STANDARD OPERATING PROCEDURE (SOP) FOR PROCESSING IMPORT OF GOODS AND SERVICES EXPORT OF GOODS AND SERVICES MERCHANTING TRADE TRANSACTIONS

(Version 1.0)

THE KARNATAKA BANK LIMITED

INDEX

Table of Contents

1. **ROLES AND RESPONSIBILITIES** 4
2. **RECEIPT OF IMPORT BILLS/DOCUMENTS:** 7
3. **ADVANCE REMITTANCE FOR IMPORT:** 11
4. **REMITTANCE AGAINST REPLACEMENT IMPORTS:** 19
5. **IMPORT NOT MATERIALISED** 19
6. **TIME PERIOD FOR MAKING IMPORT PAYMENT** 19
7. **IMPORT OF GOLD AND SILVER** 22
8. **THIRD PARTY PAYMENT FOR IMPORT TRANSACTIONS:** 25
9. **EVIDENCE OF IMPORT:** 25
10. **PROCEDURE FOR IDPMS:** 28
11. **IMPORT FACTORING:** 29
12. **FREE OF COST (FOC)/ NO COMMERCIAL VALUE/SAMPLE BASIS:** 30
13. **HANDLING OF EDPMS/IDPMS ENTRIES UP TO ₹10 LAKH** 32
14. **MERCHANTING TRADE TRANSACTIONS (MTT)** 34
15. **DECLARATION OF EXPORTS:** 37
16. **TIMELINES FOR DECLARATION:** 39
17. **MANNER OF RECEIPTS AND PAYMENTS:** 41
18. **TIME PERIOD FOR EXPORTS REALISATION:** 44
19. **ADVANCE PAYMENTS AGAINST EXPORTS:** 48
20. **REDUCTION OF EXPORT REALISATION:** 51
21. **WRITE-OFF OF UNREALISED EXPORT BILLS:** 54
22. **SHIPMENT LOST IN TRANSIT:** 56
23. **SET-OFF OF EXPORT RECEIVABLES AGAINST IMPORT PAYABLES** 56
24. **THIRD PARTY PAYMENTS FOR EXPORT TRANSACTIONS:** 58
25. **EXPORT OF GOODS AND SERVICES AGAINST REPAYMENT OF STATE CREDITS:** 59
26. **EXPORT FACTORING:** 60

27. EXPORT OF GOODS ON LEASE, HIRE, ETC 60
28. CHANGE OF BUYER/CONSIGNEE 61
29. PART DRAWINGS/ UNDRAWN BALANCES 61
30. EXPORTS TO NEIGHBORING COUNTRIES BY ROAD, RAIL OR RIVER: 62
31. EXPORT OF GOODS BY SPECIAL ECONOMIC ZONES (SEZs): 63
32. INTERNATIONAL TRADE INVOICING & SETTLEMENT IN INR 63
33. PROJECT EXPORTS AND SERVICE EXPORTS 64
34. EXPORT/IMPORT OF FOREIGN EXCHANGE / INDIAN RUPEES: 65
35. LANDLOCKED COUNTRIES 65
36. DIRECT DISPATCH OF DOCUMENTS BY THE EXPORTER: 65
37. OPENING / HIRING OF WAREHOUSES ABROAD 66
38. FOREIGN CURRENCY ACCOUNT, DIAMOND DOLLAR ACCOUNT (DDA) & EXCHANGE EARNERS' FOREIGN CURRENCY ACCOUNT (EEFC ACCOUNT) ... 67
39. REMITTANCES CONNECTED WITH EXPORT 68
40. POWERS TO AUTHORISED DEALERS:- 70
41. CREDIT REPORT 70

1. ROLES AND RESPONSIBILITIES

1.1. Base Branch:

The AD/Base Branch will be primarily responsible for ensuring customer-level KYC, Customer Due Diligence (CDD), AML/CFT compliance and overall account conduct before and during the processing of export/import and other foreign exchange transactions. The Branch shall ensure that the customer's KYC records, beneficial ownership, constitution, business profile, nature of activity, expected turnover, source of funds, countries of operation and transaction profile are duly verified in accordance with the Bank's internal guidelines and applicable regulatory requirements. The AD/Base Branch shall exercise enhanced scrutiny in respect of high-risk customers, unusual transaction patterns, high-risk jurisdictions, complex ownership structures, related-party transactions and other transactions presenting heightened AML/CFT or TBML risks and shall escalate suspicious or unusual activities to the designated compliance function wherever warranted.

The AD/Base Branch will also be responsible for ensuring that customer instructions relating to foreign exchange transactions are genuine, duly authorised and supported by appropriate customer declarations and documents. Before forwarding transactions, the Branch shall ensure compliance with KYC, AML/CFT, Sanction terms, account conduct and customer authorisation.

The AD/Base Branch shall coordinate with the 'B' Category Branch/AD Branch and Central Processing Centre (CPC) for resolution of customer-related queries, submission of pending documents, rectification of discrepancies and completion of transaction-level requirements. The Branch will also assist in obtaining confirmations/declarations/documents from the customer required for EDPMS/IDPMS/IRM/ORM/merchanting trade and other outstanding transactions, wherever the customer is required to furnish information or documents.

1.2. AD Designated Branch:

AD Branch will be responsible for ensuring the genuineness, completeness of the underlying export/import transaction and supporting documents before processing/recommending the transaction. It shall examine the nature and purpose of the transaction, underlying contracts/invoices, Shipping Bills, Bills of Entry, transport documents, payment terms, country/counterparty details and other relevant documents, as applicable, and satisfy itself that the transaction is in accordance with FEMA, RBI directions, Foreign Trade Policy, applicable DGFT requirements and the Bank's internal guidelines/policy/SOP's.

AD Branch shall independently examine the genuineness of the transaction and commercial rationale, including consistency between the customer's business profile, goods/services

traded, transaction value, pricing, payment terms, counterparties and historical transaction pattern. Where required, the Branch shall obtain additional documents or clarifications from the customer and refer unusual, complex or high-value transactions for enhanced scrutiny.

AD Branch will be responsible for monitoring and follow-up of outstanding export/import and foreign exchange transactions, including EDPMS, IDPMS, IRM, ORM and Merchanting Trade Transactions (MTT), as applicable. It shall periodically review outstanding entries, identify overdue/unmatched/unreconciled transactions, obtain necessary documents/declarations and explanations from the customer and coordinate with the Base Branch and CPC for timely regularisation. Appropriate follow-up shall be undertaken for export realisation, import evidence, advance remittances, shipping documents, Bills of Entry, ORM/IRM matching, MTT legs and closure/regularisation of outstanding entries within the applicable regulatory timelines.

AD Branch shall coordinate closely with CPC for processing and settlement of transactions. It shall ensure that all transaction-level documents and approvals are complete before forwarding the transaction to CPC for processing and shall respond to queries raised by CPC.

AD Branch shall ensure that customer declarations, regulatory undertakings and transaction-specific approvals are obtained wherever prescribed.

1.3. Central Processing Centre (CPC):

The CPC will be responsible for the centralised operational processing, in accordance with applicable FEMA/regulatory provisions, Bank's internal guidelines/Policies/SOP's and approved transaction workflows. CPC shall process transactions only after ensuring that the prescribed documents, approvals, declarations and transaction-level controls are in place.

The CPC shall undertake detailed documentary and system-level scrutiny of export/import transactions, including invoices, Shipping Bills, Bills of Entry, transport documents, payment instructions, bank advices, credit/debit notes, declarations and other relevant documents, as applicable. It shall ensure that the transaction is correctly captured in the Bank's systems with appropriate purpose codes, FETERS codes, currency, amount, customer details, counterparty details and other regulatory fields.

The CPC shall ensure compliance with applicable FEMA/regulatory provisions and sanctions-screening requirements while processing transactions. Any positive match, unusual transaction, suspicious document shall be placed on hold and reported to KYC/AML Cell of the Bank for further necessary action.

CPC shall examine the transaction against the approved credit sanction terms wherever the transaction is credit-linked. Where CPC identifies any discrepancy relating to sanctioned limit, tenor, margin, purpose, security, drawing power, approved product structure, transaction amount or other credit condition, it shall raise a formal query with the AD

Branch/Base Branch and process the transaction only after obtaining required clarification or recommendation from Base/AD Branch or approval/ratification from Sanctioning authority, wherever applicable.

The CPC shall be responsible for timely processing of EDPMS, IDPMS, IRM, ORM and MTT-related transactions and matching/closure, as applicable. It shall ensure appropriate system entries, adjustment indicators, matching of inward/outward remittances, closure of Shipping Bills/Bills of Entry, recording of write-offs/reductions/extensions and other permitted regularisations.

The CPC shall maintain appropriate maker-checker controls for transaction processing and regulatory reporting. It shall ensure that transaction details reported to RBI/regulatory systems are accurate, complete and consistent with the underlying documents and Bank records.

The CPC shall maintain and provide data/reports regarding EDPMS/IDPMS outstandings, unmatched IRM/ORM, overdue export/import transactions, pending BoE/Shipping Bill closures, etc. Such data shall be shared periodically (on a monthly basis) with the AD/Base Branches for necessary follow-up and resolution.

CPC shall also be responsible for ensuring accurate, complete and timely regulatory reporting of foreign exchange and trade-related transactions in accordance with the reporting requirements prescribed under the applicable regulatory instructions. This shall include FETERS, EDPMS, IDPMS and other systems**,** as applicable.

