport, the form should be presented by exporter or his agent at the Customs station at the border through which the vessel or vehicle has to pass before crossing over to the foreign territory. For this purpose, exporter may arrange either to give the form to the person in charge of the vessel or vehicle or forward it to his agent at the border for submission to Customs.
- As regards to exports by rail, Customs staff has been posted at certain designated railway stations for attending to Customs formalities. They will collect the EDF for goods loaded at these stations so that the goods may move straight on to the foreign country without further formalities at the border. The list of designated railway stations can be obtained by exporters from the Railways. For goods loaded at stations

other than the designated stations, exporters must arrange to present EDF to the Customs Officer at the Border Land Customs Station where Customs formalities are completed.

K. Mid-sea trans-shipment of catch by deep sea fishing vessels:-

Since deep sea fishing involves continuous sailing outside the territorial limit, trans- shipment of catches takes place in the high sea leading to procedural constraints in regulatory reporting requirement viz. the Declaration of Export in terms of RBI Notification No. FEMA 23(R)/2026-RB dated 13.01.2026.

For mid-sea trans-shipment of catches by Indian owned vessels, as per the norms prescribed by the Ministry of agriculture, Government of India, the EDF declaration procedure in this regard has been rationalised in consultation with the Government of India as outlined below should be followed by the exporter in conformity with RBI Notification No. FEMA 23(R)/2026-RB dated 13.01.2026.

(i) The exporters may submit the EDF, duly signed by the Master of the vessel in lieu of Custom certification, indicating the composition of the catch, quantity, export value, date of shipment (date of transfer of catch), etc duly supported by a certificate from an international cargo surveyor.

(ii) Bill of Lading / receipt of trans-shipment issued by the carrier vessel should include the EDF Number.

(iii) The prescribed period of realization and repatriation should be reckoned with reference to the date of transfer of catch as certified by the Master of the vessel or the date of the invoice, whichever is earlier.

(iv) The EDF, both original and duplicate, should indicate the number and date of Letter of Permit issued by Ministry of Agriculture for operation of the vessel.

(v) The exporter will complete the EDF in duplicate and both the copies may be submitted to the Customs at the registered port of the vessel or any other port as approved by Ministry of Agriculture. EDF (Original) will be retained by the Customs for capturing of data in Customs Electronic Data Interchange.

(vi) Customs will give their running serial number on both the copies of EDF and will return the duplicate copy to the exporter as the value certification of the export has already been done as mentioned above.

(vii) Rules, Regulations and Directions issued in respect of the procedure for submission of the EDF by exporter to the AD Category-I banks, and the disposal of these forms shall be same as applicable to other exporters.

L. Short Shipments and Shut out Shipments

(i) When part of a shipment covered by an EDF already filed with Customs is short-shipped, the exporter must give notice of short-shipment to the Customs in the form and manner prescribed. In case of delay in obtaining certified short-shipment notice from the Customs, the exporter should give an undertaking to the Bank to the effect that he has filed the short- shipment notice with the Customs and that he will furnish it as soon as it is obtained. Based on the certified copy of the notice issued/certified by Customs, relative EDF closure to the extent of short shipment amount, may be permitted by the respective delegated authority.

(ii) Where a shipment has been entirely shut out and there is delay in making arrangements to re-ship, the exporter will give notice in duplicate to the Customs in the form and manner prescribed, attaching thereto the unused duplicate copy of EDF and the shipping bill. The Customs will verify that the shipment was actually shut out, certify the copy of the notice as correct and forward it to the Reserve Bank of India together with unused duplicate copy of the EDF. In this case, the original EDF received earlier from Customs will be cancelled. If the shipment is made subsequently, a fresh set of EDF should be completed. Based on the certified copy of the notice issued/certified by Customs, relative EDF closure to the extent of short shipment amount, may be permitted by the respective delegated authority.

M. Consolidation of air cargo

(i) Where air cargo is shipped under consolidation, the airline company's Master Airway Bill will be issued to the Consolidating Cargo Agent. The Cargo agent in turn will issue his own House Airway Bills (HAWBs) to individual shippers.

(ii) Such HAWBs may be negotiated only if the relative letter of credit specifically provides for negotiation of these documents in lieu of Airway Bills issued by the airline company.

N. Consolidation of sea cargo

a) Forwarder's Cargo Receipts (FCR) issued by IATA approved agents may be accepted, in lieu of bills of lading, for negotiation / collection of shipping documents, in respect of export transactions backed by letters

of credit, if the relative letter of credit specifically provides for negotiation of this document, in lieu of bill of lading even if the relative sale contract with the overseas buyer does not provide for acceptance of FCR as a shipping document, in lieu of bill of lading.

b) Further, FCR issued by Shipping companies of repute/IATA approved agents (in lieu of bill of lading) may also be accepted, for purchase/discount/collection of shipping documents even in cases, where export transactions are not backed by letters of credit, provided their 'relative sale contract' with overseas buyer provides for acceptance of FCR as a shipping document in lieu of bill of lading and due diligence on the overseas buyer. However, the acceptance of such FCR for purchase/discount, is subject to satisfaction about the bona fides of the transaction and the track record of the overseas buyer and the Indian exporter. Further, for purchase/discount, it shall also be ensured that FCR is issued by IATA approved agents/ Shipping companies of repute.

O. GR/EDF Waiver

GR/EDF waiver approval from AD is no longer prescribed under regulations. In cases where no foreign exchange is involved, the exporter should file an EDF with NIL value for goods shipped abroad for samples, exhibition or repair purposes. Hence, GR waiver / approval from the Bank will not be required.

P. Timelines for Declaration of Exports

Regulations prescribe the following timelines for declaration of exports through the EDF:

Type of export	**Timelines for declaration of EDF**
For export of goods	At the time of export of goods.
For export of software	Within thirty (30) days from the end of month in which the invoice for software has been raised
For export of services other than software	Within thirty (30) days from the end of month in which the invoice for services has been raised (or) On or before the date of receipt of payment.

Where multiple service invoices are raised during a month, exporters of services may submit a consolidated declaration, provided invoice-wise details are clearly identifiable and maintained.

Q. Timeline for submission of shipping documents by exporters

Type of export	**Timeline**
Goods	Within twenty-one (21) days from the date of shipment

Software	within thirty (30) days from the end of the month in which the invoice for software export is raised
Services	Within thirty (30) days from the end of the month in which invoice for services has been raised (or) On or before the date of receipt of payment.

After the documents have been negotiated / sent on collection/Realised, transaction shall be reported to the Reserve Bank of India through Export Data Processing and Monitoring System (EDPMS) and EDF along with related documents to be retained in Back records.

The EDF and shipping documents, once submitted for negotiation, collection, etc., should not ordinarily be returned to exporters, except for rectification of errors and resubmission.

In cases where exporters present documents pertaining to exports after the prescribed timeline, such requests may be handled, as per the delegation conferred in this Internal Policy/Framework, provided that the Bank is satisfied with the reasons quoted by the exporter for delay.

In case of submission of documents after completion of due date for payment, the same shall be accepted:-

- Along with payment details, in case payment already received.
- Along with extension request, in case due date is extended, subject to compliance with guidelines on Extension of Time for realisation of Export Proceeds.
- Reduction/Write off request, in case part or complete reduction, subject to compliance with guidelines on reduction of invoice value/Write off request as the case may be

2. MANNER OF RECEIPTS AND PAYMENTS

A. The receipts and payments for export and import of goods and services shall be in the manner specified in the Foreign Exchange Management (Manner of Receipt & Payment) Regulations, 2023 notified vide RBI Notification No. FEMA 14(R)/2023-RB dated 21.12.2023, amended from time to time.

B. When payment for goods sold to overseas buyers during their visits to India is received in this manner, EDF should be released only on receipt of funds in Nostro account of our bank (or) on production of a certificate by the exporter from the Credit Card servicing Bank in India to the effect that it has received the equivalent amount in foreign exchange. Payment may also be received for exports made out of India by debit to the credit card of an importer where the reimbursement from the card issuing bank/ organization will be received in foreign exchange.

C. In cases of export realisation through market place like Amazon and/or cases where payment is received through Paypal, PayU or similar mechanism, if certain information regarding actual buyer's name, address, country, etc. is not available, the Bank may use the available information in respect of relevant fields for generation of Inward Remittance Message (IRM) and close the entries in EDPMS provided it is otherwise satisfied with the bonafides of transactions and also ensuring that there is no KYC / AML concern.

D. For export realisations received through, Vostro accounts, Special Rupee Vostro Accounts or any other permitted mode including payment gateways, from other Banks maintaining such account, based on details of remittances in the NEFT/RTGS message or otherwise provided by originating Bank, IRM shall be generated for closure of entries in EDPMS.

E. Processing of export related receipts through online payment gateways shall be in terms of RBI Master Direction on Regulation of Payment Aggregator (PA) [RBI/DPSS/2025-26/141 CO.DPSS.POLC.No.S-633/02-14-008 /2025-26 dated 15.09.2025] as amended from time to time.

F. Bank may issue encashment certificate (or certificate of encashment) when an overseas buyer physically exchanges foreign currency cash as payment against Exports during a visit to India subject to submission of request from customer along with customs declaration form (CDF) for amount above the regulatory restricted limit. The same may be utilized for squaring off the export bills.

G. As per para 2.52 of FTP on Denomination of Export Contracts (Notification No. 30/2026-27 dated 20.08.2026):

   a. All export contracts and invoices other than those involving member countries of the Asian Clearing Union (ACU), shall be denominated either in foreign currency or Indian rupees. Export proceeds shall be realized either in any foreign currency or in Indian Rupees.
   b. Export contracts involving member countries of the ACU, other than Nepal and Bhutan, shall be denominated in a currency determined by the ACU. However, such transactions may also be denominated and settled in accordance with the directions issued by the Reserve Bank of India from time to time.
   c. Export contracts involving Nepal and Bhutan shall be denominated and settled in Indian Rupees, or in accordance with the directions issued by the Reserve Bank of India from time to time. Further, export contracts and invoices under EXIM bank/Government of India lines of Credit may also be denominated in Indian Rupees.

H. Bank will make a credit or debit to the account of an exporter or an importer, for receipt of export or payment for import, only after having satisfied itself of the genuineness of the transaction, and will, simultaneously close or update

the respective entry in Export Data Processing and Monitoring System or Import Data Processing and Monitoring System (EDPMS or IDPMS)

I. In the case of export where the shipping bill (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in EDPMS may be closed based on a declaration from the exporter to the effect that the payment against the shipping bill / invoice has been realised either in full or otherwise. Alternatively, such declaration may be submitted by an exporter to the Authorised Dealer on a quarterly basis for bulk closure of entries in EDPMS;

   Provided further that in the case of import where the Bill of Entry (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in IDPMS may be closed based on a declaration from the importer to the effect that the payment for import has been made either in full or otherwise. Alternatively, such declaration may be submitted by an importer to the Authorised Dealer on a quarterly basis for bulk closure of entries in IDPMS

Guidelines for Closure of Entries in EDPMS with value less than or Equivalent to Rs.10.00 Lakh per Shipping Bill (SB) only on the basis of declaration provided by the exporter without insisting on any supporting documents:-

a) Declaration shall be obtained from the exporters for closure of outstanding entries in EDPMS in respect of Shipping Bills of value equivalent to ₹10 lakh per bill or less containing the following details:-
   (i) Shipping Bill Number & Date.
   (ii) Invoice Number & Date.
   (iii) Shipping Bill Value in Foreign Currency
   (iv) Buyer Name & Address
   (v) Final Destination of Goods
   (vi) Commodity/Goods exported with HS Code
   (vii) Realisation details (ITT No., UTR No. FIRC etc) & Currency
   (viii) Amount to be adjusted (Equivalent in FC)
   (ix) Date of Realisation.

b) The exporter shall also submit undertaking to the effect that, (i) The Shipping Bills have been realised to the extent as per declaration, (ii) Export Transactions are undertaken with compliance of extant guidelines, (iii) Adherence to KYC, AML & CFT guidelines, (iv) Exporter is not under investigation/ cases etc. for the transactions & (v) Indemnifying the bank to refund any such cost/expense/loss incurred on account of such transactions.

c) The declarations referred above may also be received on a quarterly basis from the exporters in a consolidated manner (by combining several Shipping bills in one declaration) for bulk reconciliation and closing of EDPMS entries.

d) The Bank should be satisfied with the bonafides of the transaction concerned and ensure compliance to the extant guidelines on KYC/AML and other RBI/FEMA/internal guidelines.

e) Further, the following shall also be ensured while processing the requests for closure of entries in EDPMS:-

i. Bank is satisfied that the funds have been received against the export and with the details/declaration of the realisation submitted.
ii. There are no KYC/AML/CFT concerns in respect of the exporter.
iii. The Exporter is not under any investigation/court cases etc. for these transactions.

<u>Guidelines for Closure of Entries in IDPMS with value less than or Equivalent to Rs.10.00 Lakh per Bill of Entry (BOE) only on the basis of declaration provided by the importer without insisting on any supporting documents:-</u>

a) Declaration shall be obtained from the importers for closure of outstanding entries in IDPMS in respect of Bill of entries of value equivalent to ₹10 lakh per bill or less containing the following details:-

(i) Bill of Entry Number & Date.
(ii) Amount of BOE.
(iii) Overseas Supplier details (Name & Address).
(iv) Commodity imported.
(v) Country of origin of goods.
(vi) ORM Number.
(vii) Date of payment.
(viii) Utilisation Amount.

b) The importer shall also submit undertaking to the effect that, (i) The Import payment have been made and goods have been imported as per declaration, (ii) Import Transactions are undertaken with compliance of extant guidelines, (iii) Adherence to KYC, AML & CFT guidelines, (iv) Importer is not under investigation/ cases etc. for the transactions & (v) Indemnifying the bank to refund any such cost/expense/loss incurred on account of such transactions.

c) The declarations referred above may also be received on a quarterly basis from the importers in a consolidated manner (by combining several Bill of entries in one declaration) for bulk reconciliation and closing of IDPMS entries.

d) The Bank should be satisfied with the bonafides of the transaction concerned and ensure compliance to the extant guidelines on KYC/AML and other RBI/FEMA/internal guidelines.

e) Further, the following shall also be ensured while processing the requests for closure of entries in IDPMS:-

i. Bank is satisfied that the payment has been made against the import & satisfied with the declaration/details submitted by the importer.
ii. There are no KYC/AML/CFT concerns in respect of the importer.
iii. The Importer is not under any investigation/court cases etc. for these transactions.

3. DIRECT DISPATCH OF DOCUMENTS BY THE EXPORTER

A. Normally the Bank shall dispatch the shipping documents to be dispatched to their overseas branches/correspondents expeditiously. However, the exporters may dispatch shipping documents directly to the consignees or their agents resident in the country of final destination of goods in cases where:-

(i) Advance payment or an irrevocable letter of credit has been received for the full value of the export shipment and the underlying sale contract/letter of credit provides for dispatch of documents direct to the consignee or his agent resident in the country of final destination of goods.
(ii) Request of the exporter may be acceded provided the exporter is a regular customer and the Bank is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realization of export proceeds.
(iii) 'Status Holder Exporters' (as defined in the Foreign Trade Policy), and units in Special Economic Zones (SEZ) may be permitted to dispatch the export documents to the consignees outside India subject to the terms and conditions that:
- ❖ The export proceeds are repatriated through our Bank.
- ❖ EDF alongwith the copy of documents shall be submitted within prescribed time for submission.

B. Cases of dispatch of shipping documents by the exporter directly to the consignee or his agent resident in the country of the final destination of goods may be regularised, irrespective of the value of export shipment, subject to the following conditions:-

(i) The export proceeds have been realised in full except for the amount written off, if any, in accordance with the extant provisions for write off.
(ii) The exporter is a regular customer of the Bank for a period of at least six months.
(iii) The exporter's account with the Bank is fully compliant with the Reserve Bank's extant KYC / AML guidelines.
(iv) Bank is satisfied about the bonafides of the transaction.

C. In case of doubt, the Bank will consider filing Suspicious Transaction Report (STR) with FIU_IND (Financial Intelligence Unit in India).

4. TIME PERIOD FOR REALISATION OF EXPORTS

A. The amount representing the full export value, (or reduced export value where permitted under regulations), of goods and services shall be realised and repatriated to India by the exporter within the time periods prescribed herein.

B. The obligation to realise and repatriate export proceeds is a statutory requirement under FEMA and shall apply irrespective of the mode of payment, settlement currency, or contractual arrangements between the exporter and the overseas buyer. Realisation timelines shall be monitored and followed up with the exporters.

C. Exports Invoiced or Settled in Indian Rupees:- Where the export of goods and services is invoiced and/or settled in Indian Rupees in accordance with RBI's framework on INR trade settlement, the period for realisation and repatriation of full export value shall be:-

(i) Twelve (12) months from the date of shipment in case of goods (other than warehouse exports)
(ii) Twelve (12) months from the date of invoice in case of services and
(iii) Twelve (12) months from the date of sale in case of goods exported to a warehouse outside India.

D. Exports Invoiced or Settled in all other currencies except Indian Rupees:-

(i) In case of export of goods (other than goods exported to a warehouse outside India) - Nine (9) months from the date of shipment.
(ii) In case of export of services – Nine (9) months from the date of invoice.
(iii) In case of goods exported to a warehouse outside India – Nine (9) months from the date of sale of goods from such warehouse.
(iv) In case of goods exported to Bharat Mart - Nine (9) months from the date of sale of the goods from the warehouse.
(v) In case of project exports – as per the payment terms specified in the underlying project contract, subject to monitoring.

E. It is obligatory on the part of the exporter to realise and repatriate the full value of goods / software / services to India within the above stipulated period from the date of export. These time limits represent the maximum permissible period for realisation and exporters are expected to realise the proceeds as early as commercially possible.

F. Extension of time:-

(i) The Bank may extend the period of realization of export proceeds beyond stipulated period of realization from the date of export, irrespective of the invoice value of the export on a written request from

the exporter citing reasons for delay, as per the delegation conferred under this Internal Policy/Framework. The extension may be allowed upto a period of six months at a time.

(ii) In cases where the exporter has filed suits abroad against the buyer, extension may be granted irrespective of the amount involved / outstanding.

(iii) Grant of extension will be a discretion of the Bank based on reasons submitted by the exporter. All extensions granted shall be properly documented and reflected in EDPMS.

(iv) For the extension of export credit (Post Shipment Credit), approval from the respective sanctioning authority shall also be obtained, where the tenor exceeds the stipulated period.

(v) Extensions may be granted under Reserve Bank of India (Trade Relief Measures) Directions, 2026 as per the specific directions.

(vi) In case of export bills financed, extension beyond the stipulated period shall be as per ECGC – Whole Turnover policy guidelines applicable from time to time.

(vii) In case the customer has obtained ECGC per party/SCR policy against specific export shipments/bills financed, it shall be ensured that the extension is in line with the said policy.

(viii) It shall be ensured that the export transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies. In case transaction is under investigation by any investigating agency, extension request shall be accorded only after obtaining NOC from respective agency.

5. EXPORT/IMPORT OF FOREIGN EXCHANGE / INDIAN RUPEES

Export/Import of currency shall be governed in terms of Foreign Exchange Management (Export and Import of Currency) Regulations, 2015 notified vide Notification No. FEMA 6 (R)/ 2015-RB dated December 29, 2015, as amended from time to time.

6. REDUCTION IN THE EXPORT REALIZATION

A. The Bank may, on request from the exporter citing reasons for under-realisation or non-realisation of full export value, allow reduction in realisation of export value, provided that the Bank is satisfied of the reasons cited.

B. If after a export bill has been negotiated or sent for collection, the amount thereof is desired to be reduced for any reason, if satisfied about the genuineness of the request, the Bank will handle & approve such reduction, as per the delegation conferred under this Internal Policy/Framework.

C. Reduction in export realisation shall be permitted only for genuine commercial or legal reasons such as quality disputes, short shipment, cash discount, rejection of goods, damage in transit, arbitration or court settlements, buyer insolvency, or write-off after reasonable recovery efforts etc., by duly assessing whether reason for under-realisation or non-realisation is bona fide and decide whether to allow reduction of the export realisation requirement. Each case shall be evaluated individually and may be permitted as per the delegation conferred under this Internal Policy/Framework.

D. Where the export value is up to ₹10 lakh (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), the reduction of export value (including non-realisation of full export value) may be permitted based on a declaration from the exporter.

E. The reduction of export relisation shall be reported into Export Data Processing and Monitoring System (EDPMS) with appropriate remarks.

F. Interest rate for prepayment shall not exceed all-in-cost ceilings of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

G. Write-off of unrealised export bills

A request received from an exporter for write-off of unrealised export proceeds, where the exporter has been unable to realise the outstanding export dues despite having made reasonable and bona fide efforts for recovery, may be considered by the competent authority as per the delegated powers prescribed under this Internal Policy/Framework.

The Bank at its discretion will advise the customer to submit relevant details for write-off based on the individual cases like (i) documentary evidences indicating that the exporter had made all efforts to realise the export proceeds, (ii) documentary evidence towards surrendering of proportionate export incentives if any, availed of in respect of the relative export bill. (iii) Auditors/CA certificate (with UDIN) wherever felt necessary, (iv) Certificate from the official liquidator, indicating the overseas buyer has been declared insolvent, etc.

H. <u>The following cases, however, would not qualify for the "write-off" facility:-</u>

(i) Exports made to countries with externalization problem i.e., where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the Central Bank/ authorities of the country concerned.

(ii) EDF which are under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. as also the outstanding bills which are subject matter of civil / criminal suit.

I. Write off in cases of payment of claims by ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA)

In such cases, based on an application received from the exporter supported by documentary evidence from the ECGC and private insurance companies regulated by IRDA confirming that the claim in respect of the outstanding bills has been settled by them, the Bank will handle & approve the write off the relative export bills in EDPMS, as per the delegation conferred under this Internal Policy/Framework.

The claims settled in rupees by ECGC and private insurance companies regulated by IRDA should not be construed as export realization in foreign exchange. Such bills shall be closed in EDPMS with appropriate remarks.

J. Free of Cost/Sample Exports:-

In cases where no foreign exchange is involved, the exporter should file an EDF with NIL value for goods shipped abroad for samples, exhibition or repair purposes. In such cases Shipping bill will not be generated. However, in certain cases, wherein Shipping Bills get generated with the value of Samples (or) in cases of goods exported where no foreign exchange is involved, such bills will be lodged and closed subject to narration being mentioned in the Invoice.

7. SET OFF OF EXPORT RECEIVABLES AGAINST IMPORT PAYABLES

A. Bank will allow set-off of export receivables against import payables from/to the same overseas buyer or supplier or with their overseas group or associate companies, within the stipulated period for realisation of export proceeds or extended period, if any of export/import invoice, allowed by the Bank.

B. Bank will deal with the following requests received from their Exporter/Importer constituents for allowing set-off of outstanding export receivables against outstanding import payables:-

i. Set-off of outstanding export receivables against outstanding import payables from/to the same overseas buyer/supplier.

ii. Set-off of outstanding export receivables against outstanding import payables with their overseas group/associate companies either on net basis or gross basis, through an in-house or outsourced centralized settlement arrangement.

C. The set-off shall be subject to the following conditions:

Bank will handle requests for "set-off" of export receivables against import payables, as per the delegation conferred under this Internal Policy/Framework, subject to following conditions:-

a. The arrangement shall be operationalised/supervised through/by one AD Category – I bank only
b. Bank shall be satisfied with the bonafides of the transactions and it shall be ensured that there are no KYC/AML/CFT concerns.
c. The invoices under the transactions shall not be under investigation by Directorate of Enforcement/Central Bureau of Investigation or any other investigative agency.
d. Import/export of goods/services has been undertaken as per the extant Foreign Trade policy.
e. The export transactions shall be routed through our bank/Export Bills are lodged at our Bank.
f. Consent for "set-off" shall be submitted by the Indian entity from the overseas buyer/supplier.
g. Both the export and import transactions are within the stipulated period of realisation or extended period. Overdue exports or imports shall not be regularised through set-off.
h. The export / import transactions with ACU countries are kept outside the arrangement.
i. Set-off of export receivables against goods shall not be allowed against import payables for services and vice versa.
j. Bank shall ensure that import payables/export receivables are outstanding at the time of allowing set-off.
k. In case of settlement within the group/associates companies, the arrangement shall be backed by a written, legally enforceable agreement/contract. Bank shall ensure that the terms of agreement are strictly adhered to.
l. Set-off shall not result in tax evasion/avoidance by any of the entities involved in such arrangement.
m. Third party guidelines shall be adhered to by the concerned entities, wherever applicable.
n. Bank shall ensure compliance with all the regulatory requirement relating to the transactions.
o. Bank may seek Auditors/CA certificate (with UDIN) wherever felt necessary. [Eg:- Confirmation that the import payables/export receivables are outstanding in the Books at the time of allowing set-off (or) for confirmation of any other details]
p. Each of the export and import transaction shall be reported separately (gross basis) in FETERS/EDPMS/IDPMS, as applicable.

q. Bank to settle the transaction in E/IDPMS by utilizing the 'set-off indicator' and mentioning the details of shipping bills/bill of entry/invoice details being settled in the remark column (including details of entities involved).

8. THIRD PARTY RECEIPTS AND PAYMENTS

- Third-party receipt/payments will be permitted, where all parties to the transaction are clearly identified, contractually agreed, the commercial rationale is documented/justified, and the arrangement is permitted under FEMA provisions. Contractual linkage between the exporter/importer, the overseas buyer/supplier and the third-party remitter/beneficiary shall be clearly verified, ensuring that the remittance is directly related to the export/import transaction.
- The Bank shall be satisfied with the bonafides of the transactions involving third parties.
- The Bank at its discretion may call for submission of any information from the exporter/importer to ensure that there is Contractual linkage between the exporter/importer, the overseas buyer/supplier and the third-party remitter/beneficiary in respect of the export/import transaction.
- Third party payments/Receipts will be permitted as per the delegation conferred under this Internal Policy/Framework.

9. TIME PERIOD FOR MAKING IMPORT PAYMENT

A. Time limit for Import of Goods:-

Remittances against imports should be completed within the period specified in the underlying contract between the importer and the overseas supplier, except in cases where amounts are withheld towards guarantee of performance, etc.

B. Deferred Payment Arrangements:-

Deferred payment arrangements — including Suppliers' Credit and Buyers' Credit — entered into in connection with the import of goods shall be assessed at the outset on the original maturity of the underlying contract, and shall be treated as below:-

a. Original maturity up to three years — treated as Trade Credit for which the procedural guidelines laid down in the Reserve Bank's directions in force on Trade Credit shall be followed. The ceilings on original maturity are:
   i. up to three years from the date of shipment, in the case of import of capital goods; and
   ii. up to one year from the date of shipment, or the operating cycle of the importer, whichever is less, in the case of import of non-capital goods.

b. Original maturity beyond three years – treated as an External Commercial Borrowing (ECB) under the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (FEMA 3(R)) and the directions issued thereunder. Such arrangements shall be handled in accordance with the Reserve Bank's ECB framework.

c. Where the original maturity of the underlying contract does not fit within the ceilings of Trade Credit or the ECB framework, such transaction shall not be handled. The customer shall be advised to restructure the arrangement in a form that is compliant with the Trade Credit framework or the ECB framework, as the case may be.

C. Import of Services

The Trade Credit and ECB frameworks under this sub-section apply only to the import of goods. The payment for import of services shall be made in accordance with the underlying contract, with the monitoring and follow-up applying in the same manner as for goods.

D. Time limit for Import of Books

Remittances against import of books may be allowed without restriction as to the time limit.

E. Absence of Due Date in BoE Data

The Bank shall monitor its IDPMS entries and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract or extended period, if any.

With regard to instances where the due date is not available in the Bill of Entry (BoE) data, the Bank should follow up with the importer to ascertain the due date as per the underlying contract for payment, based on the BoE data in IDPMS.

The due date shall be ascertained based on the underlying contractual terms.

F. Extension of Time

Settlement of import dues delayed on account of disputes about quantity or quality or non-fulfilment of terms of contract, financial difficulties and cases where importer has filed suit against the seller may be permitted as per the delegation conferred under this Internal Policy/Framework. Extension of time is also applicable for cases wherein importer has approached for payment after prescribed due date/extended due date/time limit as

applicable. However, interest if any, on such delayed payments, usance bills or overdue interest is payable only for a period of up to three years from the date of shipment/Date of invoice.

Extension of time for settlement of import may be permitted upto a period of six months at a time.

The Bank may, on request from the importer citing reasons for the delay, allow extension of time for making payment, beyond the period specified in the contract, if it is satisfied with the reasons cited.

G. Interest on Import Bills

a. Payment of interest on usance bills or overdue interest on delayed payments for a period of less than three years from the date of shipment will be permitted at the rate prescribed for trade credit from time to time.
b. In case of pre-payment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or any widely accepted/Alternative reference rate of the currency in which the goods have been invoiced, whichever is applicable. Where interest is not separately claimed or expressly indicated, remittances will be allowed after deducting the proportionate interest for the unexpired portion of usance at any widely accepted/Alternative reference rate of the currency of invoice.
c. In case of change in value because Sl. No. (a) & (b) above, proper remark/indicator shall be entered for ORM mark off in IDPMS etc. and extant IDPMS guidelines shall be ensured.

H. Write Off of BoE

Closure of Bills of Entry (BoE) and/or Outward Remittance Messages (ORM) in IDPMS involving write-off may be considered, subject to the applicable FEMA/RBI directions and the delegated powers prescribed under this Internal Policy/Framework.

In case of subject matter of any pending civil or criminal suit or the importer has come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency, write off shall be subject to order or NOC from respective court/agency.

I. The Bank shall monitor its IDPMS entries and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract.

10. ADVANCE PAYMENTS FOR EXPORTS

A. Where an exporter receives advance payment (with or without interest) for exports of goods and services, from a buyer outside India, the exporter shall be under an obligation to ensure that the shipment of goods is made within three years from the date of receipt of advance payment. The rate of interest, if any, payable on the advance payment shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

The documents covering the shipment shall be routed through the same AD Bank through whom the advance payment is received. The exporter shall ensure that any change in the AD Bank is duly intimated to both the existing and the new AD Bank and provide all relevant details relating to the advance receipt, export shipment, and realization status. The exporter shall also ensure that there is no duplication of reporting and shall facilitate seamless transfer of monitoring and compliance responsibilities between the AD banks.

All the inward remittances including inward remittances received for export of goods/Software/Services shall be reported into EDPMS along with the latest shipment/delivery period. Follow up with the concerned exporters shall be efficiently done in order to ensure that export performance is completed within the stipulated time period.

In case Bank Guarantee (BG) / Stand by Letter of Credit (SBLC) for export performance is to be issued, then the issuance should be rigorously evaluated as any other credit proposal. BG / SBLC may be issued for a term not exceeding two years at a time and further rollover of not more than two years at a time may be allowed subject to satisfaction with relative export performance as per the contract. BG / SBLC should cover only the advance on reducing balance basis. BG / SBLC issued from India in favor of overseas buyer should not be discounted by the overseas Banks.