1.4. Joint Responsibility and Coordination:

The Base Branch, 'B' Category/AD Branch and CPC shall work together in co-ordination to handle all the Forex and Trade finance transactions.

- **Base Branch:** Responsible for customer-related matters, including KYC/AML compliance, Due diligence, account monitoring, and credit-related issues.
- **'B' Category/AD Branch:** Responsible for reviewing transactions, verifying their genuineness, ensuring regulatory compliance, and following up on trade-related outstanding items.
- **CPC:** Responsible for centralized processing, system controls, compliance with internal policies and regulations and completing operational processing.

1.5. Forex Support Group (FSG)

The Forex Support Group [FSG] functioning in the Credit Sanctions Department will undertake necessary activities related to forex on policy / procedure formulation and other support functions.

2. RECEIPT OF IMPORT BILLS/DOCUMENTS:

2.1. Import Bills under LC:

Upon receipt of import documents, the branch shall affix the date stamp, verify that all documents have been received as per the presenting bank's covering schedule, and promptly take up any discrepancy in document receipt with the presenting bank. The documents shall be scanned and uploaded into the Trade Finance/processing application for processing by the CPC, while the original documents shall be safely preserved at the AD branch.

Since UCP 600 permits a maximum of five banking days for examination and communication of acceptance or refusal, the documents shall be scrutinized immediately to ensure that all stipulated documents have been presented and appear, on their face, to comply with the terms and conditions of the Letter of Credit and UCP 600.

Where insurance is arranged by the importer in India, the branch shall obtain the insurance policy against the cover note after providing shipment particulars to the insurer. Sight bills shall be retired by payment on first presentation, whereas usance bills shall be accepted on presentation and settled on maturity.

Where discrepancies are observed, either by the negotiating bank or during scrutiny by the CPC, the documents shall be rejected within the five banking days prescribed under Article 14(b) of UCP 600. A SWIFT message shall be sent to the presenting bank listing all discrepancies and advising that the documents are being held at the disposal of the presenting bank pending disposal instructions. Simultaneously, the discrepancies shall be advised to the importer, and their acceptance or otherwise shall be obtained expeditiously. If the importer accepts the discrepancies in writing, the documents may be treated as accepted except where the discrepancies involve Exchange Control or Trade Control violations, in which case the documents shall continue to be treated as discrepant until approval is obtained from the competent authorities.

For usance bills, documents shall be delivered after discharge of the draft and endorsement of transport documents in favour of the importer after obtaining acceptance of the documents by the customer.

Upon retirement of usance bills, payment shall be made at the applicable exchange rate by obtaining necessary documents.

For sight bills, documents will be delivered to the customer after realization of the bill.

Import bills remaining unpaid beyond the FEDAI-prescribed period shall be crystallized, with sight bills being crystallized on the 5th Bank working day from lodgement and usance bills on maturity. If documents remain unpaid or unaccepted even after crystallization and the goods have arrived, the AD branch shall take necessary measures, in coordination with

the importer and approved clearing agents, for warehousing, pledging, and insuring the goods at their full landed value to safeguard the Bank's interest.

2.2. Import collection bills:

Upon receipt of Import Collection Bills, the AD branch shall affix the date stamp, verify that all documents have been received as per the presenting bank's covering schedule, and promptly take up any discrepancy with the remitting bank. The documents shall be scanned and uploaded into the Trade Finance Application for processing by the Central Processing Centre (CPC), while the original documents shall be held in safe custody. Where documents are received at a link Branches, the complete set of documents shall be forwarded without delay to the designated AD Branches.

CPC will scrutinize the documents to ensure compliance with FEMA regulations and the Foreign Trade Policy, verify shipment terms mentioned in the invoice, and confirm that documents such as Bills of Lading, Air Waybills, insurance policies, and transport documents are in order. Attention shall be paid to CIF/CFR shipments where freight must be prepaid and to CIF/C&I shipments where insurance coverage must be evidenced. Intimation regarding receipt of documents shall be sent immediately to the importer and acknowledgement of receipt shall be conveyed to the remitting bank through SWIFT.

In the case of usance collection bills, the collection documents shall be accompanied by a duly drawn usance bill of exchange on the importer, and any conversion of a sight bill into a usance bill shall necessarily be accompanied by a revised draft. Usance drafts shall be appropriately stamped in accordance with the Indian Stamp Act and shall neither be accepted nor co-accepted by the branch without proper sanction and authority. If the bill is not accepted or paid on presentation, the remitting bank shall be advised immediately and disposal instructions obtained in accordance with Article 26(c)(iii) of URC 522.

Documents under collection shall be delivered strictly in accordance with the collection instructions. In cases of Documents against Payment (D/P), documents shall be released only upon receipt of full payment, and under no circumstances shall original documents be delivered before realization of funds. Payment shall be received by debit to the importer's account based on written instructions from the authorised signatory, and part payments shall not be permitted unless specifically authorised by the overseas bank or supplier.

In cases of Documents against Acceptance (D/A), documents may be delivered against acceptance of the usance draft and execution of applicable documentation. For import collection bills where remittance is being effected, the branch shall obtain evidence of import such as Bill of Entry number, port code and date, Customs Assessment Certificate, Postal Appraisal Form, or Courier Bill of Entry.

However, where genuine reasons such as delayed arrival or customs clearance prevent immediate submission, remittance may be effected subject to receipt of documentary evidence within a period not exceeding three months from the date of payment.

Branches shall maintain an effective follow-up for all unpaid or unaccepted collection bills, ascertain reasons for delay from the importer, advise the remitting bank accordingly, and seek disposal instructions. Where no instructions are received within thirty days from non-payment or non-acceptance advice, the documents may be returned to the remitting bank in accordance with URC 522 after recovering applicable charges. Simultaneously, branches shall conduct continuous follow-up to ensure submission of documentary proof of import within the regulatory time frame.

2.3. Import of Equipment by BPO companies for their overseas sites:

Bank may allow Business Process Outsourcing (BPO) companies in India to make remittances towards the cost of equipment to be imported and installed at their overseas sites in connection with the setting up of their International Call Centres (ICC's) complying to the following conditions:

a. The BPO company should have obtained necessary approval from the Ministry of Communications and Information Technology, Government of India and other authorities concerned for setting up of the ICC.
b. The remittance should be allowed based on the Bank's commercial judgment,
c. AD branch to check the bonafides of the transaction and strictly in terms of the contract.
d. AD branch to ensure the remittance is made directly to the account of the overseas supplier.
e. The AD branch should also obtain a certificate as evidence of import from the Chief Executive Officer (CEO) or auditor of the importer company that the goods for which remittance was made have actually been imported and installed at overseas sites.
f. The bank should ensure compliance with IDPMS guidelines as applicable.

2.4. Receipts of Import documents by the Importer Directly from Overseas Suppliers:

- Generally, import bills and shipping documents shall be routed through the banking channel, and remittances shall ordinarily be effected only when the import documents are received by the importer's bank from the overseas supplier's bank.

- However, branches may permit import remittances against documents received directly by the importer from the overseas supplier in specified criteria permitted under the Bank's internal policy/framework. In cases wherein import documents received directly from overseas supplier is submitted to the Bank for processing without Bill of Entry (BoE), the same shall be treated as the Advance bills and processed accordingly.

- The criteria are as follows:

a. Value of Import bill does not exceed **USD 300,000** or equivalent.
b. Import bills received by **wholly owned Indian subsidiaries of foreign companies** from their principals,
c. Import bills received by **Status Holder Exporters** as defined in FTP 2023
d. Import bills received by **100% Exporter Oriented Units (EOU's),**
e. Import bills received by units in **Special Economic Zones (SEZ's),**
f. Import bills received by **Public Sector Undertakings (PSU's)**
g. Import bills received by all limited companies like **Public Limited, Deemed Public Limited and Private Limited Companies.**

- As a sector specific measure, RBI has allowed for the Importers who are dealing in Rough Diamonds, Rough Precious and Semi-Precious Stones as below:

Importers	Amount	Restriction
For Non-Status Holder Importers	Up to USD 300,000	Bill of Entry / Evidence is to be submitted at the time of remittance
For Status Holder Importers *	No restriction	Bill of Entry / Evidence is to be submitted at the time of remittance

* For Status Holder Importers, AD Branch may undertake the transactions subject to the conditions mentioned below:
(i) The imports would be subject to the prevailing Foreign Trade Policy.
(ii) The transactions may be processed based on the commercial judgement, and the AD branch are satisfied about the bonafides of the transactions.
(iii) AD Branch should do the KYC and due diligence exercise and should be fully satisfied about the financial standing/ status and track record of the importer customer.
Before extending the facility, AD branch should also obtain a report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency.
However, cases other than mentioned above may be handled with approval from respective delegated authority.

In all cases, the branch shall verify the bona fides of the transaction, ensure compliance with FEMA, Foreign Trade Policy, KYC/AML guidelines, and obtain the complete set of import documents including documentary evidence of import. The branch shall satisfy itself regarding the genuineness of the import transaction, maintain necessary records for audit and regulatory purposes, create and monitor the relevant ORM in IDPMS, and ensure subsequent compliance with evidence of import submission and closure requirements under the applicable IDPMS guidelines.

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., Branch, if satisfied with the genuineness of request, allow reasonable time, not exceeding three months from the date of remittance, to the importer to submit the evidence of import.

2.5. Import documents received by the Bank directly from Overseas Supplier:

The bills received by the Bank from Overseas supplier can be processed by complying with the following:

a. Importer must request AD branch to handle and process;
b. AD Branch is fully satisfied about the financial standings/status and track records of the Import customer.
c. AD Branch must obtain Credit report of all overseas suppliers from the overseas banker or from reputed overseas credit agency.
d. The CPC may treat the bill received from overseas supplier as advance bill and process accordingly as per Import advance terms.

2.6. 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.

3. ADVANCE REMITTANCE FOR IMPORT:

3.1. Definitions:

Advance remittance for imports refers to payment released by an AD branch, on behalf of an importer, to the overseas supplier or service provider prior to shipment of goods or performance/completion of services. While such remittances facilitate trade efficiency, they carry inherent risks, including the risk of non-performance by the overseas counterparty — and are therefore closely regulated by RBI and by the Bank's internal guidelines. This shall include remittances against scanned copy of transport documents.

GJEPC: The Gems and Jewellery Export Promotion Council, whose recommendation of the overseas mining company is a pre-condition for the no-limit/no-guarantee advance remittance dispensation for import of rough diamonds.

DGCA: The Directorate General of Civil Aviation, whose approval (in terms of the extant Foreign Trade Policy) is required prior to advance remittance for import of aircraft/helicopters/other aviation-related purchases.

MoCA: The Ministry of Civil Aviation, Government of India, whose in-principle approval is additionally required, prior to advance remittance, for aircraft/helicopter imports by Scheduled Air Transport Operators.

Threshold of USD 200,000: Threshold of USD 200,000 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.

The following conditions apply to every advance remittance for import, irrespective of the nature of goods or services involved:

- KYC /AML and Due Diligence exercise should be done as per the existing guidelines.
- The importer should have an Import Export Code (IE Code) issued by DGFT.
- Commodity is freely permitted for import as per FTP prevailing on the date of remittance or in case of restricted commodity valid license is held.
- Branches should undertake the transaction based on their commercial judgment and after being satisfied about the bonafides of the transaction.
- It shall be ensured that evidence of import is submitted for earlier remittances within the prescribed time limit
- Ensure that cases of ORM write-off, if any, done pertaining to same overseas seller during the last three years or disputes, if any, between same overseas party and ascertain status of the same.
- In case of an exorbitant longer schedule, ascertain whether reasons are justifiable.
- Advance payments should be made strictly as per the terms of the contract and should be made directly to the account of the manufacturer, or the supplier concerned.
- The goods/services being imported, for which the advance remittance request is received, must be in the line of business of the importer; the past record of transactions with the same overseas supplier/service provider should be verified. Advance import payments will be permitted only where such payments are consistent with normal trade practices, contractually agreed, and commercially justified. Nature of goods or services, supplier credibility, country risk, and past performance of the importer shall be assessed before permitting advance remittance. 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.

- Advance payments should be made strictly as per the terms of the confirmed contract between the seller and the buyer. Advance payment shall be permitted against the contracts clearly insisting for advance payment for import. It shall be verified that the price terms of the contract like CIF/C&F/C&I etc., loading and destination ports, description of goods, tentative shipment date etc., before effecting the remittance. If the freight charges are borne by the importer, freight amount to seller usually shall not be remitted, but the same may be handled on case-to-case basis depending upon the genuineness of the transaction.

- Advance payments should be made directly to the account of the company concerned, that is, to the ultimate beneficiary and not through numbered accounts or otherwise.

- In case of multiple remittances during the day or over a short period, ensure that individual remittances are not purposely made for lower amounts to defy the various cut-off limits specified in RBI/Bank guidelines.

- AD branches must verify the source of funds provided for making such remittances and be satisfied of its legitimacy.

- 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 & follow other extant IDPMS guidelines.

3.2. Advance Remittance Limits & Requirements followed by the Bank:

Asset / Goods Type	Limit without Bank Guarantee (BG) / SBLC	Mandated Conditions / Approvals
General Goods	Up to **USD 200,000**.	If remittance amount exceeds USD 200,000 (single/multiple invoices per day) then require BG/SBLC from reputable international bank.
		Up to **USD 5,000,000** can be allowed without BG/SBLC for non-PSUs based on approval from delegated authority.
Import of Services	Up to **USD 200,000**.	If remittance exceeds USD 200,000 (single/multiple invoices per day), require BG/SBLC from reputable international bank.

Asset / Goods Type	Limit without Bank Guarantee (BG) / SBLC	Mandated Conditions / Approvals
		Up to **USD 5,000,000** can be allowed without BG/SBLC for non-PSUs based on approval from delegated authority.
Imports of Rough Diamonds	No ceiling	Allowed without BG/SBLC provided the supplier has GJEPC recommendations and importer is a recognized processor with good track record.
Aviation Sector & Shipping Vessels	Up to **USD 200,000**.	Applicable for aircraft, helicopters, aviation purchases, and shipping vessels. Direct import shipment required within 6 months (3 years for capital goods).
		Up to **USD 5,000,000** can be allowed without BG/SBLC for non-PSUs based on approval from delegated authority.
PSUs / Govt Departments (for all type of imports)	Exceeding **USD 100,000** requires BG/SBLC.	Prior approval from the Head of Finance or CFO or Company Secretary of the importer company before making advance remittance exceeding USD 100,000.

3.3. Detailed description of requirements:

For Advance Import remittance against general goods & services, there is no ceiling limit for advance payment against Import of goods & services. However, if the advance remittance exceeds USD 50,000 (for goods and services) then Supplier's Credit report/opinion to be obtained.

3.4. Advance remittance for Import of goods:

▪ If the remittance amount exceeds USD 200,000 or its equivalent in other currencies then an unconditional, irrevocable standby Letter of Credit 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, is obtained. The maximum remittance amount under such guarantee is up to USD 5,000,000 or its equivalent in other currencies.

3.5. Advance Remittance for Import of Rough Diamonds:

▪ Importer (other than Public Sector Company or Department/ Undertaking of Government of India / State Government) may be permitted to make advance payments to overseas mining companies, without any limit / bank guarantee/ stand-by letter of Credit, by the Competent Authority in accordance with the powers delegated under the Bank's internal policy/framework, subject to the following:

▪ The overseas mining company should have the recommendation of GJEPC.

▪ The importer should be a recognised processor of rough diamonds and should have a good track record.

▪ Transaction to be undertaken based on their commercial judgment and after being satisfied about the bonafides of the transaction.

▪ Further, due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification).

3.6. Advance Remittance for Import of Aircrafts/Helicopters, other Aviation Related Purchases and Shipping Vessels

▪ Entities which have been permitted under the extant Foreign Trade Policy to import aircrafts and helicopters (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) or in principle approval of the Ministry of Civil Aviation in case of Scheduled Air Service Operators, can make advance remittance without bank guarantee or an unconditional, irrevocable Standby Letter of Credit, up to USD 2 Lakh or its equivalent. For amount exceeding USD 2 Lakh and upto USD 5 million, request for waiver of BG/SBLC may be acceded by the delegated Authority.

▪ Importers of Aircrafts/ Helicopters and other Aviation related Purchases, not eligible above may be considered under import of goods.

3.7. Advance Remittance for the Import of Services:

▪ Advance remittance for import of services may be allowed upto USD 2 Lakh without BG/SBLC. For remittances beyond USD 200,000 and upto USD 5 million request may be considered by the delegated authority.

▪ In case of Import of services, AD branch must follow up to ensure that the beneficiary of the remittance fulfils the Importers obligation under the contract/agreement.

▪ For advance payment against 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 will be received within stipulated time by the importer must be obtained. Also, an undertaking from the Importer confirming to keep customs authorities informed about the non-physical import made should be obtained.

▪ Based on the PAN, Invoice number/date and currency of the bill, the form number will be generated which will be closed by the corresponding ORM.

▪ All Advance remittance is subject to the conditions laid above and Bank must create ORM for such remittances.

3.8. A Public Sector Company, or a Department/Undertaking of the Government of India or a State Government, which is not in a position to obtain a guarantee 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, may be permitted an advance payment without such guarantee up to USD 100,000 at Branch level. Above USD 100,000 prior approval from the Head of Finance or CFO or Company Secretary of the importer company must be obtained before permitting advance payment, in addition to approval from the delegated authority.

3.9. 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, the Branch shall ensure 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) Incase the payment is out of the term loan proceeds the details of advance remittance shall be envisaged in the loan proposal. Incase, the same is not mentioned at the time of proposal submission, separate permission has to be obtained.
l) Incase 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.

3.10. Process of Guarantee/SBLC waiver:

- The waiver of BG/SBLC for advance Import payment above USD 200,000 must be requested by the AD branch along with necessary documents to Credit Sanctions Department - Forex Support Group as per extant format. The documents for such

permission depend on case-to-case basis, however in general cases required documents are:

a. Request form from the AD branch
b. Importer request letter for making advance import payment
c. Invoice with advance payment terms
d. Credit report/opinion of the supplier
e. If the Credit report/opinion obtained is medium/high risk, then a letter from the Importer for due diligence along with recommendation the AD is required.
f. List of pending Bill of entries pertaining to the same supplier & in total to be provided along with approximate time required for clearance of pending BOE's.
g. Any other documents are as per AD satisfaction.

3.11. Permitting advance remittance for imports shall be subject to undertaking from the importer that:

a. 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) and the importer to furnish documentary evidence of import within fifteen days from the close of the relevant period.

   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.

b. In the event of non-import of goods, it should ensure 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.

c. 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.

3.12. Secondhand Goods:

Branch/CPC to refer Import policy for Secondhand Goods of FTP, before permitting any advance payment against Secondhand Goods.