Based on specific request of the exporter, eFIRC (electronic Foreign Inward Remittance Certificate) can be issued against the remittance received against export of Goods and Software (wherein SEZ/STPI is specified authority) by duly reporting the same into EDPMS.

Proper due diligence shall be exercised and compliance with KYC and AML guidelines shall be ensured so that only bonafide export advances flow into India. Doubtful cases as also instances of chronic defaulters may be referred to Directorate of Enforcement (DoE) for further investigation.

B. Exporters having a minimum of three years satisfactory track record will be permitted to receive long term export advance up to a maximum tenor of 10 years to be utilized for execution of long-term supply contracts for export of goods. Exporters may be allowed to receive advance payment for export of

goods which would take more than three years to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of three year from the date of receipt of advance payment.

C. Extension of shipment period

Where an exporter is unable to fulfil the export obligation within the contracted period, the advance received shall be refunded unless extension of time to fulfil the export obligation has been granted. Extension will be permitted as per the delegation conferred in the Internal Policy/Framework, subject to directions issued by RBI from time to time. Such extension will be reported in EDPMS along with revised shipment date. While granting extension, genuineness of the request shall be ensured. In case transaction is under investigation by any investigating agency, extension request shall be accorded only after obtaining NOC from respective agency.

D. Refund of advance against export of Goods & Services.

In the event of the exporter's inability to make the shipment, partly or fully, within three years from the date of receipt of advance payment, remittance towards refund of unutilized portion of advance payment or towards payment of interest after the expiry of the said period of three years may be permitted as per the delegation conferred in the Internal Policy/Framework. In case, the transaction is under investigation by any investigating agency, such requests will be handled only after NOC from the respective authority.

Such refund shall be reported in EDPMS and related IRM shall be closed with appropriate remarks.

E. IRM Write off

Write off request of advance received against export where export cannot be made or refund of the advance is no longer achievable may be considered as per delegation conferred under this Internal Policy/Framework.

F. Advance payment received for export of goods and services which do not result in any export even within the extended time granted and when the advance is not refunded thereafter would be subject to the Regulations 3 of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 as amended from time to time.

G. All the inward remittances including inward remittances received for export of goods/ software/ Services shall be reported into EDPMS along with the last shipment/delivery period. Further, Bank shall report the electronic FIRC

to EDPMS, wherever such FIRC's are issued against inward remittances. Follow up with the concerned exporters shall be efficiently done in order to ensure that export performance is completed within the stipulated time period.

H. Doubtful cases in respect of advances received against exports and instances of chronic defaulters may be referred to Directorate of Enforcement (DoE) for further investigation.

11. ADVANCE PAYMENTS FOR IMPORTS

A. The Bank will permit advance remittance for imports after satisfaction in respect of the genuineness of the requirement for advance remittance. In case of advance payment for imports, an importer shall route the advance payment and its subsequent payments, if any, through the same AD. However, an importer may route the transactions through any other AD provided the importer has intimated the change to both the AD's.

B. Advance payments for import of Goods and Services may be permitted where such payments are consistent with normal trade practices, contractually agreed, and commercially justified. The import transaction should be in conformity with the importer's line of activity and should be in the normal course of business of the importer.

C. If the amount of advance remittance by the importer (other than a Public Sector Company or a Department/Undertaking of the Government of India/State Government/s) for Import of goods exceeds USD 200,000 or its equivalent, remittance shall be subject obtention of an unconditional, irrevocable standby Letter of Credit (SBLC) or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter-guarantee of an international bank of repute situated outside India.

D. If the amount of advance remittance by the importer (other than a Public Sector Company or a Department/Undertaking of the Government of India/State Government/s) for Import of services exceeds USD 200,000 or its equivalent, remittance shall be subject obtention of an unconditional, irrevocable standby Letter of Credit (SBLC) or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter-guarantee of an international bank of repute situated outside India.

E. Entities which have been permitted under the extant Foreign Trade Policy to import aircrafts and helicopters other Aviation Related Purchases and

Shipping Vessels (including used / second hand aircraft and helicopters) or any other person who has been granted permission by the Directorate General of Civil Aviation (DGCA) to operate Scheduled or Non-Scheduled Air Transport Service (including Air Taxi Services), can make advance remittance without Bank guarantee or an unconditional, irrevocable Standby Letter of Credit, up to USD 200,000.

Note:- Threshold of USD 200,000 defined in (C), (D) & (E) above is per import transaction / invoice of the customer. In case multiple advance import transactions are undertaken on the same day to the same overseas supplier, the aggregation of all advance payments during the day to be considered.

F. Advance Remittance for Import of Rough Diamonds:

Importers (other than Public Sector Company or Department / Undertaking of Government of India / State Government) can make advance payments, without any limit / bank guarantee/ stand-by letter of Credit for import of rough diamonds subject to the following:-

i. The overseas mining company should have the recommendation of GJEPC.
ii. The importer should be a recognised processor of rough diamonds and should have a good track record.
iii. Bank will undertake the transaction based on commercial judgment and after being satisfied about the bonafides of the transaction.
iv. Advance payments should be made strictly as per the terms of the sale contract and should be made directly to the account of the company concerned, that is, to the ultimate beneficiary and not through numbered accounts or otherwise and the Bank shall ensure that Outward Remittance Message (ORM) is created for all such outward remittances in IDPMS.
v. Further, due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification).
vi. Bank should follow-up for submission of the Bill of Entry / documents evidencing import of rough diamonds into the country by the importer, in terms of the FEMA Act / Rules / Regulations / Directions issued in this regard.

G. In cases where the importer (other than a Public Sector Company or a Department/Undertaking of the Government of India/State Government/s) is unable to obtain bank guarantee/SBLC from overseas suppliers and the Bank is satisfied about the track record and bonafides of the importer, the requirement of the bank guarantee / standby Letter of Credit may be waived

upto the amount specified as per the delegation conferred under this Internal Policy/Framework.

H. In case, multiple remittances are to be made against same import transaction / invoice of the customer, the aggregate of all such remittance shall not exceed threshold of USD 200,000/permitted limit. However, once bill of entry is submitted in respect of part remittances, such remittances may be excluded for aggregation.

I. A Public Sector Company or a Department/Undertaking of the Government of India / State Government/s which is not in a position to obtain a guarantee/SBLC from an international bank of repute against an advance payment for import of goods, services, rough diamonds, aircraft, helicopters or other aviation-related purchases, and shipping vessels/services, etc, is required to obtain prior approval from the Head of Finance or CFO or Company Secretary of the importer company before making advance remittance exceeding USD 100,000.

J. Guidelines for making advance remittance for imports:-

For Import payment upto USD 2.00 lakh

a) In case the advance payment is for purchase of goods out of working capital limits / term loan proceeds then before making the payment, credit report about the overseas supplier confirming that the supplier is dealing in the same commodity for which advance remittance is being made shall be obtained wherein the invoice amount is more than USD 50,000 or equivalent. It shall be ensured that the Credit Report of the Supplier shall be satisfactory and/or acceptable to the Bank.
b) In case the payment is out of term loan proceeds, it shall be ensured that the details of advance payments are envisaged in the term loan assessment.
c) In case the payment is out of the own sources of the customer, then source of funds for such remittance should be ascertained and the AD Branch has to be satisfied about the source of funds.
d) All other RBI / Statutory/ Other guidelines issued from time to time have to be complied.

For Import payment above USD 2.00 lakhs

a) Importer customer shall be having satisfactory dealing with us for at least one year. In case of new borrowal account, the dealings of the borrower with their earlier Bankers shall be satisfactory.
b) Importer's accounts to be classified as "Standard".
c) There shall be no devolvements under LC facilities in excess of 10% of the LC limit at the time of advance remittance.
d) No irregular features in the conduct of the account.

e) The importer shall be dealing in the commodity for which advance remittance is sought.
f) In case of import of raw materials/ finished goods, the amount of single advance remittance sought should not be disproportionate to the size of the operations of the customer. However, in case of capital goods imports, the item and cost of import should be as per the project report submitted and accepted by the Bank.
g) The necessary FEMA undertaking must be obtained from the customer.
h) There shall not be major adverse audit comment by RBI, Internal, Concurrent auditors, RMD, Credit audit observations, including statutory auditors report, Statutory violations.
i) In case of new accounts, the promoters experience in business and source of funds for such remittance should be ascertained and the AD Branch has to be satisfied about the source of funds.
j) In case, release of credit is envisaged for advance remittance, necessary sanction from appropriate authorities shall be obtained beforehand and all other RBI / Statutory/ Other guidelines issued from time to time have to be complied.
k) In case the payment is out of the term loan proceeds the details of advance remittance shall be envisaged in the loan proposal. In case, the same is not mentioned at the time of proposal submission, separate permission has to be obtained.
l) In case the payment is out of the own sources of the customer, then source of funds for such remittance shall be ascertained. The AD Branch / permitting/delegated authority shall be satisfied about the source of funds.
m) Additionally, satisfactory Credit Report on the overseas supplier shall be obtained before making advance remittance sought for. The credit report obtained shall clearly confirm that the overseas supplier is dealing in the commodity for which advance remittance is being made. It shall be ensured that the Credit Report of the Supplier shall be satisfactory and/or acceptable to the Bank.

K. Permitting of advance remittance for imports shall be subject to:-

i. Physical import of goods into India is made within the period specified in the underlying contract (maximum one year from the date of remittance in case of non-capital goods and three years from the date of remittance in case of capital goods). It is clarified that where advance is paid as milestone payments (a payment made to a foreign party upon achieving predefined stages (milestones) of a contract, rather than paying the full contract value upfront), the date of last remittance made in terms of the contract will be reckoned for the purpose of submission of documentary evidence of import.

ii. In the event of non-import of goods, it should be ensured that the amount of advance remittance is repatriated to India or is utilized for any other purpose for which release of exchange is permissible under the FEMA Act, Rules or Regulations made there under.

iii. If the advance payment is not repatriated by the importer within the contract period or extended period, if any, allowed or where the IDPMS entry has not been marked-off or closed, any future advance payment, irrespective of value of remittance, for imports by the importer to the same overseas party shall require an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute or a guarantee of an Authorised Dealer in India, which is issued against a counter-guarantee of an international bank of repute.

L. Importer shall ensure that interest payable, if any, on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

M. All payments towards advance remittance for imports shall be subject to the specified conditions and Outward Remittance Message (ORM) to be created for all such outward remittances in IDPMS & extant IDPMS guidelines to be followed.

12. RECEIPT OF IMPORT BILLS/DOCUMENTS

A. Receipt of import documents by the importer directly from overseas suppliers:-

Import bills and documents should be received from the banker of the overseas supplier by the banker of the importer in India. Remittances shall not be made where import bills have been received directly by the importers from the overseas supplier, except in the following cases:

i. Where the value of import bill does not exceed USD 300,000 or equivalent.
ii. Import bills received by wholly-owned Indian subsidiaries of foreign companies from their principals.
iii. Import bills received by Status Holder Exporters as defined in the Foreign Trade Policy, 100% Export Oriented Units / Units in Special Economic Zones, Public Sector Undertakings and Limited Companies.
iv. Import bills received by all limited companies viz. public limited, deemed public limited and private limited companies.

Cases of deviation in respect of the above may be handled as per delegation conferred under this Internal Policy/Framework

B. Receipt of import documents by the importer directly from overseas suppliers in case of import of rough diamonds, rough precious and semi-precious stones:

i. Status Holders:- Status holder importers as defined in the Foreign Trade Policy dealing in the import of rough diamonds, rough precious and semi- precious stones can receive import bills directly from the suppliers without any ceiling.

ii. Non-Status Holder: Remittance may be permitted for imports by non-status holder importers up to USD 300,000 where the importer of rough diamonds, rough precious and semi-precious stones has received the import bills / documents directly from the overseas supplier and the documentary evidence for import is submitted by the importer at the time of remittance.

Cases of deviation in respect of the above may be handled as per delegation conferred under this Internal Policy/Framework

C. Receipt of import documents by the Bank directly from overseas suppliers

At the request of importer clients, Bank may receive import bills directly from the overseas supplier, provided that the Bank is fully satisfied about the financial standing/status and track record of the importer customer.

Before extending the facility, credit report on each individual overseas supplier from the overseas banker or a reputed overseas credit agency shall be obtained. However, such credit report on the overseas supplier need not be obtained in cases where the invoice value does not exceed USD 300,000 provided satisfied about the bonafides of the transaction and track record of the importer constituent.

D. Import Bill/Document value shall be arrived based on the following:

- In case of goods, total of all invoices (single or multiple) under the same BOE may be considered.
- In case of import of services, individual contract or single invoice or multiple invoices in single bill, may be considered.

13. IMPORT OF GOLD AND SILVER

A. As per the extant guidelines, save as otherwise provided in the FEMA Act, Rules, Regulations or Directions made there under, and notwithstanding the

provisions of these regulations, no advance remittance shall be permitted by an Authorised Dealer for the import of gold or silver.

B. Nominated banks and nominated agencies, as notified by DGFT, are permitted to import gold on consignment basis. In addition to the above, qualified jewellers and Tariff Rate Quota Holders (TRQ Holders) under India-UAE CEPA, as notified by International Financial Services Centres Authority (IFSCA) are permitted to import gold under specific ITC (HS) Codes through India International Bullion Exchange IFSC Limited (IIBX).

C. Qualified Jewellers and valid TRQ holders under the India-UAE Comprehensive Economic Partnership Agreement (CEPA), will be permitted to remit advance payments for a period of up to eleven days for import of gold through IIBX, in compliance with the extant FTP and the regulations issued under the IFSC Act.

D. Import of Silver by Qualified Jewellers shall be as notified by The International Financial Services Centres Authority (IFSCA)

E. The Status Holder Exporters shall adhere to the guidelines contained in extant Foreign Trade Policy, as amended from time to time.

F. Import of Gold Jewellery Including Jewellery Made of Precious Metals or/and Studded with Diamonds / Precious Stones /Semi-precious:

Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form, including jewellery made of gold/precious metals or/and studded with diamonds/semi-precious/precious stones, should not exceed 90 days from the date of shipment. Any deviation may be permitted as per delegation conferred under this Internal Policy/Framework.

14. IMPORT OF OTHER PRECIOUS METALS

Import of Platinum/ Palladium/ Rhodium/ Silver/ Rough, Cut & Polished Diamonds/ Precious and Semi-precious Stones.

Suppliers' and Buyers' Credit, including the usance period of Letters of Credit opened for import of Platinum, Palladium, Rhodium and Silver and rough, cut and polished Diamonds, Precious and semi-precious stones; should not exceed 90 days from the date of shipment.

However, for Clean Credit i.e., credit given by a foreign supplier to Indian customer/ buyer, without any Letter of Credit (Suppliers' Credit)/ Letter of Undertaking (Buyers' Credit)/ Fixed Deposits from any Indian financial

institution for import of rough, cut and polished diamonds, precious and semi-precious stones, may be permitted for a period not exceeding 180 days from the date of shipment.

Extension of time in respect of clean credit for import of rough, cut and polished diamonds, for a period exceeding 180 days from the date of shipment beyond the prescribed period/ due date may be permitted as per delegation conferred under this Internal Policy/Framework.

Extension of time in respect of clean credit for import of Platinum/ Palladium/ Rhodium/ Silver, for a period exceeding 90 days from the date of shipment beyond the prescribed period/ due date may be permitted as per permitted as per delegation conferred under this Internal Policy/Framework.

15. IMPORT OF GOLD JEWELLERY INCLUDING JEWELLERY MADE OF PRECIOUS METALS OR/AND STUDDED WITH DIAMONDS / PRECIOUS STONES /SEMI-PRECIOUS.

Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form, including jewellery made of gold/precious metals or/and studded with diamonds/semi-precious/precious stones, should not exceed 90 days from the date of shipment.

Extension of time in respect of clean credit for a period exceeding 90 days from the date of shipment beyond the prescribed period/ due date may be permitted as per delegation conferred under this Internal Policy/Framework.

16. EVIDENCE OF IMPORT

A. Physical Imports

In case of all imports, irrespective of the value of foreign exchange remitted / paid for import into India, followup shall be done with respective importer for submission of:-

i. The importer shall submit BoE number, port code and date for marking evidence of import under IDPMS in case of imports through EDI ports.

ii. Customs Assessment Certificate or Postal Appraisal Form, as declared by the importer to the Customs Authorities, where import has been made by post, or Courier Bill of Entry as declared by the courier companies to the Customs Authorities in cases where goods have been imported through couriers, as evidence that the goods for which the payment was made have been imported into India.

iii. For goods imported and stored in Free Trade Warehousing Zone

(FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, etc., the Exchange Control Copy of the Ex-Bond Bill of Entry or Bill of Entry issued by Customs Authorities by any other similar nomenclature, the importer shall submit applicable BoE number, port code and date for marking evidence of import under IDPMS.

iv. In respect of imports on Delivery against acceptance basis, evidence of import to be verified from IDPMS at the time of effecting remittance of import bill. However, if importers fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery/ customs clearance of consignment, etc., if satisfied with the genuineness of request, the Bank may allow reasonable time, not exceeding three months from the date of remittance to the importer to submit the evidence of import.

v. Outward Remittance Message (ORM) shall be created in IDPMS for all such outward remittances irrespective of value and the Bank shall subsequently followup with the importer for document submission, matching with ORM, settlement/closing of transactions etc. as per IDPMS guidelines.

B. Evidence of Import in Lieu of Bill of Entry: (Physical Imports)

i. In lieu of Exchange Control Copy of Bill of Entry for home consumption, a certificate from the Chief Executive Officer (CEO) or auditor of the company that the goods for which remittance was made have been imported into India may be accepted, provided: -

- The amount of foreign exchange remitted is less than USD 1,000,000 or its equivalent and
- The importer is a company listed on a stock exchange in India and whose net worth is not less than Rs.100.00 crore as on the date of its last audited balance sheet, or the importer is a public sector company or an undertaking of the Government of India or its departments.

ii. The above facility may also be extended to PSUs, State Govt department, autonomous bodies, including scientific bodies/academic institutions, such as Indian Institute of Science / Indian Institute of Technology, etc. whose accounts are audited by the Comptroller and Auditor General of India (CAG), irrespective of value of ORM. A declaration may be insisted from the auditor/CEO of such institutions that their accounts are audited by CAG.

iii. Outward Remittance Message to be created & BoE to be downloaded from "BoE Master" in IDPMS. In case of Non-EDI ports duplicate copy/customs certified copy have to be submitted or BoE waiver

obtained from RBI.

C. Non-physical Imports:-

Where imports are made in non-physical form, i.e., software or data through internet / datacom channels and drawings and designs through e-mail / fax, a certificate from a Chartered Accountant that the software / data / drawing/ design has been received by the importer, may be obtained.

Importers shall be advised to keep Customs Authorities informed of the imports made by them under this clause.

D. Operational Procedure for IDPMS (Non-Physical Imports)

For all outward remittance/s for import payments (both Goods and services) on behalf of our importer customer, Outward Remittance Message (ORM) shall be created.

a) Settlement of ORM with BoE

i. Based on the AD code declared by the importer, Bill of Entry (BoE) issued by EDI ports from "BOE Master" in IDPMS shall be download. For non- EDI ports and services (where Bank is specified authority), Bank shall upload the invoice data in IDPMS as per message format for generation of Form number on daily basis on receipt of invoice.

ii. Submission of hardcopy of evidence of import documents i.e., BoE Exchange Control copy has been discontinued with effect from December 1, 2016 as the same is available in IDPMS. Bank to follow procedure as under:

- ❖ Copy of BoE or BoE details (BoE number, port code and date) as applicable to be obtained from the importer along with the import documents viz., commercial invoice, packing list, transport documents etc., and settle for ORM associated with the advance payments for import transactions as per the message format "BOE settlement".
- ❖ In case of payment after receipt of BoE, the Bank shall generate ORM for import payments made by our importer customer as per the message format "BOE settlement".
- ❖ Multiple ORM's can be settled against single BoE and multiple BoE can be settled against one ORM.

b) Bank shall acknowledge receipt of evidence of import e.g. Exchange Control Copy of the Bill of Entry, Postal Appraisal Form, Customs Assessment Certificate, Evidence of Import in Lieu of Bill of Entry, CA Certificate etc., as applicable, from importers by issuing acknowledgement slips containing all

relevant particulars relating to the import transactions.

On settlement of ORM with evidence of import, the Bank shall in all cases issue an acknowledgement slip to the importer containing the following particulars:

- ❖ Importer's full name and address with code number;
- ❖ Number and date of BoE and the amount of import; and
- ❖ A recap advice on number and amount of BoE and ORM not settled for the importer.

E. Follow-up for Evidence of Import

Continuous follow up for outward remittance made for import (i.e. unsettled ORM) in terms of extant guidelines and instructions on the subject shall be done with the importer. Similarly, if BoE data is not settled against ORM within the prescribed period, follow up shall be done with the importer in terms of extant instructions.

In case an importer does not furnish any documentary evidence of import, within 3 months from the date of remittance/extended date, rigorous follow-up shall be done for the next 3 months, by using various modes of communications like, mail, post, courier, registered letter etc.

17. IMPORT NOT MATERIALISED

A. Where an importer is unable to import within the contract period, or the extended period, the importer shall be advised to repatriate the advance payment made, if any.

B. If the advance payment is not repatriated by the importer within the contract period or extended period, if any, allowed by the Bank or where the IDPMS entry has not been marked-off, any future advance payment for imports by the importer shall be permitted only against an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute or a guarantee of an Authorised Dealer in India, which is issued against a counter-guarantee of an international bank of repute.

C. In respect of imports not materialised, the Bank may handle such transactions based on the declaration from the concerned importer. Further, for tracking of outstanding entries, including in cases where the customer maintains relationships with more than one AD Bank, reports relating to such transactions available in IDPMS shall be considered.

D. For each remittance for import done, evidence for import shall be submitted and same shall be settled against related ORM. In case, of any delay in

shipment/non shipment, importer shall be advised to seek extension/mark off for closure. Based on specific request from importer and on satisfaction with the genuineness of the request, ORMs may be extended/marked off as closed as per the delegation conferred under this Internal Policy/Framework.

18. CLOSURE OF BOE FOR IMPORTS ON FREE OF COST (FOC)/ NO COMMERCIAL VALUE/ SAMPLE BASIS:-

At the request of the importer customers the Bank will permit to close BoEs in IDPMS where goods have been imported on FOC/ No Commercial Value/ Sample basis as detailed hereunder:-

Guidelines for closure of Bill of Entry (BOE) for Imports on Free of Cost (FOC)/No Commercial Value/Sample Basis are detailed hereunder:-

A. For closure of BOE's for Imports on Free of Cost (FOC)/No Commercial Value/Sample Basis irrespective of value :-

i. BOE (or) Invoice available specifying the import transaction as FOC /No Commercial Value/Sample:- The Bill of Entry may be closed if FOC/ No Commercial Value/Sample or Similar phrase is clearly mentioned in the respective BOE (or) Invoice.

ii. Import/Re-import of Spares/Items under warranty where there is no payment to be done to supplier. However, BOE is generated:- Such cases may be closed by ensuring that FOC/ No Commercial Value/Sample/Import of items under warranty or Similar phrase is clearly mentioned in the Invoices. Otherwise, a confirmation from the overseas supplier in writing that the goods were provided free of cost as the items were under warranty and no payment is due, may be obtained for closure of BOE.

B. For closure of BOE's for Imports on Free of Cost (FOC)/No Commercial Value/Sample Basis with Value less than USD 500.00 or its Equivalent:
Along with declaration from the importer, the following documents may be obtained for closure of FOC BOE's.

i. Invoice/Courier Receipts available but BOE copy not available:- Such cases may be closed by ensuring that FOC/ No Commercial Value/Sample or Similar phrase is clearly mentioned in the Invoice or the Courier Receipts.

ii. Imports under FOC but mistakenly Customs Brokers/Courier companies filed the bill of entry showing it as a Commercial Transaction:- Such cases may be closed by ensuring that FOC/ No Commercial Value/Sample or

Similar phrase is clearly mentioned in the Invoice or the Courier Receipts. Otherwise, a confirmation from the overseas supplier in writing that the goods were provided free of cost and no payment is due, may be obtained for closure of BOE.

iii. Part of the Invoice is a Commercial Transaction and part is FOC/Sample and part of the BOE value pertaining to FOC import is pending for closure:- Such cases i.e., part of BOE value pending may be closed by ensuring that FOC/ No Commercial Value/Sample or Similar phrase is clearly mentioned in the respective Invoice for import along with the value of the part of imports which is FOC/Sample.

iv. In cases where the Import Documents (BOE, Invoice, Courier receipts, etc) are not available (or) Cases where imports under FOC/ No Commercial Value/Sample basis are not mentioned in BOE/Invoices/Courier receipts:- Such cases will be closed by obtaining a CA certificate (with UDIN) confirming the details of the imports under FOC/Sample basis along with a certification that no payment has been made or will be made against the particular invoices/imports.

C. For closure of BOE's for Goods received on Free of Cost (FOC)/No Commercial Value/Sample Basis with Value above USD 500.00 or its Equivalent:

Along with declaration from the importer, the importer shall submit a CA certificate (with UDIN) confirming the details of the imports under FOC/Sample basis along with a certification that no payment has been made or will be made against the particular invoices/imports in addition to the above.

D. While processing the request of the importer for closure of BOE's for Imports on Free of Cost (FOC)/No Commercial Value/Sample Basis, the following shall be ensured:-

a) Satisfaction with the bonafide of the transactions;
b) Track record of the importer to be satisfactory (If customer was previously dealing with other Banks, account statements of the other Banks shall be studied/analyzed)
c) The relevant documents and request/declaration submitted by the importer to be reviewed to ensure that the transaction is genuine.
d) The rationale for receiving goods free of cost (ex: For promotional purposes, testing, samples, goods or spares under warranty/replacement, etc) to be verified and the AD Branch should be satisfied with the details/declaration submitted by the importer.

e) Product imported shall be in line with the normal business of the importer.
f) There shall be no KYC/AML/CFT concerns in respect of the importer.
g) The importer shall not be under any investigation/court cases etc. for these transactions.
h) There shall be no restrictions on import of such goods as per the FTP.

19. UNREALISED EXPORTS

A. If the export proceeds of an exporter remain unrealised for a period beyond one year from the due date of realisation or extended period allowed by the Bank, if any, future export transactions between the exporter and specific overseas buyer responsible for the unrealised export proceeds shall be handled only against receipt of full advance or an irrevocable Letter of Credit

B. In respect of unrealized exports, the Bank may handle such transactions based on the declaration from the concerned exporter. Further, for tracking of outstanding entries, including in cases where the customer maintains relationships with more than one AD Bank, reports relating to such transactions available in EDPMS shall be considered.

C. For exports done by the exporters, realisation has to happen within the due date/extended due date. Hence, realization of bills shall be closely monitored and in cases where bills remain outstanding, beyond the due date/extended due date, if any, matter should be promptly taken up with the concerned exporter.

D. In case of any delay in realisation/non-realisation of proceeds, exporter to be advised to seek extension/write-off. Based on the specific request of the exporter and if satisfied with the genuineness of the request, due date may be extended/the export bill may be writen off, as per the delegation conferred under this Internal Policy/Framework.

E. Follow-up of overdue bills

If the exporter fails to arrange for realisation of the export proceeds within the stipulated period, exporter to be advised to seek extension or write-off. Follow up with exporters for export outstanding shall be done systematically and vigorously so that action against defaulting exporters does not get delayed. Any laxity in the follow up of realization of export proceeds by the Branch may lead to the invocation of the penal provision under FEMA, 1999 by Reserve Bank of India.

F. Exporters in the Caution List as on 30.09.2026

In respect of the exporters in the RBI Caution List, as on September 30, 2026, as per orders issued by the Reserve Bank under Regulation 16 of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, shall continue to be governed by the said order till such time the exporter is removed from the Caution List.

The Bank will follow the procedure mentioned below while handling shipping documents in respect of caution listed exporters:-

a. The Bank will intimate the exporters about their caution listing, giving the details of outstanding shipping bills. When caution listed exporters submit shipping documents for negotiation / purchase/ discount/ collection, etc., the Bank will accept the documents subject to following conditions:-
    i. The exporters concerned should produce evidence of having received advance payment or an irrevocable letter of credit in their favour covering the full value of the proposed exports
    ii. In case of usance bills, the relative letter of credit should cover full export value and also permit such drawings. Besides, the usance bills should also mature within prescribed realisation period reckoned from date of shipment.
    iii. Except under the above mentioned conditions given in (a) (i) and (ii), the Bank will not handle the shipping documents of caution listed exporters.

b. The Bank should obtain prior approval of the Reserve Bank of India for issuing guarantees for caution-listed exporters

For de-caution-listing an exporter, recommendations shall be sent to the Regional Office of the Reserve Bank of India along with relevant details/documents as per the existing laid down procedure once the related shipping bills are realised and closed or extension for realisation is granted.

20. EXPORT OF GOODS AND SERVICES AGAINST REPAYMENT OF STATE CREDITS

For the implementation of the provisions of the Inter banking arrangement, the Bank will adhere to instructions and directions issued by the Reserve Bank of India from time to time on export of goods and services against repayment of State credits granted by the erstwhile Soviet Union.

Export of goods and services under State Credit/Line of Credit arrangements with foreign Governments or their designated agencies shall be undertaken in accordance with the terms of the relevant Government-to-Government/State

Credit arrangement and applicable FEMA, RBI and Foreign Trade Policy provisions. Underlying export contract, eligibility of the exporter, identity and status of the foreign Government/designated importing entity, credit/payment mechanism, shipment or performance of services, and the prescribed method and timeline for receipt/repatriation of export proceeds shall be ensured. The transaction shall be appropriately reported and monitored in EDPMS and other applicable regulatory systems, and outstanding export receivables shall be followed up and regularised in accordance with applicable FEMA/RBI provisions.

21. PROJECT EXPORTS

A. The Bank will permit receipts/ payments for project exports as per the underlying contract, after satisfaction in respect of the genuineness of the project.

B. Exporters who have secured orders for undertaking supply contracts on deferred payment terms, those who have secured turnkey/civil construction contracts abroad or for export of services in the area of management, technical consultancy, etc. where execution of the contracts involves grant of fund-based and/or non-fund based facilities from the Indian banking system or where deferred payment terms are to be offered require approval from AD Branch.

C. Customers may approach on or before handling the project export transactions with desired information about the project in brief to be submitted to Bank for information and records. AD Branches to acknowledge the receipt of the information. In case any amendment is required, customer to provide updated details in their request letter / revised form.

D. In case not satisfied with the application, same to be informed to the customer regarding rejection of their intimation request and unwillingness to handle the transactions for the underlying project at their counters.

E. A project exporter may deploy temporary cash surplus, generated outside India, from such exports, for investments in short-term instruments (with original or residual maturity of one year or less) including in treasury bills and in deposits with banks, outside India subject to monitoring by the Bank.

F. Opening, holding and maintaining of Foreign Currency Account with a bank inside/outside India shall be as per Notification No. FEMA 10 (R) /2015-RB on Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015.