4. REMITTANCE AGAINST REPLACEMENT IMPORTS:

In the case of goods are short-supplied, damaged goods received, short-landed or lost during transit against which Exchange Control copy of the Import licence has already been utilised to cover the opening of Letter of Credit against the goods which have been lost, then Bank may:

- Cancel the original endorsement on the licence to the extent of the value of the lost goods;
- Allow fresh remittance for replacement imports, provided, the insurance claim relating to the lost goods has been settled in favour of the Importer.
- Advise the customer to ensure that the replacement import is shipped within the validity period of the license.

5. IMPORT NOT MATERIALISED

- 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 satisfied with the genuineness of the request, ORMs may be extended/marked off as closed as per the delegation conferred under the Bank's internal policy/framework for import and export of goods and services.
- 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.
- 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.
- 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.

6. TIME PERIOD FOR MAKING IMPORT PAYMENT

6.1. Time limit for Import of Goods:

- In terms of the extant regulations, remittances against imports should be completed within the period specified in the underlying contract between the importer and the overseas supplier.

6.2. 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.

- 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.

6.3. Import of Services:

- The Trade Credit and ECB frameworks under this sub-section apply only to the import of goods. The payment for an 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.

6.4. Time Limit for Import of Books:

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

6.5. Delayed payment for Imports:

- Where the original maturity fits within the permissible Trade Credit ceiling, but there is a subsequent delay in payment beyond the originally agreed period, the delay shall be handled as an extension of time granted and shall be reported in accordance with the Reserve Bank's directions on Trade Credit. Any usance period including delayed

payment beyond 180 days from the date of shipment of goods shall be reported as Trade Credit.

- Where the original arrangement is an ECB and there is delay or other variation, the attendant ECB requirements under Reserve Bank's framework shall be complied with.

- Any extension for the usance / contract period shall be handled after carrying out due diligence, without any additional requirement of reporting under Trade Credit as per the extant practice.

- 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.

6.6. 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 Bank's internal policy/framework for Import and Export of Goods and Services. 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 and may be permitted as per point 6.7.

6.7. Interest on Import bills:

6.7.1 Delay Payment:

AD branch/es may allow payment of interest on usance bills or overdue interest on delayed import payments provided that:

a. The period of the import payment must be less than 3 years from date of shipment. (for the payments above 3 years from the date of shipment must be processed after obtaining permission from delegated authority)
b. The interest amount must be within 'all in cost' as per Trade credit guidelines.
c. If there is any change in remittance value due to usance/delay payment interest, then the Bank should must enter proper remark/indicator for ORM mark off in IDPMS.

Calculation method:

Remittance amount in FCY*(ARR)+Bank Charges*No. of days/360=Interest Amount for delay payment.

This interest amount should not cross All-in cost as per Trade Credit guidelines.

6.7.2 For delay payments within 6 months to one year from date of shipment:

- As per RBI/2018-19/140 A.P(DIR Series) Circular No. 23 dtd 13th March 2019, and KBL/RBI/MD/5/2018-19 dtd 26th March 2019 a confirmation is to be availed from AD Branch.

a. To ensure Compliance, the delay reference to be reported to RBI through Integrated Treasury for onward submission to RBI.
b. Letter from customer citing the genuine reason as mentioned as per Point No. 6 of Bank's SOP for payments beyond 180 days and confirmation about interest involved for the overdue period.
c. AD branch must recommend/ensure as per Point No. 6 of Bank's SOP to process the flow.

6.7.3 For delay payments above one year from the date of shipment:

- For payments of non-capital goods above one year till three years, along with the confirmation as per above (a,b,c,), a Chartered Accountant Certificate stating that the said payment is still outstanding in the Importer's annual books of accounts.
- For capital goods, the same is not applicable as the standard time for the payment from shipment date is 3 years.
- For the payments above 3 years from the date of shipment must be processed after obtaining permission from delegated authority.

Note: For Gold and Diamond transactions, the maximum days allowed for payment from the shipment date is **360 days only.** (for the payments above 1 year from the date of shipment must be processed after obtaining permission from delegated authority)

7. IMPORT OF GOLD AND SILVER

7.1. Import of Platinum/Palladium/Rhodium/Silver/Rough, Cut and Polished Diamond/ Precious and Semi-precious Stones:

- For the above-mentioned precious and semi-precious stones, the terms of the payment must not exceed:

Type of Credit	Payment terms
Suppliers / Buyers Credit	90 days from date of shipment
Clean Credit *	180 days# from date of shipment

* Clean credits are the credit given by an overseas supplier to its customer/buyer without any Letter of Credit (Supplier's Credit) or Letter of Undertaking (Buyer's credit) from any Indian financial institution for the import of Cut and Polished Diamond/ Precious and Semi-precious Stones.

The Bank may allow further extension, if the Bank is satisfied with the conditions below:

a. The Bank is satisfied of the genuineness of the reason and bonafides of the transaction.
b. There is no interest involved for the extended period.
c. The reason for extension must be financial difficulties and/or quality disputes only.
d. Importer is not under investigation by any investigating agency or law enforcement agency.
e. The importer must not be a frequent offender.

- The Bank may submit a half yearly report (April-September and October-March) of such extensions allowed customer-wise, to the Regional Office of the RBI within 15 days of the end of respective half year.

- The Bank should ensure that due diligence is undertaken in terms of KYC and AML guidelines issued by the RBI while undertaking Import of precious metals and rough, cut and polished diamonds.
- Any large or abnormal increase in the volume of business should be closely examined to ensure that the transactions are Bonafide and are not intended for interest/currency arbitrage.
- Any further extension may be permitted as per delegation conferred under the Bank's internal policy/framework.

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

- 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 further extension may be permitted as per delegation conferred under the Bank's internal policy/framework.

7.3. IMPORT OF SILVER BY QUALIFIED JEWELLERS AS NOTIFIED BY IFSCA:

- The Bank may allow Qualified Jewellers (QJ) to remit advance payment for eleven (11) days for import of Silver through India International Bullion Exchange (IIBX) as per

regulations issued by International Financial Services Centres Authority (IFSCA) in compliance to the extant FTP guidelines.

- The Bank shall ensure that advance remittance for such import through exchange/s authorised by IFSCA shall be as per the terms of the sale contract or other document in the nature of an irrevocable purchase order in terms of IFSC Act and regulations made thereunder by IFSCA. AD branch shall carry out all the due diligence and ensure the remittances sent are only for the bona fide import transactions through exchange/s authorised by IFSCA.

- The advance remittance for import of Silver should not be leveraged in whatsoever form for importing silver worth more than the advance remittance made.

- In case the import of Silver through IFSCA authorised exchange, for which advance remittance has been made, does not materialize, or the advance remittance made for the purpose is more than the amount required, the unutilised advance remittance shall be remitted back to the same AD bank within the specified time limit of eleven days.

- For Silver imported through IIBX, QJ shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the AD bank from where advance payment has been remitted.

- All payments by qualified jewellers for imports of silver through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations. Any deviation from the extant guidelines for import of Silver through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

The Bank shall ensure that:

a. all required documentation, custom duty related procedures and filing Bill of Entry as evidence of import, etc. is complete for the import of Silver by QJ within the specified applicable period.
b. single/multiple ORMs created and matched with corresponding BoEs (Bill of Entry) and closed appropriately in IDPMS.
c. the importer - that is QJs comply with the related extant instructions relating to imports under FEMA, 1999, FTDR Act 1992, Foreign Trade Policy and regulations of IFSCA.

Reporting requirements by AD banks:

i. AD bank shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
ii. All these transactions need to be reported in FETERS in terms of extant guidelines.

8. THIRD PARTY PAYMENT FOR IMPORT TRANSACTIONS:

AD branches can request for the payment to be made to third party for import of goods, after complying as under:

a) Irrevocable Purchase Order (PO) / Tripartite Agreement should be in place, where documentary evidence leading to third party payments/name of the third party being mentioned in the Purchase order/Invoice has been produced/justification from Importer confirming arrangement.
b) AD branch must be satisfied with the bonafides of the transactions;
c) AD branch must check the FATF i.e Financial Action Task Force statement before handling the transaction;
d) The invoice must contain a narration that the related payment should be made to the third party only;
e) Bill of entry should mention the name of the shipper and narration that the related payment should be made to the third party only;
f) Importer must comply with all the instructions for all kind of payments relating to the Imports.

9. EVIDENCE OF IMPORT:

The evidence/proof of the Imports made to India must be in the form of following documents only:

Type of Imports	Evidence / Proof to be submitted
➢ For Physical Imports	▪ Bill of Entry
➢ For Non-Physical Imports	▪ CA certificate

9.1. Physical Imports:

- Physical Imports are tangible goods bought into a country from abroad such as raw materials, machinery and consumer products.

- The time limit for producing the evidence of Import is 3 months from date of remittance for non-capital goods and 3 years from date of remittance for capital goods.

- For all physical imports made irrespective of the value of the foreign exchange remitted, it is on the part of AD Bank through which the Import remittance is made to ensure that the Importer submits the proof showing that the imported items passed through customs without fail.

- The importer shall submit Bill of Entry (BoE) number, port code and date for marking evidence of import under IDPMS as per guidelines.