22. DEEMED EXPORTS

- Deemed exports refer to transactions where goods manufactured in India are supplied locally within the country and do not physically cross national borders, yet are treated as exports to grant specific tax benefits and refunds.
- Under DGFT provisions, supplies made against an Advance Authorisation / Invalidation Letter are recognized as deemed exports provided the goods are manufactured in India.
- The payment received (in Rupees & Foreign currency) against deemed exports may be raised & realised in EDPMS for claiming the applicable benefits.

23. MERCHANTING TRADE TRANSACTIONS (MTT)

A. MTT shall be undertaken for the goods that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India as on the date of shipment. All rules, regulations and directions applicable to exports (except Export Declaration Form) and imports (except Bill of Entry) shall be complied with for the export leg and import leg respectively, except that Period between the outward remittance and inward remittance or vice versa shall not exceed six months.

B. As per FTP, Merchanting trade involving shipment of goods from one foreign country to another foreign country without touching Indian ports, or shipment of goods within one specific foreign country, involving an Indian intermediary is allowed subject to compliance with RBI guidelines, except for goods in the CITES, or under SCOMET.

C. A person undertaking Merchanting Trade, in accordance with the Foreign Trade Policy, shall ensure that:

i. The period between the outward remittance and inward remittance or vice versa does not exceed six months

The Bank may, on request from the customer undertaking MTT, citing reasons for delay, allow extension of time, as per the delegation conferred under this Internal Policy/Framework based on satisfaction of the reasons furnished for extention.

ii. Outward remittances are sent only to the overseas seller and inward remittances are received only from the overseas buyer

The Bank may, on request from the customer undertaking MTT citing reasons, allow receipt from and/ or payment to any third party, as per the delegation conferred under this Internal Policy/Framework

based on satisfaction of the reasons furnished.

iii. The documents evidencing the MTT are provided to the Bank, to establish the genuineness of the transactions.

D. Overall Merchant trade transaction shall be completed within 9 months. The commencement date of merchanting trade shall be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date shall be the date of shipment / export leg receipt or import leg payment, whichever is the last. Any extension will be handled as per delegation conferred under this Internal Policy/Framework.

E. Fresh transactions of Merchant traders, where the overdue outstanding (both export and import leg put together) is more than 5% or more of their annual export earnings (both normal export and export leg of MTT) shall be handled as per delegation conferred under this Internal Policy/Framework.

F. The Bank shall:

i. Credit or debit the account of its customer for any cross-border transaction related to MTT after having been satisfied with the genuineness of the same and shall, simultaneously close or update the respective entry in EDPMS and/or IDPMS.

ii. Monitor and follow-up with the person undertaking merchant trading to ensure that both the legs of the transaction are completed within the period and manner as specified in FEMA Regulations.

G. Payment of Agency Commission

Agency commission is not allowed in MTT's. However, payment of agency commission may be allowed up to a reasonable extent by way of outward remittance under exceptional circumstances, subject to the following conditions:

i. MTT has been completed in all respects.

ii. The payment of agency commission shall not result in the MTT ending into a loss.

iii. The Merchanting trader shall make a specific request to the Bank in this regard.

H. Reporting for merchanting trade transactions under FETERS shall be done as per extant guidelines of RBI.

I. Merchanting trade to Nepal and Bhutan:-

As Nepal and Bhutan are landlocked countries, there is a facility of transit trade whereby goods are imported from third countries by Nepal and Bhutan through India under the cover of Customs Transit Declarations in terms of the Government of India Treaty of Transit with these two countries. In consultation with Government of India, it is clarified herein that goods consigned to the importers of Nepal and Bhutan from third countries under merchanting trade from India would qualify as traffic-in-transit, if the goods are otherwise compliant with the provisions of the India-Nepal Treaty of Transit and Indo-Bhutan Treaty of Transit respectively.

24. INTERNATIONAL TRADE INVOICING AND SETTLEMENT IN INDIAN RUPEES (INR)

- In order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, RBI has put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR.
- AD banks in India may open Special Rupee Vostro Accounts (SRVA's) of its branch outside India or a Bank resident outside India, in terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016.
- The settlement of cross-border trade transactions through SRVA is an additional arrangement for invoicing, payment and settlement of exports and imports in INR. Additionally, all permissible capital and current account transactions under FEMA may be settled through the SRVA. Further, AD banks maintaining SRVA are also permitted to open additional current account for exporter/importer, exclusively for settlement of export/import transactions.
- SRVA may be funded by way of inward remittances or transfer from other repatriable INR accounts in terms of Foreign Exchange Management (Deposit) Regulations, 2016. The proceeds accrued through permissible current and capital account transactions under FEMA can also be held in the SRVA
- Investments in debt instruments out of the balances held in the SRVA shall be governed by the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025, as amended from time to time.
- Documentation and reporting of cross-border transactions through SRVA shall be done in terms of the extant guidelines under FEMA 1999, issued from time to time. The details of SRVA held by overseas correspondent banks with AD banks in India shall be updated periodically in the 'SRVA directory', published by FEDAI.
- The Bank shall be guided by the extant guidelines on the broad framework as well as instructions issued by the Reserve Bank in this regard, from time to time.

25. FACTORING

A. Export factoring

1. The Bank may enter into export factoring arrangement on a non-recourse basis, so as to enable the exporters to improve their cash flow and meet their working capital requirements subject to ensuring that the client is not over financed. Accordingly, the working capital requirement of the clients may be determined by taking into account the value of the invoices purchased for factoring. The invoices purchased should represent genuine trade invoices.

2. To improve their cash flow and meet their working capital, exporter may enter into factoring arrangement with Export factor like Banks, factoring agency, etc. This arrangement shall be subject to conditions as under:
   i. Inward proceeds pertaining to with or without recourse factoring may be handled. The charges / interest for such factoring may be as per commercial arrangement between the exporter and the factoring bank / agency (no interest cap). Customer to provide copy of factoring agreement / message from remitting bank that these are proceeds under with / without recourse factoring done by factoring bank/ agency.

   ii. Factoring transactions to be handled in EDPMS accordingly.

B. Import Factoring

1. AD Category – I bank may enter into arrangements with international factoring companies of repute, preferably members of Factors Chain International, without the approval of Reserve Bank, by duly ensuring compliance with the extant foreign exchange directions relating to imports, Foreign Trade Policy in force and any other guidelines/directives issued by Reserve Bank in this regard.

2. In cases wherein importer has entered into factoring arrangement with overseas factor for immediate payment to the overseas supplier before due date of the bill, such would qualify as 'buyers credit' as per the definition under Regulation 2(ah) of Foreign Exchange Management (Borrowing and Lending) Regulation 2018 and all regulations shall be complied.

26. FOREIGN CURRENCY ACCOUNT, DIAMOND DOLLAR ACCOUNT (DDA) AND EXCHANGE EARNERS' FOREIGN CURRENCY ACCOUNT (EEFC ACCOUNT)

Opening and maintaining of Foreign Currency account, EEFC Account, DDA shall be in accordance with Notification No. FEMA 10 (R) /2015-RB on Foreign

Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015, updated from time to time

A. A Unit in a Special Economic Zone (SEZ)

A unit located in a Special Economic Zone may open, hold and maintain a Foreign Currency Account with an authorized dealer in India provided that:-

a. All foreign exchange funds received by the unit in the Special Economic Zone (SEZ) are credited to such account.
b. No foreign exchange purchased in India against rupees shall be credited to the account without prior permission from the Reserve Bank.
c. The funds held in the account shall be used for bona fide trade transactions of the unit in the SEZ with the person resident in India or otherwise.
d. The balances in the accounts shall be exempt from the restrictions imposed under Rule 5, except item 1(ii) of the Schedule III, of the Government of India Notification No.GSR.381(E) dated May 3, 2000, as amended from time to time.

Provided that the funds held in these accounts shall not be lent or made available in any manner to any person or entity resident in India not being a unit in Special Economic Zones.

B. Diamond Dollar Accounts (DDAs)

Firms and companies who comply with the eligibility criteria stipulated in the Foreign Trade Policy of Government of India, in force from time to time and the directions as may be issued by Reserve Bank of India, from time to time, may be allowed to open, hold and maintain Diamond Dollar Accounts (DDAs) in India subject to the following terms and conditions of the DDA Scheme

a. The exporter should comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India, issued from time to time.
b. The DDA shall be opened in the name of the exporter and maintained in US Dollars only.
c. The account shall only be in the form of current account and no interest should be paid on the balance held in the account.
d. No intra-account transfer should be allowed between the DDAs maintained by the account holder.
e. An exporter firm/ company shall be permitted to open and maintain not more than 5 DDAs.
f. The balances held in the accounts shall be subject to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements.
g. Exporter firms and companies maintaining foreign currency accounts, excluding EEFC accounts, with banks in India or abroad, are not eligible to open Diamond Dollar Accounts.

C. Exchange Earners' Foreign Currency Account (EEFC)

A person resident in India may open, hold and maintain with an authorised dealer in India, a Foreign Currency Account to be known as Exchange Earners' Foreign Currency (EEFC) Account, subject to the terms and conditions of the Exchange Earners' Foreign Currency Account Scheme.

27. HANDLING OF EDPMS/IDPMS ENTRIES UP TO ₹10.00 LAKH

Notwithstanding anything contained in this Internal Policy/Framework, Shipping Bills/Bill of Entries having value is ₹10 lakh or below can be closed based solely on declaration confirming realization (exports) or payment (imports) or reduction in invoice value. Exporters/Importers may submit a quarterly consolidated declaration covering multiple bills. No other document needs to be insisted apart from the declaration submitted by the exporter/importer. Small value SB/BoE closure & I/EDPMS entries upto Rs.10.00 lakh on basis of customer declaration shall apply for all export and imports including through Payment Aggregator Cross Border (PACB).

In case if the, SB/IRM/BoE/ORM are under investigation by Directorate of Enforcement/Central Bureau of Investigation or any other investigating/law enforcement agency, same shall be closed only after receipt of NOC from respective agency.

For cases reported to ED, request may be handled, in case no investigation is initiated by respective authority. Subsequently, communication regarding regularization to be sent to concerned authority after regularization of respective SB's/BoE's.

In case of reduction of value of SB/BOE due to any reasons like bank charges, quality disputes, discounts, short shipment, write off, reduction in invoice value etc., the requests may be handled by ensuring that the reasons for reductions are declared and satisfactory and no KYC/AML concerns are observed.

28. REPORTING

Export Data Processing and Monitoring System (EDPMS) was launched by RBI to monitor payments against Export Bill. It is a system where all export transactions are captured and followed up till their realization.

Further, in order to enhance ease of doing business and facilitate efficient data processing for payment of import transactions and effective monitoring thereof, Import Data Processing and Monitoring System (IDPMS) was introduced.

All Authorized dealers in Foreign Exchange to have a procedure, mode/manner of payment for imports and exports and have to submit the related data in respect of the same to RBI in IDPMS & EDPMS.

Exporters and importers are required to register the AD Code of their Bank with Customs/STPI/SEZ and all export and import data (Shipping Bill details in case of exports and Bill of entry details in case of Imports) is made available to the respective Banks by Customs through RBI EDPMS and IDPMS system. Banks are required to undertake export/import transactions based on the data received from Customs and report all subsequent activity such as receipt of documents, payment realization, extension, write off etc. to RBI through EDPMS/IDPMS on daily basis.

The data on Exports and Imports, available in EDPMS and IDPMS, is used for monitoring and statistical purposes by all regulatory agencies as well as for policy decisions by RBI and Government of India. Hence, vigorous follow up shall be done for the outstanding entries in EDPMS and IDPMS on continuous basis so as the entries are completed within the respective due dates.

All Export, Import and MTT transactions relating to goods and services shall be reported in EDPMS/IDPMS in a timely and accurate manner. This includes reporting of export declarations, advance/bill payments/receipt, realisation of proceeds, extensions of time, reductions in value, write-offs, set-off, third-party receipts/payments, merchanting trade, project exports etc.

A. Regulatory timeline for reporting into EDPMS/IDPMS & guidelines for Mark-off/closure of entries:

Reporting:-

a) The Bank shall enter details of EDF (of its customers) as received from non-EDI (Electronic Data Interchange) port in EDPMS within five working days of receipt of EDF.
b) The Bank shall enter details of EDF of service (of its customers) in EDPMS within five working days of receipt of EDF from an exporter.
c) The Bank shall enter details of import (of its customers) as received from non-EDI port in IDPMS within five working days of receipt of documents.
d) The Bank shall enter details of import of service, in IDPMS, as declared and submitted by the importer, within five working days of receipt of documents.
e) The Bank shall enter details of inward and outward remittances for all exports, imports and Merchanting Trade Transactions (MTT) in EDPMS and/ or IDPMS.
f) The Bank shall monitor all transactions in EDPMS and IDPMS for closure of outstanding entries and follow-up with an exporter, an importer and person undertaking MTT for submission of documents for the same.

Further, the Bank shall enter/report all subsequent events like extensions of time, reductions in value, write-offs, set-off, third-party receipts/payments etc., in EDPMS/IDPMS on "as and when basis".

Mark-off/closure of entries:

a) The Bank shall in the case of an export, mark-off the entry in EDPMS after ensuring that the export value has been realised.
b) The Bank shall in the case of an import, mark-off the entry in IDPMS after ensuring that the payment for the import has been made.
c) The Bank may on request by an exporter citing reasons, close the entry relating to export advance transactions in EDPMS, where no export has been made and where refund of such advance is not possible, after having been satisfied of the genuineness of the reasons cited.
d) The Bank may on request by an importer citing reasons, close the entry relating to import advance transactions in IDPMS, where no import has taken place and where repatriation of such advance is not possible, after having been satisfied of the genuineness of the reasons cited.
e) The Bank may on the request of importer, close the entry in IDPMS where import transaction has been settled at reduced value, after having been satisfied of the genuineness of the reasons cited.
f) The Bank shall in the case of an MTT, close or update the respective entry in EDPMS and IDPMS after making the receipt and payment for both legs of the MTT.

B. The Bank shall report all foreign trade transactions in Foreign Exchange Transaction Electronic Reporting System (FETERS) in terms of extant guidelines issued by the Reserve Bank from time to time.

C. Foreign Exchange Management Act, 1999 (FEMA) is administered through Authorised Persons, including Authorised Dealer Category-I Banks, based on the declarations, information and supporting documents furnished by persons undertaking foreign exchange transactions.

Therefore, it shall be ensured that foreign exchange transactions are undertaken only on the basis of complete, accurate and verifiable information and documentation. Accurate, complete and timely submission of all statements, returns, reports, declarations and other regulatory information prescribed under FEMA and the directions issued by the Reserve Bank of India from time to time shall be ensured, including reporting through applicable systems such as EDPMS, IDPMS, FETERS and other prescribed regulatory platforms.

29. FOLLOWUP FOR CLOSURE OF PENDING ENTRIES IN I/EDPMS

- Timely monitoring and follow-up of all outstanding entries in EDPMS, IDPMS, IRM, ORM, MTT pertaining to customers shall be done.
- It shall be ensured that export bills, import remittances, inward remittances, and outward remittances are duly regularized, matched,

and closed within the prescribed timelines under FEMA and RBI guidelines.

- Periodic review of pending entries shall be undertaken, and customers shall be followed up for submission of shipping documents, Bills of Entry, evidence of import, export realization documents, or any other information required for closure of the respective entries.
- Proper records of all follow-up efforts, customer communications, and corrective actions taken shall be maintained, and ensure that regulatory reporting and compliance requirements are met at all times.