9.2. Acceptable evidence/proofs:

Depending on how the goods are imported, the importer must submit one of the following official documents:

a. **Bill of Entry for Home Consumption (Exchange Control Copy):**
   - The standard customs clearance document showing goods entered India for domestic use.

b. **Bill of Entry for Warehousing (Exchange Control Copy):**
   - This Bill of entry is used when the goods are brought and stored directly into a bonded warehouse or Export oriented unit (EOU).

c. **Postal Appraisal Form/Customs Assessment Certificate:**
   - This is used in case if the shipment arrived via international post. The value declared by the Importer to the Customs Authorities is the actual amount being Imported.

d. **Courier Bill of Entry:**
   - Courier BoE's are issued by the courier companies (like DHL, FedEx etc.,) when the goods are shipped via courier services.

e. **Ex-Bond Bill of Entry:**
   - This BoE is used in case of goods stored in Free Trade warehousing Zones (FTWZ), SEZ units, or Bonded warehouses are cleared into the domestic market.

f. In case 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., AD bank may, if satisfied with the genuineness of request, allow reasonable time, not exceeding **three months** from the date of remittance, to the importer to submit the evidence of import.

g. Bank must create Outward Remittance Message (ORM) for all such outward remittances irrespective of value and shall perform the subsequent activity viz., document submission, outward remittance data, matching with ORM, closing of transactions etc. as per IDPMS guidelines.

9.3. Evidence of Import in lieu of Bill of Entry:

Bank may accept transactions in case of absence of Bill of Entry for Home consumption, but a certificate from the Chief Executive Officer (CEO) **OR** auditor of the company is required confirming that the goods for which remittance was made have physically been imported to India. The facility is available only if the conditions below are satisfied:

a. The amount of foreign exchange remitted is **less than USD 1,000,000** or its equivalent
AND
b. The importer is a company listed on a stock exchange in India and whose net worth is **not less than Rs. 100 crores** as on the date of its last audited balance sheet,
OR
c. the importer is a public sector company or an undertaking of the Government of India or its departments.

- This facility can also be extended to autonomous bodies, including scientific bodies/academic institution, such as Indian Institute of Science/Indian Institution of Technology (IIT), etc., whose accounts are audited by the Comptroller and Auditor General of India (CAG). The Bank may ask for declaration from the auditor/CEO of such institution that their accounts are audited by CAG.
- AD must create an ORM and BOE has to be downloaded from "BoE Master" in IDPMS (in case of EDI ports). In case of non-EDI ports duplicate copy/customs certified copy have to be submitted.

9.4. Evidence for Non-Physical Imports:

- If the Imports are made in non-physical form, then a certificate from Chartered Accountant confirming that the software/data/drawing/design has been received by the importer is required. The non-physical imports may be:

a. Software or data through internet/datacom channels
b. Drawings and designs through email /fax.

- The AD branch must advise the Importers to keep Customs Authorities informed of the Imports made by them, under non-physical imports.

9.5. Follow-up of Import Evidence:

For the cases where Importer does not furnish any of the documentary evidence of Import as explained in the earlier section within 3 months from the date of remittance, then the

AD Branch should rigorously follow up for the next 3 months (6 months from date of remittance), by using various mode of communications out of which at least one communication with the Importer must be through issuance of registered letter by the AD branch.

The branches shall ensure that hard copies of the letters sent to the importers along with acknowledgement received shall be held in the file invariably for verification inspectors/regulators based on requirement.

In IDPMS, all outstanding import remittances, irrespective of the amount involved, should be reported by the Bank.

10. PROCEDURE FOR IDPMS:

The Bank is required to create Outward Remittance Message (ORM) for all the Outward remittances for Import payments on behalf of the customers for which the documents for evidence of import have not been submitted by the customer.

10.1. Settlement of ORM with Bill of Entry (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 Branches 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.

- 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 shall be issued by issuing acknowledgement slips containing all relevant particulars relating to the import transactions.

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

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

10.2. 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 etc. It should, however, be ensured that at least one communication with the importer in this regard is by issuance of registered letter. The records in respect of follow up done shall be maintained/held in records.

10.3. 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 the Bank's 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.

Respective BoE shall be closed in IDPMS with appropriate remarks.

11. IMPORT FACTORING:

The Bank may enter an arrangement with International Factoring companies of repute, preferable members of Factors Chain International, without approval from RBI.

The factoring company with which arrangement is entered by the Bank must ensure compliance with the extant Foreign Exchange directions relating to Imports Foreign Trade

Policy in force and any other guidelines/directives issued by RBI in this regard. The Bank at present does not have any such arrangement with factoring companies.

12. FREE OF COST (FOC)/ NO COMMERCIAL VALUE/SAMPLE BASIS:

The guidelines for closure of Bill of Entry (BOE) for Goods received on Free of Cost (FOC)/No Commercial Value/Sample Basis are detailed hereunder:

12.1. For closure of BOE's for Goods received on Free of Cost (FOC)/No Commercial Value/Sample Basis irrespective of value:

a. BOE (or) Invoice available specifying the import transaction as FOC /No Commercial Value/Sample:

- The Bill of Entry may be closed by CPC if FOC/ No Commercial Value/Sample or Similar phrase is clearly mentioned in the respective BOE (or) Invoice.

b. 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, 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.

12.2. For closure of BOE's for Goods received 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.

a. 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.

b. Goods were imported on FOC basis 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, 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.

c. **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.

d. 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 may 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.

12.3. 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, AD Branches shall obtain 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.

- In all the aforesaid cases, the AD Branches / CPC 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.

12.4. Assessment of Bonafides of transaction by the AD Branch:

- Along with the request/declaration of the importer for closure of BOE's for Goods received on Free of Cost (FOC)/No Commercial Value/Sample Basis, the AD Branch shall undertake assessment of Bonafide of transaction by ensuring the following:
  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 will 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 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. AD branch shall confirm that there are no restrictions on import of such goods as per the FTP.

13. HANDLING OF EDPMS/IDPMS ENTRIES UP TO ₹10 LAKH

- **IDPMS:**

a) AD Branches shall obtain declaration 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:
   - Bill of Entry Number & Date. Amount of BOE.
   - Overseas Supplier details (Name & Address).
   - Commodity imported.
   - Country of origin of goods.
   - ORM Number.
   - Date of payment.
   - Utilisation Amount.

b) The importer shall also submit undertaking to the effect that,
   (i) The Import payment has 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 AD Branches 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 AD branch shall also confirm the following while submitting the requests for closure of entries in IDPMS to CPC:
   (i) The AD Branch is satisfied with the Bonafide of the transactions;
   (ii) The AD Branch is satisfied that the payment has been made against the imports & satisfied with the declaration/details submitted by the importer;
   (iii) There are no KYC/AML/CFT concerns in respect of the importer;
   (iv) The Importer is not under any investigation/court cases etc. for these transactions.

- **EDPMS:**

a) AD Branches shall obtain declaration 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:-
   - Shipping Bill Number & Date.
   - Invoice Number & Date.
   - Shipping Bill Value in Foreign Currency
   - Buyer Name & Address
   - Final Destination of Goods
   - Commodity/Goods exported with HS Code
   - Realisation details (ITT No., UTR No. FIRC etc) & Currency
   - Amount to be adjusted (Equivalent in FC)
   - 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 AD Branches 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 AD branch shall also confirm the following while submitting the requests for closure of entries in EDPMS to CPC:
i. It is satisfied with the bonafide of the transactions;
ii. It is satisfied that the funds have been received against the export and with the details/declaration of the realisation submitted.
iii. There are no KYC/AML/CFT concerns in respect of the exporter.
iv. The Exporter is not under any investigation/court cases etc. for these transactions.

14. MERCHANTING TRADE TRANSACTIONS (MTT)

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.

14.1. MTT may be handled subject to the following guidelines:

a. For a trade to be classified as merchanting trade, goods acquired shall not enter the Domestic Tariff Area.

b. Considering that in some cases, the goods acquired may require certain specific processing/ value-addition, the state of goods so acquired may be allowed transformation if satisfied with the documentary evidence and bonafides of the transaction.

c. The 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.**

d. Overall Merchant trade transaction is to 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 the Bank's internal policy/framework.

e. 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 the Bank's internal policy/framework, based on satisfaction of the reasons furnished.

f. AD Branch is satisfied with the bonafides of the transactions. Further, KYC and AML guidelines shall be scrupulously adhered to while handling such transactions.

g. The entire merchanting trade is to be routed through the same AD bank. Documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) shall be verified and satisfied about the genuineness of the trade. May also, if satisfied, rely on online verification of Bill of Lading/ Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, it shall be ensured that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions.

h. All guidelines related Export, Import, reporting into EDPMS/IDPMS of the Bank's internal policy/framework shall mutatis mutandis apply to Merchanting Trade Transactions and requests for extension of time, reduction in invoice value, write off etc. shall be handled as per guidelines applicable to respective export or import leg.

i. Short-term credit either by way of suppliers' credit or buyers' credit may be extended for MTT to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by the AD bank, as in the case of import transactions. However, Letter of Undertaking (LoU)/ Letter of Comfort (LoC) shall not be issued for supplier's/ buyer's credit.

j. Any receipts for the export leg, prior to the payment for import leg, may be parked either in Exchange Earners Foreign Currency (EEFC) account or in an interest-bearing INR account till the import leg liability arises. It shall be strictly earmarked/ lien-marked for the payment of import leg and the liability of the import leg, as soon as it arises, shall be extinguished out of these funds without any delay. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed at the request of its customer, as per extant regulations. No fund/non-fund-based facilities shall be extended against these balances.

k. In case of discounting of export leg LC where payment for import leg is still to be made (even if partially), the proceeds shall be utilized in the manner prescribed at point no. (j) above.

l. Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.

m. Merchanting traders may be allowed to make advance payment for the import leg on demand made by the overseas supplier. In case where inward remittance from the overseas buyer is not received before the outward remittance to the overseas supplier, Branches may handle such transactions based on its commercial judgement. It may, however, be ensured that any such advance payment for an import leg beyond USD 200,000/- per transaction, shall be made against Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an international bank of repute. Requirement of Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an international bank of repute may be waived as per delegation conferred under the Bank's internal policy/framework.

n. Letter of Credit to the supplier for the import leg is permitted against confirmed export order, keeping in view the foreign exchange outlay of six months and completion of the MTT within contracted period/extended period and subject to compliance with the instructions issued by Department of Banking Regulation on "Guarantees and Co-acceptances", as amended from time to time.

o. One-to-one matching in case of each MTT shall be ensured and report defaults in any leg by the traders to the concerned Regional Office of the Reserve Bank, on half yearly basis, within 15 days from the close of each half year, i.e. June and December.

p. Fresh transactions of Merchant traders, with 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 matrix.

q. The merchanting traders shall be genuine traders of goods and not mere financial intermediaries. Confirmed orders must be received by them from overseas buyers. capabilities of the merchanting trader to perform the obligations under the order shall be ensured.

r. The merchanting trade shall result in profit which shall be determined by subtracting import payments and related expenses from export proceeds for the specific MTT.

14.2. Payment of Agency commissions:

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

- **a.** MTT has been completed in all respects.
- **b.** The payment of agency commission shall not result in the MTT ending into a loss.
- **c.** The Merchanting trader shall make a specific request to the AD bank in this regard.

14.3. Reporting for merchanting trade transactions under FETERS shall be done on gross basis, against the codes **S0108/P0108.**

14.4. MTT 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.

14.5. For deviations in MTT, transactions may be handled in accordance with the powers delegated under the Bank's internal policy/framework. Further, closure of MTT shall be handled as per the delegation matrix.

15. DECLARATION OF EXPORTS:

15.1. An exporter of Goods/Software/Services must furnish to the Specified Authority' a declaration in the Export Declaration Form (EDF), specifying the amount representing the full export value of the goods at the time of export. The declaration requirement is intended to ensure systematic monitoring of foreign exchange inflows arising from exports and to enable regulatory oversight 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 follows:

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

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

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

Explanation.

– as per the extant regulations, 'services' shall also include 'software' (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).

Further, a traveller carrying personal effects, whether accompanied or unaccompanied, from India shall not be treated as an exporter for the purposes of these Regulations.

15.2. 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. Same to be handled only after rectification of the same or based on rectification letter issued from respective EDI Port indicating correctness of the details.

15.3. 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, duly authenticated EDF shall be forwarded by the specified authority to the respective Authorised Dealer.
In such cases, upon receipt of EDF from specified authority, same to be reported into EDPMS and followup 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.

15.4. Export of goods through Post:

Postal Authorities shall 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 from specified authority, same to be reported into EDPMS and followup shall be done with the exporter for submission of related documents and realization.

15.5. 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 to STPI/Authorised dealer (AD) in case DTA units or Special Economic Zones (SEZ) in case SEZ units, within the 30 days from the end of month in which invoice for software 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/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/gist of invoices submitted and declared by the exporter, EDF is accepted and 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.

EDFs wherein in our Bank is a specified authority, complete transaction i.e., lodgement, realization, closure etc. shall be completed with us only.

15.6. 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 value of services to their Authorised dealer (AD) in DTA and Development Commissioner (DC) of Special Economic Zone (SEZ) in SEZ, for full value of services, within the 30 days from the end of month in which invoice has been raised on or before the date of receipt of payment. 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.

As AD/DC acts as a specified authority for accepting the EDF, for EDF received on account our customer, based on declaration by the exporter in EDF and the as per the corresponding invoices/gist of invoices submitted and declared by the exporter, EDF may be certified. Such EDF to be reported into Export Data Processing and Monitoring System (EDPMS) for monitoring of realization of export proceeds.

EDFs wherein in our Bank is a specified authority, complete transaction i.e., lodgement, realization, closure etc. shall be completed with our Bank only.

16. TIMELINES FOR DECLARATION:

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 may submit a consolidated declaration, provided invoice-wise details are clearly identifiable and maintained.

In case of Services (including software), where our Bank is Specified Authority, delay in declaration may be accepted as per delegation conferred in the Bank's internal policy/framework, based on specific request from the exporter mentioning the reason for delay.

16.1. Timeline for submission of shipping documents by exporters

Type of Commodity	Timeline
Goods	within twenty-one calendar days from the date of shipment
Services	within thirty 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, whichever is earlier
Software	within thirty days from the end of the month in which the invoice for software export is raised

After the documents have been negotiated / collection/Payment, transaction shall be reported to the Reserve Bank through Export Data Processing and Monitoring System (EDPMS) and EDF alongwith 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, based on the requests made by the exporter, may be handled, as per the delegation conferred in the Bank's internal policy/framework.

16.2. In case of submission after completion of due date for payment, same shall be accepted:

- Along with payment details, in case payment is already received
- Along with extension request, in case due date is already expired, 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.

17. MANNER OF RECEIPTS AND PAYMENTS:

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.

Unless specific permission is granted by the Reserve Bank of India (RBI), all cross-border transactions between Indian residents and non-residents must be conducted through an Authorized Bank or Authorized Person in accordance with the following rules:

a. Trade Transactions (Goods & Services):

- **Nepal and Bhutan:** Payments must be made in Indian Rupees (INR). However, export proceeds from Nepal may be received in foreign currency if permitted by Nepal Rashtra Bank.
- **Asian Clearing Union (ACU) Member Countries (excluding Nepal & Bhutan):** Settlement must be processed through the ACU mechanism or as directed by the RBI. Any trade fallback outside this mechanism must follow standard international guidelines (listed below).
- **All Other Countries:** Settlement may be conducted in Indian Rupees (INR) or any foreign currency.
- **Foreign Trade Policy (FTP) Exception:** Receipts and payments may also follow alternative settlement methods authorized under the prevailing Foreign Trade Policy framed by the Central Government.

b. Non-Trade Transactions:

- **Nepal and Bhutan:** Settlement must be in Indian Rupees (INR). Overseas investments in Bhutan, however, may also be made in foreign currency.
- **All Other Countries:** Settlement may be in Indian Rupees (INR) or any foreign currency.

c. In-Person Current Account Transactions (Foreign Visitors):

- Non-trade current account transactions with foreign visitors physically present in India must be settled solely in Indian Rupees (INR).

- Payments or receipts may also be processed via direct debit or credit to designated bank accounts compliant with RBI regulations.

17.1. Payments through Payment Aggregators (PA's):

Payments through Payment Aggregator (PA), entities that facilitates aggregation of payments made by customers to the merchants through one or more payment channels

through the merchant's interface (physical / virtual) for purchase of goods, services or investment products, and subsequently settles the collected funds to such merchants as defined in terms of Notification No. CO.DPSS.POLC.No.S-633/02-14-008/2025-26 dated 15.09.2025 on Master Direction on Regulation of Payment Aggregators.

As per the directions, PA – Cross Border (PA – CB) shall provide the documents / information required by the exporter / importer to the AD bank of the exporter / importer, for closure of their corresponding entry in Export Data Processing and Monitoring System (EDPMS) / Import Data Processing and Management System (IDPMS), wherever applicable, (for the respective inward / outward remittance), in compliance with the extant directions. Based on these details EDPMS/IDPMS entries shall be processed.

17.2. ACU Settlement Framework:

a. **Settlement Currency Options:** Effective March 6, 2020, Asian Clearing Union (ACU) participants may process transactions in ACU Dollars, ACU Euros, or ACU Japanese Yen. These Asian Monetary Units (AMUs) map 1:1 in value with the US Dollar, Euro, and Japanese Yen.
b. **Bank Account Maintenance:** The AD banks may open and manage ACU Dollar, ACU Euro, and ACU Yen accounts with correspondent banks in participating nations. Banks must clear all eligible payments through these designated accounts.
c. **Exception – Myanmar Trade:** Commercial transactions with Myanmar may be cleared in any freely convertible currency, alongside standard ACU channels.
d. **Exception – Iran Trade:** Due to payment processing challenges, all eligible current account and trade transactions with Iran must be settled in permitted currencies outside the ACU network (effective December 27, 2010, until further notice).
e. **Exception – Sri Lanka Trade:** All eligible current account and trade transactions with Sri Lanka may be settled in any permitted non-ACU currency (effective July 8, 2022, until further notice).
f. **Nostro Account Usage:** Pursuant to the June 2015 ACU Board meeting, commercial banks within ACU member states may use their ACU Dollar, ACU Euro, and ACU Yen Nostro accounts to clear payments for bilateral goods and services trade.
g. **Suspension of ACU Euro:** Processing through the 'ACU Euro' channel remains temporarily paused (effective July 1, 2016).
h. **Exception – Maldives Local Currency Settlement:** Following the November 2024 RBI–Maldives Monetary Authority MoU, trade between India and the Maldives may be settled in Indian Rupees (INR) or Maldivian Rufiyaa (MVR), in addition to standard ACU mechanisms.

17.3. International Trade invoicing and settlement in Indian Rupees (INR):

- Payment and settlement of exports and imports is also permissible in INR through Special Rupee Vostro Mechanism/ Vostro Accounts / Special Non-Resident Rupee Account - SNRR account / Rupee Drawing Arrangements (RDA) opened in terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016, Master Direction – Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses

- Transactions under this mechanism is at par with normal export/import and all the guidelines of the Bank's internal policy/framework including reporting in EDPMS/ IDPMS/ IRM/ ORM/ R-Return shall equally be appliable to payments / receipts under this mechanism.