30. NON-PERFORMANCE, CHRONIC DEFAULT AND REFERRAL FOR DOE REPORTING

- All export/import transactions shall be completed and within a reasonable time.
- Any export/import transaction exhibiting indications of non-genuine trade activity, such as prolonged non-realisation/payment attributable to non-performance, repeated cancellation of export/import contracts, chronic defaults in shipment obligations, or any other adverse features, shall be treated as a suspect transaction and referred to the Directorate of Enforcement, wherever warranted, for appropriate action.

31. LIST OF DOCUMENTS, TIMELINES AND CHARGES FOR EACH PROCESS AND APPROVAL:

- The List of documents, timelines and charges for each process and approval is enclosed as Annexure II.

c. POWERS TO AUTHORISED DEALERS:-

As per the powers accorded to the Authorised Dealers by the Reserve Bank of India vide Notification No. FEMA 23(R)/(1)/2026-RB dated 22.09.2026 [Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026], the Bank will handle transactions related to the Export and Import of goods and services and Merchanting Trade transactions (MTT), undertaken prior to 01.10.2026, which hitherto required approval of the Reserve Bank of India, under the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, Master Direction – Export of Goods and Services (FED Master Direction No. 16/2015-16, dated, January 01, 2016 as updated till July 17, 2026), and Master Direction – Import of Goods and Services (FED Master Direction No. 17/2016-17, dated, January 01, 2016 as updated till January 12, 2026) as per the delegation conferred under this Internal Policy/Framework.

d. CREDIT REPORT:-

- Credit Report from an external credit agency of repute / overseas Banker of the beneficiary of the overseas supplier/buyer/beneficiary which is satisfactory and/or acceptable to the Bank shall be obtained for all transactions/invoice value/contract value exceeding USD 50,000 or equivalent.

- Credit report for Merchanting Trade Transactions (for both import leg & export leg) shall be obtained irrespective of the amount of invoice/contract. In case of third party involved in MTT, credit report of third party may also be insisted upon based on requirements.
- Credit report shall be obtained in the instances of (i) Remittance towards imports (ii) opening of import LC, (iii) establishment of FCBG/SBLC, (iv) availing Trade credit /buyers' credit, (v) Merchanting Trade Transaction (for both import leg & export leg)
- Further, Credit report may be obtained for any other cases/transactions, at the Discretion of the Bank, irrespective of the Invoice/Transaction value.
- Based on the Rating of the overseas supplier/buyer/beneficiary as per the Credit report, transactions shall be processed as per the delegation conferred under this Internal Policy/Framework.
- Credit report shall be valid for 12 months and upon expiry fresh credit report to be obtained in case if transactions need to be handled in respect of same overseas supplier/buyer/beneficiary.

e. ESCALATION PROCESS FOR HANDLING CUSTOMER GRIEVANCES AND APPEAL MECHANISM:

- Customers may register their grievances through branches, e-mails, contact centre, Bank's website.
- In case of delays, pending clarifications, regulatory issues, or customer grievances relating to trade transactions, the matter shall be escalated as per the following matrix:

Level	**Authority**	**Indicative Timeline - Days for redressal [T + Calendar days]**
Grievance Escalation & Appeal Framework		
Level- 1	Branch	7 days.
Level- 2	Regional Office	15 days.
Level- 3	Central Processing Centre/ Operations Department	30 days.
Appeal Framework		
Level- 4	Head Office – Forex Support Group	15 days from the date of appeal.

f. CONCLUSION

Periodicity and Authority for Review:

- This Internal Policy/Framework for Handling Transactions related to Export & Import of Goods & Services and Merchanting Trade Transactions (MTT) would be reviewed by the **Managing Director & CEO** if there are any regulatory amendments or at such interval as may be deemed necessary by the Operations Department & Forex Support Group having regard to the regulatory changes, prudence, supervisory

expectations, business developments, audit observations, emerging risks and operational requirements.

Effect of Regulatory Amendments prior to review:

- To the extent any change / amendment is required in the Internal Policy/Framework in terms of any change in the applicable law or regulations, the amended law or regulations would prevail over the Internal Policy/Framework and the provisions in the Internal Policy/Framework would be modified in due course to make it consistent with law or regulations. Such amended Guidelines shall be placed before the Reviewing Authority for necessary ratification.

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ANNEXURE - I

DELEGATION MATRIX FOR VARIOUS TYPE OF TRANSACTIONS UNDER THE INTERNAL POLICY / FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

Karnataka Bank Ltd.
Your Family Bank, Across India

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CREDIT SANCTIONS DEPARTMENT – FOREX SUPPORT GROUP

DELEGATION MATRIX FOR VARIOUS TYPE OF TRANSACTIONS UNDER THE INTERNAL POLICY/FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

A. DELAY IN DECLARATION OF EXPORTS

Type of transaction	Delegated Authority
Declaration of exports after prescribed time limit	Branch Head of AD Branch.

B. DELAY IN SUBMISSION OF SHIPPING DOCUMENTS BY EXPORTERS

Type of transaction	Delegated Authority
Submission of export documents after prescribed period	Branch Head of AD Branch.

C. EXTENSION OF TIME /DUE DATE OF EXPORT BILLS

Type of transaction	Delegated Authority
Due date after extension is within regulatory prescribed time limit for realisation	Branch Head of AD Branch.
Due date after extension is beyond regulatory prescribed time limit for realisation and the total outstanding of the exporter does not exceed USD one million or 10 per cent of the average export realizations during the preceding three financial years, whichever is higher.	CPC-Head & above.
Cases where the exporter has filed suit abroad against the buyer	CPC-Head & above.
All other cases	AGM & above in charge of CPC.
Note:- ➢ For the extension of due date of export bills wherein export credit (Post Shipment Credit) is availed (except for extension under RBI Trade Relief Measures, 2026), approval from the respective sanctioning authority shall also be obtained where the	

tenor exceeds the stipulated period of 9 months (12 months for export of goods/services invoiced in Indian Rupees). ➢ Extension of due date of export bills wherein export credit (Post Shipment Credit) is availed may be granted under Reserve Bank of India (Trade Relief Measures) Directions, 2026 as per the specific directions. ➢ In case the customer has obtained ECGC per party/SCR policy against specific export shipments/bills financed, it shall be ensured that the extension is in line with the policy.

D. OPENING / HIRING OF WAREHOUSES ABROAD

Type of transaction	Delegated Authority
Opening / hiring of warehouses abroad	➢ For Exporters without Sanctioned Export Credit Limits – CPC-Head & above ➢ For Exporters with Sanctioned Export Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.

E. EXPORT OF GOODS ON LEASE, HIRE, etc.

Type of transaction	Delegated Authority
Export of goods on lease, hire, etc.	➢ For Exporters without Sanctioned Export Credit Limits – CPC-Head & above ➢ For Exporters with Sanctioned Export Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.

F. EXTENSION OF SHIPMENT DATE FOR IRM

Type of transaction	Delegated authority
Upto three years from the date of receipt of advance, with or without interest	CPC-Head & above
Beyond three years from the date of receipt of advance without interest	AGM & above in charge of CPC.

G. REFUND OF ADVANCE AGAINST EXPORTS

Type of transaction	Delegated authority
Refund within three years from the date of receipt of advance	CPC-Head & above
Refund after three years from the date of receipt of advance	AGM & above in charge of CPC.

H. CLOSURE OF IRM (ADVANCE AGAINST EXPORTS) [including Write off cases where export cannot be made or refund of the advance is no longer achievable]

Type of transaction	Delegated authority
Upto 10% of IRM value	Branch Head of AD Branch
Upto 100% of IRM value subject to IRM value is less than USD 200,000.00 or equivalent	CPC-Head & above.
100% of IRM value and IRM value is equal to or more than USD 200,000.00 or equivalent	AGM & above in charge of CPC.

I. EXTENSION OF TIME FOR IMPORT PAYMENTS

Type of transaction	Delegated authority
Where importer has filed suit against the seller	CPC-Head & above.
Cases other than above, up to the period of three years from the date of shipment in case of goods or from the date of invoice in case of services or from the date of transmission in case of software	CPC-Head & above.
Beyond three years and where no interest is involved	AGM & above in charge of CPC.

J. REDUCTION IN INVOICE VALUE

Type of transaction	**Delegated Authority**
Short Shipments/Shut out Shipments [without any amount ceiling]	Branch Head of AD Branch
Goods destroyed during Testing without any amount ceiling, subject to obtention of certificate issued by the testing agency that the goods have been destroyed during testing, in lieu of Bill of Entry for import	CPC-Head & above.
Pre-payment of usance bills (subject to reduction in value should not exceed the amount of proportionate interest on the	Branch Head of AD Branch

Type of transaction	**Delegated Authority**
unexpired period of usance calculated at the rate of interest stipulated in the contract or at ARR of the currency of invoice where rate of interest is not stipulated in the contract)	
Foreign bank charges [without any limit with documentary evidence]	Branch Head of AD Branch
Re import of unsold items [Re import of unsold goods previously exported from India, without any amount ceiling, by obtaining Bill of Entry or Customs Assessment Certificate or Postal Appraisal form or details of Bill of Entry as per IDPMS, as the case may be]	Branch Head of AD Branch
Cash Discount	CPC-Head & above.
Export by Government	CPC-Head & above.
Shipments lost in transit	CPC-Head & above.
Factoring Commission/Charges [without any limit based on the factoring arrangement/agreement /advices]	Branch Head of AD Branch.
Import on Free of Cost (FOC)/No commercial value/Sample /Gift/ Warranty replacement etc.	Branch Head of AD Branch.
Bills drawn to cover discrepancies in the Letter of Credit (LC) vs. Actual Export value, or provisional vs. actual freight charges, were dishonoured by the foreign buyer and are now considered irrecoverable.	CPC-Head & above.
All other cases	AGM & above in charge of CPC.
Note:- In case of reduction of invoice value of Shipping Bills & Bill of Entry with value upto Rs.10.00 lakh due to any reasons like bank charges, quality disputes, discounts, short shipment, write off etc., the requests may be processed at CPC based on declaration by the exporter/importer by ensuring that the reasons for reductions are declared and satisfactory.	

K. WRITE OFF OF UNREALISED EXPORT BILLS

Scenarios	Delegated Authority
1. The overseas buyer has been declared insolvent and a certificate from the official liquidator, indicating that there is no possibility of recovery of export proceeds, has been produced. 2. The unrealised amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization 3. The overseas buyer is not traceable over a reasonably long period of time (minimum one year from the date of export) 4. The cost of resorting to legal action would be disproportionate to the unrealised amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control 5. Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amounts have remained unrealised consequent on dishonour of the bills by the overseas buyer and there are no prospects of realization	a. If cumulative write off during the current year is within 10% of total export proceeds realised during the calendar year preceding the year in which the write-off is being done :- Branch Head of AD Branch b. If cumulative write off during the current year is 10% & above of total export proceeds realised during the calendar year preceding the year in which the write-off is being done:- ➢ <u>For Exporters without Sanctioned Export Credit Limits</u> – CPC-Head & above. ➢ <u>For Exporters with Sanctioned Export Credit Limits</u> – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
The unrealised amount represents the undrawn balance of an export bill remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter	a. If write off amount is within 10% of the invoice value:- CPC-Head & above. b. If write off amount is exceeding 10% of the invoice value:- ➢ <u>For Exporters without Sanctioned Export Credit Limits</u> – AGM & above in charge of CPC. ➢ <u>For Exporters with Sanctioned Export Credit Limits</u> – Respective Sanctioning

Scenarios	Delegated Authority
	Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Goods exported by the Exporter have been auctioned or destroyed by the Port/Customs/Health authorities in the importing country	➢ For Exporters without Sanctioned Export Credit Limits - CPC-Head & above. ➢ For Exporters with Sanctioned Export Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Payment of claims by ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA) OR Where the insurance claim is by insurance Companies abroad [without any limit on value of the bill]	CPC-Head & above [In case, the exporter is sanctioned with export credit limits, after write-off, the same to be intimated to the respective Sanctioning office/authority]
Quality issues & Discount	CPC-Head & above.
All other cases	➢ For Exporters without Sanctioned Export Credit Limits - AGM & above in charge of CPC. ➢ For Exporters with Sanctioned Export Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.

L. SET-OFF OF EXPORT RECEIVABLES AGAINST IMPORT PAYABLES

Type of Request	Delegated authority
Set-off between the export and import legs taking place during the same calendar year	Branch Head of AD Branch.

Type of Request	Delegated authority
Set-off between the export and import legs taking place during the different calendar year	CPC-Head & above.

M. THIRD-PARTY RECEIPTS AND PAYMENTS

Type of Request	Delegated authority
Third party payments (Imports) & receipts (Export) with value upto USD 1 lakh or equivalent	CPC-Head & above.
Third party payments (Imports) & receipts (Export) with value above USD 1 lakh or equivalent	AGM & above in charge of CPC.

N. EXTENSION OF TIME FOR IMPORT PAYMENTS

Commodity	Scenario	Delegated Authority
Goods/Services	Upto One year from the date of Shipment in case of goods/Invoice in case of services	Branch Head of AD Branch.
Goods/Services	Beyond one year & upto three years from the date of shipment in case of goods/Invoice in case of services and the total outstanding of the importer does not exceed USD one million or equivalent or 10 per cent of the average import remittances during the preceding two financial years, whichever is lower.	Branch Head of AD Branch.
Goods/Services	Beyond one year & upto three years from the date of shipment in case of goods/Invoice in case of services and the total outstanding of the importer exceeds USD one million or equivalent or 10 per cent of the average import remittances during the preceding two financial years, whichever is lower	➢ <u>For borrowers without Sanctioned Credit Limits</u> – AGM & above in charge of CPC. ➢ <u>For borrowers with Sanctioned Credit Limits</u> – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General

Commodity	Scenario	Delegated Authority
		Manager– Credit Sanctions Department.
Goods/Services	Beyond three years from the date of shipment in case of goods/Invoice in case of services	➢ For borrowers without Sanctioned Credit Limits:– GM & above – Operations Department. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Rough, cut and polished diamonds	Upto one year from the date of shipment	Branch Head of AD Branch.
Rough, cut and polished diamonds	Beyond one year from the date of shipment	➢ For borrowers without Sanctioned Credit Limits:– AGM & above in charge of CPC. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Platinum/ Palladium/ Rhodium/ Silver	Beyond 90 days from the date of shipment	➢ For borrowers without Sanctioned Credit Limits – AGM & above in charge of CPC. ➢ For borrowers with

Commodity	Scenario	Delegated Authority
		Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Gold Jewellery Including Jewellery Made of Precious Metals or/and Studded With Diamonds / Precious Stones /Semi-precious	Beyond 90 days from the date of shipment	➢ For borrowers without Sanctioned Credit Limits – AGM & above in charge of CPC. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
All other cases		➢ For borrowers without Sanctioned Credit Limits:– GM & above – Operations Department. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.

O. EXTESION OF ORM

Without any time limit based on genuineness of the request	CPC-Head & above.

P. WRITE OFF OF ORM

Limit	Delegated authority
Upto 10% of ORM value	CPC-Head & above.
Upto 100% of ORM value subject to ORM value is less than USD 200,000.00 or equivalent.	➢ For Importers without Sanctioned Working Capital Credit Limits - AGM & above in charge of CPC. ➢ For Importers with Sanctioned Working Capital Credit Limits - Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
100% of ORM value and ORM value is equal to or more than USD 200,000.00 or equivalent.	➢ For Importers without Sanctioned Working Capital Credit Limits – GM & above – Operations Department. ➢ For Importers with Sanctioned Working Capital Credit Limits - Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Note:- In case the customer has availed Term loan from the Bank and the import payment (in respect of the outstanding ORM requested for write-off) is made from disbursement of term loan, the delegated authority for Write-off of above 10% ORM value shall be the Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.	