17.4. When payment for goods sold to overseas buyers during their visits is received in this manner, EDF should be released only on receipt of funds in Nostro account of our bank and if our bank is not the Credit Card servicing bank, 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.

17.5. Settlement of Export transactions in currencies not having a direct exchange rate:

- This allows transactions invoiced in a freely convertible currency (e.g., USD, EUR) to be settled in the local currency of the foreign beneficiary, even if no direct currency exchange pairing with INR exists (excluding those put through the ACU mechanism), subject to conditions as under:
- The exporter must be an existing KYC-compliant customer of the Bank.
- The underlying sales contract/invoice is in a freely convertible currency.
- The overseas counterparty expressly agrees to accept settlement in their local/beneficiary currency as full and final payment.
- The counterparty is not located in a FATF-designated high-risk/non-cooperative jurisdiction subject to countermeasures.

17.6. For each inward/outward remittances received through manners permitted by RBI/FTP, IRM/ORM to be created and reported into EDPMS/IDPMS and same shall be marked off with the related EDF/Evidence of Import or closed based on the documents and information/declaration submitted by the exporter/importer.

18. TIME PERIOD FOR EXPORTS REALISATION:

18.1. The amount representing the full export value, or reduced export value where, permitted under regulations, of goods and services exported from India shall be realised including by way of setoff and repatriated to India by the exporter within the time periods prescribed herein.

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.

18.1.1 Exports Invoiced or Settled in Indian Rupees:

Where export of goods or 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 export proceeds shall be:

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

18.1.2 All other currencies:

a. In case of export of goods (other than goods exported to a warehouse outside India) within Nine months from the date of shipment**.**
b. In case of export of services – within Nine months from the date of invoice**.**
c. In case of goods exported to a warehouse outside India – within Nine months from the date of sale of goods from such warehouse**.**
d. In case of goods exported to 'Bharat Mart' within Nine months from the date of sale of the goods from the warehouse.
e. In case of project exports **–** as per the payment terms specified in the underlying project contract, subject to monitoring.

18.1.3 These time limits represent the maximum permissible period for realisation and exporters are expected to realise proceeds as early as commercially practicable.

18.2. Export on elongated credit terms:

Requests of Exporters intending to export goods on elongated credit terms i.e., selling goods abroad with a payment period longer than the prescribed time limit for realisation may be considered as per the delegation conferred for extension

of time for export realization under the Bank's internal policy/framework by duly ensuring:

(a) Bonafide Nature of Export Transaction
- Ensure the underlying export order/contract is genuine.
- Obtain copy of export contract, purchase order, or agreement clearly specifying the extended credit period.
- Confirm that the elongated credit period is a normal commercial practice for the commodity/country involved.

(b) Exporter's Track Record
- Review export performance and realization history.
- Check for any outstanding overdue export bills.
- Ensure the exporter has a satisfactory compliance record under FEMA and internal guidelines.

(c) Creditworthiness of Overseas Buyer
- Conduct due diligence on the foreign buyer.
- Obtain credit reports, financial statements, banker's report, or trade references wherever feasible.
- Assess the buyer's repayment capacity.

(d) Country and Counterparty Risk
- Evaluate political, economic, and transfer risk of the importer's country.
- Check sanctions, AML/CFT, and adverse media alerts.
- Ensure the buyer and country are not subject to any regulatory restrictions.

(e) Impact on Export Proceeds Realisation
- Ensure that the extension does not adversely affect eventual realization.
- Obtain a commitment from the exporter to follow up and realize proceeds within the approved extended period.

(f) ECGC / Insurance Cover
- Ascertain whether the export receivables are covered under ECGC or any other trade credit insurance.
- Encourage adequate risk mitigation where exposure is significant.

(g) Compliance with FEMA & Regulatory Guidelines
- Ensure the proposal falls within delegated authority granted under the Foreign Trade Policy and regulatory guidelines.
- Verify that the transaction does not involve write-off of export dues or circumvention of realization requirements.

(h) Fund-Based and Non-Fund Based Exposure
- Examine whether the elongated credit period increases the bank's exposure through packing credit, post-shipment finance, or buyer's credit arrangements.
- Assess implications on existing credit facilities.

18.3. Extension of time/due date of Export bills:

18.3.1. On a written request from the exporter citing reasons for delay, extension of period of realization of export proceeds beyond the due date, irrespective of the invoice value of the export, may be allowed as per the delegation conferred under the Bank's internal policy/framework. However, extension of period of realization of export proceeds beyond stipulated period of realization from the date of export may be allowed up to a period of six months, at a time. Extension shall be subject to following:

a) the delay is due to genuine commercial reasons;
b) satisfied that the exporter has not been able to realize export proceeds for reasons beyond his control
c) the exporter has a satisfactory track record of compliance;
d) The export transactions covered by the invoices are not under investigation by Enforcement Directorate / Central Bureau of Investigation or other investigating agencies. In case of transaction under investigation by any agency, extension request shall be handled after obtaining NOC from respective agency.
e) The exporter submits a declaration that the export proceeds will be realized during the extended period and
f) the transaction does not involve any FEMA contravention or AML/TBML concern.

18.3.2. All extensions granted shall be properly documented and reflected in EDPMS.

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

18.3.4. For the extension of export credit, approval from the respective sanctioning authority shall also to be obtained, wherever applicable.

18.4. Unrealised Exports

18.4.1. 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

18.4.2. 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.

18.4.3. 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 shall 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 may 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 shall 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.

19. ADVANCE PAYMENTS AGAINST EXPORTS:

19.1. Where an exporter receives advance payment (with or without interest), 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 bank through whom the advance payment is received. The exporter shall ensure that any change in the Authorised Dealer (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 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 one year 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 branch / subsidiary of bank in India.

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 excluding services (wherein SEZ/STPI is specified authority) by duly reporting the same into EDPMS.

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.

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.

19.1.1. Exporters having a minimum of three years' satisfactory track record may 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 subject to the conditions as under:

- Company should have capacity, systems and processes in place to ensure that the orders over the duration of the said tenure can actually be executed.
- The facility is to be provided only to those entities which have not come under the adverse notice of Enforcement Directorate or any such regulatory agency.
- The documents should be routed through one Authorized Dealer bank only.
- Such export advances shall not be permitted to be used to liquidate Rupee loans classified as NPA.
- Double financing for working capital for execution of export orders should be avoided.

19.1.2. 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 subject to the following conditions (in addition to above mentioned):

- It should be ensured that export advance received by the exporter should be utilized to execute export and not for any other purpose, i.e., the transaction is a bonafide transaction.
- Progress payment, if any, should be received directly from the overseas buyer strictly in terms of the contract.
- Rate of interest charged, if any, on the advance for export shall not exceed the all-in-cost ceiling of Trade Credit as per Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.
- There should be no instance of refund exceeding 10% of the advance payment received in the last three years.

19.2. 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 may be permitted upto three years from the date of receipt of advance, as per the delegation conferred in the Bank's internal policy/framework, subject to directions issued by RBI from time to time. Such extension shall 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.

19.3. Refund of advance against export of goods and 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 Bank's internal policy/framework. In case transaction is under investigation by any investigating agency, extension request shall be accorded only after NOC from respective authority.

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

Purchase of foreign exchange from the market for refunding advance payment credited to EEFC account shall be allowed only after utilizing the entire balances held in the exporter's EEFC accounts.

19.4. Closure of IRM

Advance received against export where export cannot be made Where an advance receipt credited is outstanding in EDPMS as an IRM, and the circumstances of the transaction make realisation against the advance, or refund of the advance, no longer achievable may be closed as per delegation conferred under the Bank's internal policy/framework.

The following circumstances, among others of a similar nature, may be considered:

19.4.1. Advance for prototype development — prototype rejected and order cancelled. Where the advance was received for the development of a prototype, the prototype has been developed and submitted to the overseas buyer, the buyer has rejected the prototype on the ground that it does not meet the specified requirements, and the order has been cancelled in consequence; and the advance has been utilised by the exporter towards the cost of developing the prototype such that refund in full is no longer possible.

19.4.2. Part-order fulfilled with advance utilised for manufacture; balance order not received or cancelled.

Where the advance was received under an order contemplating multiple shipments, the exporter has commenced manufacture and has utilised the advance towards materials, labour and allied manufacturing costs in the course of part-fulfilment of the order, and the balance of the order has either been cancelled by

the buyer or has not been progressed; with the consequence that the goods manufactured cannot be diverted for local sale at a value equivalent to the advance received, and the advance in its entirety is not available for refund.

19.4.3. Overseas buyer untraceable over a reasonably long period.

Where the overseas buyer has become untraceable over a reasonably long period despite reasonable efforts by the exporter, evidenced by correspondence returned undelivered, closure or abandonment of the buyer's registered place of business, and such other records of efforts as the exporter has maintained.

19.4.4. Overseas buyer/s ceased operations or wound up.

Where the overseas buyer has ceased operations, been declared bankrupt, been wound up, or is subject to equivalent proceedings, evidenced by an order or record of proceedings of a competent authority in the buyer's jurisdiction, and no authorised representative or liquidator is available to receive or account for the refund.

19.4.5. Any other circumstance of similar nature. Any other circumstance that the Bank is satisfied with genuinely renders the advance neither realisable against export nor refundable.