Q. EXTESNION OF TIME FOR SUBMISSION OF EVIDENCE OF IMPORT

Without any time limit based on genuineness of the request	CPC-Head & above.

R. WRITE OFF OF BoE

Limit	Delegated authority
To the extent of 5% of invoice value in cases where the amount declared in BoE	Branch Head of AD Branch.

Limit	Delegated authority
varies from the actual remittance due to operational reasons and satisfactory supporting documents (or) reason/s are submitted by the importer	
Write off is on account of quality issues, short shipment or destruction of goods by the port / Customs / health authorities in terms of extant guidelines on the matter subject to submission of satisfactory documentation by the importer irrespective of the amount involved	CPC-Head & above.
Other than above, Upto 10% of BoE value subject to maximum of USD 200,000 or equivalent Equal to or above 10% of BoE or more than USD 200,000 or equivalent	CPC-Head & above. AGM & above in charge of CPC.

S. WAIVER OF UNCONDITIONAL, IRREVOCABLE STANDBY LETTER OF CREDIT OR A GUARANTEE FOR ADVANCE REMITTANCE FOR IMPORTS AND MERCHANTING TRADE.

S.1. IMPORTERS OTHER THAN A PUBLIC SECTOR COMPANY OR A DEPARTMENT/UNDERTAKING OF THE GOVERNMENT OF INDIA/STATE GOVERNMENT/S

Category	Amount	Competent authority
1. Goods 2. Services	Above USD Two lakhs and upto USD one million	DGM and above – Credit Sanctions Department
3. Aircrafts/Helicopters, other Aviation Related Purchases and Shipping Vessels (For entities which have been permitted under the extant FTP or any other person who has been granted permission by the DGCA to operate Scheduled or Non-Scheduled Air Transport Service)	Above USD one million and upto USD Five million	GM and above - Credit Sanctions Department
Import of Rough Diamonds	Without any limit	CPC-Head & above.

S.2. PUBLIC SECTOR COMPANY OR A DEPARTMENT/UNDERTAKING OF THE GOVERNMENT OF INDIA/STATE GOVERNMENT/S

Category of Goods	Amount	Competent authority
Goods, rough diamonds, aircraft, helicopters or other aviation-related purchases, and shipping vessels/services (Subject to prior approval from the Head of Finance or CFO or Company Secretary of the importer company)	Above USD 100,000	CPC-Head & above.

T. RECEIPT OF IMPORT DOCUMENTS BY THE IMPORTER DIRECTLY FROM OVERSEAS SUPPLIERS IMPORT BILLS (FOR OTHER THAN PERMITTED ENTITIES IN THE GUIDELINES)

Type of Goods	Amount	Delegated Authority
Other than Rough diamonds, rough precious and semi-precious stones	exceeding USD 300,000 or equivalent.	➢ For borrowers without Sanctioned Credit Limits – AGM & above in charge of CPC. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Rough diamonds, rough, precious and semi-precious stones-Non Status Holder	exceeding USD 300,000 or equivalent.	

U. MERCHANTING TRADE TRANSACTIONS

Nature of Request	Delegated Authority
Period between the outward remittance and inward remittance or vice versa exceeds six months up to one year	CPC-Head & above.
Period between the outward remittance and inward remittance or vice versa exceeds one year but less than two years	➢ For borrowers without Sanctioned Credit Limits – AGM & above in charge of CPC. ➢ For borrowers with Sanctioned Credit

Nature of Request	Delegated Authority
	Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Period between the outward remittance and inward remittance or vice versa exceeds two years	➢ For borrowers without Sanctioned Credit Limits – GM & above – Operations Department. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Closure of Merchanting trade resulting into loss	➢ For borrowers without Sanctioned Credit Limits – AGM & above in charge of CPC. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.
Closure of MTT with deviations	
Cases like Extension, third party payments, reduction in invoice value, Write-off, Guarantee waiver etc, in import or export leg	Delegation as applicable to export/import transactions
All other cases	➢ For borrowers without Sanctioned Credit Limits – GM & above – Operations Department. ➢ For borrowers with Sanctioned Credit Limits – Respective Sanctioning Authority. In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager– Credit Sanctions Department.

V. CREDIT REPORT:-

V.1. FOR HANDLING TRANSACTIONS OF CUSTOMERS WITH CREDIT FACILITIES SANCTIONED AT HO-CREDIT SANCTIONS DEPARTMENT

Permitting Authority / Type of Credit Report	CPC Head & above	AGM-CSD	DGM-CSD	GM-CSD
B Rated / Moderate /Medium Risk Credit Report	Upto USD 100,000 or Equivalent	Upto USD 150,000 or Equivalent	Upto USD 200,000 or Equivalent	Above USD 200,000 or Equivalent
C Rated / High Risk Credit Report	Upto USD 75,000 or Equivalent	Upto USD 100,000 or Equivalent	Upto USD 150,000 or Equivalent	Above USD 150,000 or Equivalent
No credit Rating, New Business, Line of activity differs	Upto USD 50,000 or Equivalent	Upto USD 75,000 or Equivalent	Upto USD 100,000 or Equivalent	Above USD 100,000 or Equivalent

V.2. FOR HANDLING TRANSACTIONS OF CUSTOMERS WITH CREDIT FACILITIES SANCTIONED AT SANCTIONING CENTRES OTHER THAN HO-CSD

Permitting Authority / Type of Credit Report	CPC Head & above	Respective Sanctioning Authority (In case of sanctions coming under the power of CBO & above, such permission may be accorded by the General Manager)
B Rated / Moderate /Medium Risk Credit Report	Upto USD 100,000 or Equivalent	Above USD 100,000 or Equivalent
C Rated / High Risk Credit Report	Upto USD 75,000 or Equivalent	Above USD 75,000 or Equivalent
No credit Rating, New Business, Line of activity differs	Upto USD 50,000 or Equivalent	Above USD 50,000 or Equivalent

V.3. FOR HANDLING TRANSACTIONS OF CUSTOMERS NOT ENJOYING ANY CREDIT FACILITY FROM OUR BANK

Permitting Authority / Type of Credit Report	CPC Head & above	Regional Head of the respective Regional Office
B Rated / Moderate /Medium Risk Credit Report	Upto USD 100,000 or Equivalent	Above USD 100,000 or Equivalent
C Rated / High Risk Credit Report	Upto USD 75,000 or Equivalent	Above USD 75,000 or Equivalent
No credit Rating, New Business, Line of activity differs	Upto USD 50,000 or Equivalent	Above USD 50,000 or Equivalent

Note (Credit Report):

- The above amount of delegation decided is per Invoice. In case there are multiple part transactions under a single invoice/contract, the aggregate amount to be reckoned.
- In case of Expired Credit Report (report older than 12 months), if the AD Branch has applied for a fresh credit report, CPC may go ahead with the transaction considering the above delegation matrix by taking into account the Rating as per the expired credit report.
- In case line of activity of overseas party differs in the credit report from the proposed transaction, if the AD branch provides sufficient proof (like transport document/shipping bill/BoE of the transaction indicating the line of activity, website result showing the line of activity etc.) & recommendation, then CPC to continue to handle the transaction as per the Delegation matrix above. Further, AD Branch shall immediately take up the same with Credit report providing agency to get the rectified/updated report. Proof of the same shall be submitted to CPC.

- CPC-Forex shall maintain record/register in respect of all the forex transactions handled as per the delegation matrix under the powers of (i) CPC-Head & above, (ii) AGM in charge of CPC-Forex & (iii) GM & above-Operations Department as defined above. For transactions wherein the delegated authority are (i) Regional Heads & (ii) Sanctioning Authorities at HO-CSD & other sanctioning centres, CPC-Forex shall ensure that permissions (with reference numbers) from the respective delegated authority are available to handle the transactions.
- Any delegation not specifically mentioned shall be referred to CPC-Operations Department & Forex Support Group – Credit Sanctions Department.

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ANNEXURE - II

INTERNAL POLICY/FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

–

LIST OF DOCUMENTS, TIMELINES AND CHARGES FOR EACH PROCESS AND APPROVAL

Karnataka Bank Ltd.
Your Family Bank, Across India

Regd. & Head Office
P. B. No.599, Mahaveera Circle
Kankanady
Mangaluru – 575 002

Phone : 0824-2867999
E-Mail : forex@ktk.bank.in
Website : www.karnatakabank.bank.in
CIN : L85110KA1924PLC001128

CREDIT SANCTIONS DEPARTMENT – FOREX SUPPORT GROUP

LIST OF DOCUMENTS, TIMELINES AND CHARGES FOR EACH PROCESS AND APPROVAL UNDER THE INTERNAL POLICY/FRAMEWORK FOR HANDLING TRANSACTIONS RELATED TO EXPORT & IMPORT OF GOODS & SERVICES AND MERCHANTING TRADE TRANSACTIONS (MTT)

A. LIST OF DOCUMENTS - EXPORT AND IMPORT OF GOODS AND SERVICES & MERCHANTING TRADE TRANSACTIONS (MTT):-

A.1. Import of Goods and Services (Major Processes):-

Process	Details of documents required
Advance payment against Import of Goods and Services	▪ Annexure-2 (Application cum undertaking for payment towards Import of Goods and Services), Annexure-6 (Beneficiary Payment details) as per Bank format and FEMA Declaration. ▪ Proforma Invoice/Invoice/Contract/Agreement etc., mentioning Payment terms as Advance. ▪ SBLC/Bank guarantee (if advance payment terms is more than USD 2 Lakhs) or 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. ▪ For Services:- Form 145/146 ▪ For Rough diamonds:- GJEPC recommendation & Kimberley Process Certificate. ▪ For Aircraft:- Permission by the Directorate General of Civil Aviation (DGCA) to operate Scheduled or Non-Scheduled Air Transport Service. ▪ Expected date of Import ▪ 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 per AD satisfaction. Post-materialisation:- Commercial Invoice, Transport docs, Bill of Entry

	details
Direct payment against Import of Goods and Services	▪ Annexure-2 (Application cum undertaking for payment towards Import of Goods and Services), Annexure-6 (Beneficiary Payment details) as per Bank format and FEMA Declaration. ▪ Commercial Invoice & Packing list ▪ Transport documents ▪ BOE No. Date and Port code. ▪ 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. ▪ Form 145/146 for Services ▪ 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 per AD satisfaction.
Payment against collection Bills (Bank to Bank bills)	▪ Annexure-2 (Application cum undertaking for payment towards Import of Goods and Services) and FEMA Declaration as per format. ▪ Negotiating Bank covering letter ▪ 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 per AD satisfaction.
Payment against Letter of Credits (LC)	▪ Annexure-2 (Application cum undertaking for payment towards Import of Goods and Services) and FEMA Declaration as per format. ▪ BOE details/Copy of Bill of entry, wherever available. ▪ Any other documents as per AD satisfaction

A.2. Import of Goods and Services – Other Cases

Sl.	Scenario / Particulars	Indicative List of Documents
1.	General Checkpoints for Imports	➢ Standard KYC / IEC / LEI as per regulatory requirements & Banks internal guidelines. ➢ Permissibility for Imports under FTP ➢ Trade profile of the customer.

Sl.	Scenario / Particulars	Indicative List of Documents
2.	Third-Party Import Payments	a) Customer request letter b) Invoice / PO / BOE mentioning third party, (or) c) Tri-partite agreement (or) d) Justification letter from importer confirming arrangement. e) Any other documents as per AD satisfaction.
3.	Import on Lease Basis	➢ Document confirming lease agreement in addition to standard import documentation. ➢ Any other documents as per AD satisfaction
4.	Extension of Time for Import Payment	➢ Customer request letter / declaration seeking extension of time citing reasons (quality dispute, shipping delay, etc.). ➢ Any other documents as per AD satisfaction
5.	Delayed Import Payment	➢ Customer request letter providing commercial rationale for delay and revised settlement timeline. ➢ Any other documents as per AD satisfaction
6.	Write-off / Reduction of Bill of Entry	➢ Up to INR 10 Lakh: Customer self-declaration with ORM details. ➢ Beyond INR 10 Lakh: Request letter with rationale (quality/quantity issue, dispute, cancellation, loss in transit, credit note, etc). ➢ Free of cost imports: Closure based on invoice/BOE /evidence. ➢ Any other documents as per AD satisfaction
7.	High Sea Sales (HSS)	a) Commercial Invoice & High Sea Sale Invoice b) Transport documents c) Bill of Entry details in name of HSS buyer d) High Sea Sale Agreement e) Any other documents as per AD satisfaction

A.3. Export of Goods and Services(Major Processes):-

Process	Details of documents required
Advance payment against Export of Goods and Services	▪ Disposal instructions & declarations from the customer as per format ▪ Underlying supporting documents as per nature of the transaction a) Demand/Agreement/Contract/Invoice etc., ▪ Communication/Intimation / e-FIRC copy, if part advance is routed through other AD Bank ▪ Any other documentary evidence to the satisfactory of AD
Export Bill - collection for Lodge and/or Dispatch and realisation	▪ Bill of Exchange (if applicable) ▪ Commercial Invoice & Packing List ▪ Shipping bill ▪ EDF (wherever applicable) ▪ 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. ▪ For Small Value exports upto Rs.10.00 lakh:- Self Declaration as per format. ▪ Factoring :- Factoring agreement. ▪ Any other documents as per satisfaction of AD.
Export Bill against LC for Lodge and/or Dispatch and realisation	▪ Bill of Exchange (if applicable) ▪ Commercial Invoice & Packing list ▪ Shipping bill ▪ Transport documents ▪ Insurance (if applicable, as per Incoterms) ▪ LC Compliance documents. ▪ Any other documents as per satisfaction of AD.
Export remittance against collection/LC For Realisation	▪ Clear disposal instructions, along with invoice/Bill reference details ▪ Any other documents as per satisfaction of AD.

A.4. Export of Goods and Services – Other Cases

Sl.	Scenario / Particulars	Indicative List of Documents
1.	General Checkpoints for Exports	➢ Standard KYC / IEC / LEI as per regulatory requirements & Banks internal guidelines. ➢ Permissibility for Exports under FTP ➢ Trade profile of the customer.
2.	Export to Warehouse	The following documents in addition to the Standard list of documents as specified for Export Bill lodgement. In addition a) Lodgement stage:- Customer confirmation of export to warehouse. b) Realisation stage:- Final invoice / sale receipt / confirmation with date of sale. c) Bharat Mart Warehouse:- As per extant/regulatory guidelines (including approval & timelines). d) Any other documents as per AD satisfaction.
3.	Export on Lease / Hire Basis	➢ Document confirming lease agreement / lease contract in addition to standard export lodgement documents. ➢ Any other documents as per AD satisfaction.
4.	Extension of Time for Realisation	➢ Customer request letter / declaration seeking extension of time, citing specific reasons and referencing EDPMS entry. ➢ Communication from Overseas Buyer/Bank. ➢ Any other documents as per AD satisfaction

Sl.	Scenario / Particulars	Indicative List of Documents
5.	Set-off of Export Receivables against Import Payables	➢ Customer request letter ➢ Inter-party agreement / communication confirming set-off arrangement / Consent for "set-off" from the overseas buyer/supplier ➢ Supporting export & import invoices/BOE/EDF ➢ Group relationship proof (where applicable) ➢ Legally enforceable agreement/contract (for settlement within the group/associates companies) ➢ Auditors/CA certificate (with UDIN) wherever felt necessary. ➢ Any other documents as per AD satisfaction
6.	Refund of Export Advance	➢ Customer request letter with FEMA declarations & specific reasons for refund. ➢ Form A2. ➢ Any other documents as per AD satisfaction
7.	Write-off / Reduction in Export Realisation	➢ For SB up to Rs 10.00 lakh:- Customer request letter with self-declaration & IRM/SB details. ➢ For SB beyond Rs 10.00 lakh:- Customer request letter with specific rationale for write-off/reduction (commercial dispute, quality issue, insolvency, loss in transit, destruction, credit note) and supporting documentary proof. ➢ For IRM Write off (For export advances received):- Customer request letter with rationale for non-refund of advance against exorts and not undertaking export shipment. ➢ Any other documents as per AD satisfaction
8.	Third-Party Receipts	➢ Customer request along with i. Shipping Bill / EDF / Invoice mentioning third party, (or) ii. Tri-partite agreement, (or) iii. Justification letter confirming third-party involvement. ➢ Any other documents as per AD satisfaction
9.	GR / EDF Waiver / Nil-Value Exports	➢ EDF filed with NIL export value to Specified Authority. ➢ Bill of Entry in case of re-imports. ➢ Any other documents as per AD satisfaction

A.5. Merchanting Trade Transactions (MTT)

Process	Details of documents required
Merchanting Trade Transaction (MTT)	▪ Annexure-2 (Application cum undertaking for payment towards Import leg), Annexure-6 (Beneficiary Payment details) as per Bank format and FEMA Declaration.

	▪ MTT declaration as per format. ▪ 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 guidelines. ▪ Declarations for the remittance/export to High-risk countries, with the consent of the remitter/exporter. ▪ Declarations that goods are not in CITES (or) under SCOMET. ▪ Any other documents as per AD satisfaction.
Extension of time, third party payments, reduction in invoice value, Write-off, Guarantee waiver etc, in import or export leg.	▪ Documents as applicable to export/import transactions. ▪ Any other documents as per AD satisfaction.

Note:-

1. The documents may vary depending upon the HS code like SIMS for steel imports, PIMS for papers import etc.
2. The deferred payment terms in case of Direct and Collection bills crossing 180 days from the shipment date must have a Loan Identification Number (LIN).
3. The delay payment interest and early payment charges shall be as per the Framework/Guidelines for Import & Export of Goods and Services.
4. Credit Report from an external credit agency of repute / overseas Banker of the beneficiary of the overseas supplier/buyer/beneficiary which is satisfactory and/or acceptable to the Bank shall be obtained for all transactions/invoice value/contract value exceeding USD 50,000 or equivalent. The Credit report shall not be more than 12 months old as on date of handing the transaction.
5. Credit report shall be obtained in the instances of (i) Remittance towards imports (ii) opening of import LC, (iii) establishment of FCBG/SBLC, (iv) availing Trade credit /buyers' credit, (v) Merchanting Trade Transaction (for both import leg & export leg)
6. Credit report may be obtained for any other cases/transactions, at the Discretion of the Bank, irrespective of the Invoice/Transaction value.
7. Credit report for Merchanting Trade Transactions (for both import leg & export leg) shall be obtained irrespective of the amount of invoice/contract. In case of third party involved in MTT, credit report of third party may also be insisted upon based on requirements.

B. TIMELINES - TRANSACTION WISE TURN AROUND TIME (TAT)

Type of Transaction	Commencement of TAT	TAT
➢ Receipt of Advance Payment against Export. ➢ Receipt of Payment against Export Bills - Collection	Date of receipt of complete set of documents/disposal instructions for inward remittance application from the customer, subject to availability of the interbank market for obtaining exchange rates.	As per RBI/FEDAI guidelines applicable from time to time.
Export bills on collection - Lodgement (where export documents are NOT submitted to the Bank)	The date of submission of complete set of Export documents at Bank's counter.	Within **four (4)** Business Days
Export bills on collection - Lodgement (where export documents are submitted to the Bank)	The date of submission of complete set of Export documents at Bank's counter.	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
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 **four (4)** Business Days
Any other requests	Date of receipt of complete information/documents at Bank's counter.	Within **four (4)** Business Days

C. CHARGES/COMMISSION - EXPORT AND IMPORT OF GOODS AND SERVICES & MERCHANTING TRADE TRANSACTIONS:-

Sl. No.	Particulars		Charges
1	**EXPORT (including deemed export transactions):**		
A	**COMMISSION ON EXPORT BILLS FINANCED (PURCHASED/DISCOUNTED/ NEGOTIATED/ RUPEE ADVANCE GRANTED)**		
	i.	Bill drawn under LC (Foreign Currency and Rupee bill)	0.10% Min Rs.500.00 Max Rs.2000.00
	ii.	Non LC/Direct Bill (Foreign Currency and Rupee bill)	0.25% Min Rs.250.00 Max Rs.2000.00
	iii.	When portion of the bill amount is financed and remaining portion is handled on collection basis	
		(a) On the amount financed	As per 1A. i OR ii as the case may be
		(b) On the amount under collection (including amount credited/to be credited to EEFC account)	As per 1B. i OR iii as the case may be
		Total commission under iii (a) and (b) together is subject to maximum of Rs.5000.00	
	iv.	When export bill is sent for negotiation to another bank in India	As per 1.A.i (in addition to other bank's charges)
	v.	Where reimbursement under a letter of credit is claimed by another bank in India from our bank where Vostro account is being maintained with us.	As per 1.A.ii
	vi.	In respect of discrepant documents negotiated under restricted letters of credit, for joining in customers' guarantees / indemnities and for giving guarantees/ indemnities on behalf of customers to other banks in India	As per 1.A.ii
	vii.	For Crystallization of Foreign Currency export bill	Rs.500.00 per bill
	viii.	For extension of due date of export bill	Rs.500.00 per extension per bill
	ix.	For return/dishonour of export bill	Rs.2000.00 per bill

B	**EXPORT BILLS SENT ON COLLECTION/UNDER CONSIGNMENT ARRANGEMENTS**		
	i.	For Foreign Currency and Rupee bill	0.0625% Min Rs.250.00 Max Rs.5000.00
	ii.	For Foreign Currency and Rupee bill where advance payment towards exports is received.	0.0625% Min Rs.250.00 Max Rs.5000.00
	iii.	If the documents are sent by the exporter directly to the overseas buyer (wherever permitted) [to be collected while disposing of the relative GR forms]	0.0625% Min Rs.250.00 Max Rs.5000.00
	iv.	For Extension of due date of export bill	Rs.500.00 per extension per bill
	v.	For Write off of export bill	Rs.500.00 per bill
	vi.	For return/dishonour of export bill	Rs.2000.00 per bill
	Note:	Where bank charges are to be recovered from the drawee, but are refused by them, such charges shall be recovered from the exporters.	
C	**EXPORT LETTERS OF CREDIT/STANDBY LETTERS OF CREDIT**		
	i.	Advising commission (to be collected when our bank is chosen as advising bank)	Rs.500.00 per LC Rs.250.00 per instance of amendment
	ii.	For passing on LC to the beneficiary which has been advised by another Bank	Rs.250.00 per LC / per instance of amendment
	iii.	Adding confirmation to a letter of credit (with prior permission from sanctioning authority). The indicative charges for Bank with good standing are as below.	
	a.	Commitment charge (for the full validity of the credit)	0.15% for every quarter or part thereof with a minimum of Rs.250.00
	b.	Usance charge (for the tenor of the bills)	
		Up to 3 months sight	0.25% Min Rs.250.00
		Above 3 months sight: For the first 3 months For the remaining period	 0.25% 0.15% per month Min Rs.500.00

	Note:	(i) For extension of LC exceeding 3 months from the date of the LC, additional commitment charge shall be collected.	
		(ii) For enhancement in the amount of LC, both commitment and usance charge on the enhanced portion shall be collected from the date of such enhancement.	
	iv.	Advise of transfer (whether full or in part)	Each transfer Rs.500.00 Each amendment Rs.250.00
2	**IMPORT**		
A	**COMMISSION ON IMPORT LC/STANDBY LCs** [To be collected on the total amount inclusive of interest amount and tolerance level]		
	i.	For establishment of LC	
	a.	Commitment charge (for the full validity of the credit i.e., from the date of opening of the LC to the last date for negotiation)	0.15% for every quarter or part thereof Minimum of Rs.250.00
	b.	Usance charge (according to the tenor of the bill) For bills upto 3 months sight Above 3 months: For the first 3 months For the remaining period	0.20% Min Rs.250.00 0.20% 0.075% per month Min Rs.500.00
	ii.	For establishment of LC backed by 100% cash margin	25% of 2.A.i Min Rs.500.00
	iii.	For amendment to LC	
	a.	Extending the validity of the LC beyond three months period (On the outstanding liability under the LC)	Commitment charge as per 2.A.i.a Min Rs.500.00
	b.	Extending the usance period/tenor	Usance charge as per 2.A.i.b Min Rs.500.00
	c.	Enhancement in the value of LC (On enhanced portion from the date of such enhancement)	Commitment and usance charge as per 2.A.i.a & b Min Rs.500.00
	d.	Any other amendment	Rs.500.00

	iv.	For revival or reinstatement of an expired LC (At the option of the Bank within 3 months from the date of expiry of LC)	Commitment and usance charge as per 2.A.i.a & b (for the period from the date of expiry upto the validity period of the revived LC)
B		**COMMISSION ON IMPORT BILLS UNDER LC**	
	i.	For retirement of Import Bill (Foreign Currency)	0.15% Min Rs.500.00 Max Rs.1000.00
	ii.	For retirement of Import Bill (Rupee)	0.25% Min Rs.1000.00
	iii.	For crystallization of Import Bill (Foreign Currency)	0.15% Min Rs.1000.00 Max Rs.5000.00
	iv.	Discrepancy charges per Bill	USD 100.00 or equivalent
	Note:	If the crystallization of the Rupee liability of an import bill under the Forward Exchange Contract results in early / late delivery, swap charges and interest from the date of debit to nostro account till the date of crystallization shall be collected.	
C		**COMMISSION ON NON LC IMPORT BILLS**	
	i.	For retirement of Import Bill (Foreign Currency/ Rupee)	0.25% Min Rs.250.00 Max Rs.1000.00
	ii.	For retirement of direct bill (i.e. received by importers from the overseas exporters/banks) (Foreign Currency/ Rupee)	0.25% Min Rs.250.00 Max Rs.1000.00
	iii.	For each advance remittance against imports	0.25% Min Rs.250.00 Max Rs.1000.00
	iv.	For crystallization of Import Bill under buyers credit	0.25% Min Rs.500.00 Max Rs.5000.00
	v.	For dishonor/return of bill	USD 25.00 or its equivalent to be collected from overseas suppliers / Bank.
3		**CLEAN INSTRUMENTS**	
A		**INWARD REMITTANCES**	
	i.	For each clean payment effected in Rupees under instructions from a foreign correspondent where cover is received. (including advance payment towards exports)	Rs.100.00
B		**OUTWARD REMITTANCES**	
	i.	For outward remittances	0.10% Min Rs.250.00 Max Rs.1500.00

4	**GUARANTEES**		
	i.	For Guarantee in respect of clearance of goods pending production of BL/issue of delivery order	
	a.	Import under LC established by our bank	Rs.750.00
	b.	Others	As applicable to Domestic Bank Guarantee
	ii.	Export performance guarantees for project Exports which include: a) Bid Bonds b) Bonds for earnest money c) Guarantees for advance payments made by foreign buyers to Indian Exporters/ contractors	
		A. In the case of guarantees covered by EPG of ECGC, banks shall collect commission at 0.45% where cover under EPG of ECGC is 75% and 0.35% where cover under EPG of ECGC is 90%. In addition the ECGC premium at the applicable rates may be collected and remitted to the ECGC. B. In case of guarantees issued against 100% counter guarantees of the Government of India, commission shall be charged at the rate of 0.30% per annum. C. In case of guarantees issued against cash deposit to the extent of banks liabilities commission shall be charged at the rate of 0.10% pa. with a minimum of Rs.200/- and maximum of Rs.1,000/- D. In case of performance guarantees which are not covered by cash deposits or ECGC/Government of India counter guarantees commission shall be charged at the rate of 2.50% p.a. E. Commission for issuing bid-bonds for suppliers to projects carried out abroad shall be recovered to the extent of 25% thereof for the full period of validity of the bonds at the time of issue. If the bid materializes the balance 75% of the commission shall be recovered. However, if the bid gets frustrated there will not be refund of that part of the commission collected	
	iii.	Export performance guarantees, Bid-bonds etc. [other than for Project Exports] and export performance guarantees covering export obligations in terms of import trade control regulations and export performance guarantees / bid bonds connected with deemed exports	
		0.085% per month for the specified period of liability. Where the guarantee period is less than three months, commission recoverable will be 0.25% of the guaranteed amount. In case of early redemption of the guarantee a minimum of 50% of the commission for the unexpired period (i.e from the date of redemption to the expiry date) shall be refunded.	

		Commission for issuing bid bonds for supplies connected with deemed exports / directs exports other than project exports shall be recovered to the extent of 25% thereof for the full validity of the bonds at the time of issue. If the bid materializes, the balance 75% of the commission shall be recovered. However, if the bid gets frustrated there will not be refund of the part of the commission collected.
	iv.	Deferred payment guarantees covering imports of goods into India
		0.50% per quarter or part thereof for the specified period of liability calculated on the amount of liability under such guarantees at the beginning of every quarter.
	v.	All other guarantees / Buyers Credit/ Suppliers Credit/ ECB
		0.15% per month for the specified period of liability. Where the guarantee period is less than two months, commission recoverable shall be 0.25%. In case of early redemption 50% of the commission be refunded for the unexpired period (i.e. From the date of redemption to the expiry date of. the guarantee), provided unexpired period shall not be less than 3 months and refundable amount exceeds Rs.200/-. The minimum charge for any guarantee shall be Rs.500/-unless a lower charge is otherwise specified
5	**COMMISSION IN LIEU OF EXCHANGE**	
	1. **Additional commission** @ 0.125% with maximum of Rs.5000.00 shall be collected from the exporter in case of following transactions:	
	i.	Where pre-shipment advance has been granted by our bank against a letter of credit / export order but the documents under the relative letter of credit/ export order are negotiated through another bank.
	ii.	Where the proceeds of an export bill negotiated by our bank is paid in foreign currency to another bank.
	iii.	Where an export bill is sent for collection abroad by our bank but the payment is received in Rupees through another bank in India.
	2. **Additional commission** as above shall not be collected in the following cases:	
	i.	All debits and credit to EEFC account.
	ii.	Deemed export bills in foreign currency as defined by the RBI/ Exim policy from time to time.
6	**CERTIFICATES**	
		Rs. 100/- per certificate/ attestation. (Excluding E-BRC as the same is issued at free of cost)
7	**MISCELLANEOUS INSTRUCTIONS/CHARGES**	
	i.	Courier/Postage charges are to be collected at the time of lodging the export bill irrespective of whether the bill is financed or handled on collection basis.
	ii.	In case of merchant trade transactions, commission for import leg as well as export leg shall be collected separately at applicable rates.

	iii.	**SWIFT charges on Import bills and Outward Remittances:-**

Particulars	**SWIFT Charges**
Import Bills	Rs.1500.00 + GST
Outward remittances	Rs.500.00 + GST

Note:

1. As per the existing guidelines, 50% of the normal charges are collected in case of Gold Card holders. Please note that 50% concession is applicable for the stipulated percentage of commission and maximum charges only and not for minimum charges stipulated.

2. The charges stipulated herein are excluding the following, wherever applicable:
   i. Swift charges, Nostro charges, Postage/Courier and other out of pocket expenses.
   ii. Applicable GST.
   iii. Correspondent bank / other Bank's charges, if any.
   iv. Credit Report Charges, Loan Identification (LIN) Charges, Handling Charges for any permission/approval.

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