20. REDUCTION OF EXPORT REALISATION:

If after a bill has been negotiated or sent for collection, the amount thereof is desired to be reduced for any reasons if satisfied about the genuineness of the request, may be approve such reduction, as per the delegation conferred under the Bank's internal policy/framework, provided:

a. It does not relate to export of commodities subject to floor price stipulations,
b. The exporter is not on the Exporters' Caution List of RBI, and
c. The exporter is advised to surrender proportionate export incentives availed of, if any
d. No AML/KYC concerns or bypassing of guidelines are observed

Reduction in export realisation shall be permitted only for genuine commercial or legal reasons 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 the Bank's internal policy/framework.

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

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.

All approved reductions shall be reported in EDPMS with appropriate narration. The Branches shall ensure that reduced values are reflected accurately in regulatory records.

20.1. All cases of reduction in invoice value arising on account of quality/quantity deficiencies, short shipment, rejection or damage of goods, price renegotiation, discounts or rebates, credit notes, delay in delivery, contractual claims, liquidated damages, adjustment of freight/insurance or other incidental charges, settlement of bona fide commercial disputes, variation in specifications, or any other genuine commercial adjustment mutually agreed between the exporter and the overseas buyer and duly supported by documentary evidence, wherein the exporter has raised an export invoice for a particular amount, but subsequently agrees to accept a lower amount from the overseas buyer, resulting in the export proceeds being realised for less than the original declared invoice value may be considered.

20.1.1. Probable commercial reasons for reduction in export invoice value may include:

Case / Circumstance	Key points to be verified by AD Bank	Documents / Evidence to be obtained
Short Shipment / Shut-out Shipment	Verify that the goods actually exported were less than the quantity/value declared, or that the shipment did not take place. Ensure the unrealised portion is not treated as a normal export receivable.	Shipping Bill, amended/updated Shipping Bill, Export General Manifest (EGM), carrier/airline confirmation, packing list, invoice, customs records, exporter declaration
Goods Destroyed in Testing	Establish that goods were destroyed during mandatory/contractual testing and were not available for commercial sale. Verify whether the destruction was authorised and properly recorded.	Testing/destruction certificate, test report, buyer /inspection agency communication, contract /PO, customs/shipping documents, certificate from competent authority/ agency, exporter declaration.
Pre-payment of Usance Bills	Verify that the usance export bill was discounted/realised before maturity and that the proceeds have been received through the banking channel. Ensure no duplicate outstanding exists in EDPMS.	Export bill, Bill of Exchange, discounting/negotiation documents, bank credit advice, SWIFT/payment message, buyer/bank confirmation, EDPMS details.

Foreign Bank Charges	Verify that the difference between invoice value and amount received represents legitimate overseas bank charges and is within the agreed/normal banking charges.	SWIFT/payment message showing deductions, bank advice, correspondent bank statement, exporter's account statement, invoice/contract, charge confirmation.
Re-import of Unsold Goods	Confirm that the exported goods were returned/re-imported and that there is no outstanding export consideration in respect of the returned goods. Verify customs clearance and linkage with original export.	Original Shipping Bill, Bill of Entry for re-import, customs re-import documents, transport documents, buyer's confirmation, reason for return, EDPMS details.
Cash Discount	Verify that the discount was commercially justified, mutually agreed and relates to the particular export transaction. Ensure the discount is not being used to divert export proceeds.	Contract/PO, discount terms, buyer correspondence, credit note, revised invoice, buyer's settlement confirmation, statement of account.
Shipments Lost in Transit	Establish actual loss during transit and determine whether any amount is recoverable from the insurer/carrier/buyer. Ensure insurance proceeds, if any, are appropriately accounted for.	Carrier/airline/shipping line report, insurance claim/report, survey report, FIR/police report where applicable, insurance settlement, buyer correspondence, Shipping Bill, transport documents.
Factoring Commission/Charges	Verify that the deduction represents legitimate factoring charges under the factoring arrangement and that the net proceeds have been received. Where factoring is outside India, verify compliance with applicable FEMA requirements.	Factoring agreement, invoice, factor's statement, debit note/commission statement, remittance/credit advice, buyer/factor confirmation, Shipping Bill, EDPMS records.
Short Receipt due to Rounding / Minor Difference	Verify that the difference is insignificant and attributable to genuine rounding, banking or settlement adjustment.	Invoice, payment message, bank statement, calculation sheet, buyer confirmation, exporter's declaration

Settlement of Export Claim/Compensation	Verify the underlying claim and ensure the reduction is directly attributable to the export transaction.	Buyer's claim, inspection/survey report, settlement agreement, credit note, correspondence, revised invoice, payment statement

21. WRITE-OFF OF UNREALISED EXPORT BILLS:

Write-off of unrealised export proceeds is permitting the exporter, to write off the amount of export proceeds that has remained unrealised from the overseas buyer despite the exporter's efforts for recovery, and to regularise the corresponding outstanding export transaction in the prescribed manner subject to the applicable FEMA/RBI provisions.

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 the Bank's internal policy/framework.

Write off requests shall not be treated merely as a routine accounting adjustment. Genuineness of the export transaction, reasons for non-realisation, recovery efforts made by the exporter and the supporting documentary evidence shall be verified and ensure that the write-off is permissible under the applicable FEMA/RBI provisions.

Write-off of outstanding amount of export bills may also be permitted, where the documents have been directly dispatched by the exporter to the consignee or his agent resident in the country of final destination of goods.

It shall be ensured that the exporter seeking write-off has submitted documentary evidence towards surrendering proportionate export incentives if any, availed of in respect of the relative export bill.

This write-off shall be reported into Export Data Processing and Monitoring System (EDPMS) with appropriate remarks.

21.1. The exporter should be able to demonstrate that reasonable and genuine efforts were made to recover the export proceeds. Depending on the circumstances, this may include:

- Correspondence with the overseas buyer demanding payment.
- Follow-up notices/reminders for settlement of outstanding invoices.
- Evidence of disputes regarding quality, quantity, specifications or contractual terms.

- Documentary evidence of insolvency, bankruptcy or liquidation of the overseas buyer.
- Legal notices or recovery proceedings initiated against the buyer, wherever appropriate.
- Settlement/compromise arrangements with the buyer, where applicable.
- Evidence of unsuccessful recovery attempts through an overseas agent, factoring agency or insurer, as relevant.
- Any other documentary evidence explaining why the export proceeds could not be realised.

21.2. The following cases may fall under any of the undernoted categories:

- 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.
- 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;
- The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country;
- The overseas buyer is not traceable over a reasonably long period of time.
- The unrealised amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter;
- 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;
- 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 dishonor of the bills by the overseas buyer and there are no prospects of realization.

21.3. The following cases, however, would not qualify for the "write-off" facility:

a. 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.

b. EDF/Softex 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.

21.4. Write off in cases of payment of claims by ECGC and Private Insurance Companies regulated by Insurance Regulatory and Development Authority (IRDA)

a. 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, write off the relative export bills in EDPMS.

b. Surrender of incentives, if any, in such cases will be as provided in the Foreign Trade Policy.

c. The claims settled in rupees by ECGC and private insurance companies regulated by IRDA should not be construed as export realization in foreign exchange.

22. SHIPMENT LOST IN TRANSIT:

22.1. Where goods exported from India, in respect of which export proceeds have not been realised, are lost in transit, the exporter shall promptly lodge an insurance claim upon becoming aware of the loss and furnish the relevant documentary evidence. Branches shall verify the insurance coverage; claim lodged and amount recoverable and shall ensure timely follow-up for settlement and repatriation of the claim proceeds to India.

22.2. Where the insurance claim is payable abroad**,** Branches shall arrange to collect the full amount of claim due through our correspondent or other permissible banking channel and ensure repatriation of the proceeds to India. The export transaction shall be appropriately regularised in EDPMS only after verification of the claim proceeds and satisfaction of the applicable FEMA/RBI requirements. Documentary evidence of the claim amount received, including the insurer's settlement advice and evidence of receipt/repatriation, shall be retained on record.

22.3. Where any part of the claim is settled directly by the shipping company, airline or other carrier under its contractual/carrier liability, Branches shall ensure that such amount, if received/settled abroad, is also repatriated to India by the exporter through the banking channel. Branch shall verify the carrier's settlement advice and ensure appropriate adjustment/regularisation of the corresponding export transaction in EDPMS.

23. SET-OFF OF EXPORT RECEIVABLES AGAINST IMPORT PAYABLES

23.1. Set-off of export receivables against import payables refers to the adjustment of outstanding export proceeds against outstanding import payments without

routing the gross inflows and outflows through banking channels. Permitting set-off is to facilitate genuine trade efficiency while preventing misuse of banking channels for masking foreign exchange flows or circumventing realisation and payment timelines.

23.2. Set-off will be permitted only where the underlying export and import transactions are genuine, independent, and permissible under law, and where the set-off does not result in a disguised capital account transaction, borrowing, lending, or netting of unrelated obligations. Set-off shall never be treated as a matter of routine convenience. Declarations confirming the relationship between counterparties shall be obtained and the AD branches shall assess whether the group structure is legitimate and not created solely for facilitating set-off.

23.3. Set-off of export receivables against import payables from/to the same overseas buyer or supplier or with their overseas group or associate companies may be permitted, within the stipulated period for realisation/payment or extended period, if any of export/import invoice. Set-off shall not be permitted where multiple unrelated parties are involved, where ownership structures are opaque, or where the arrangement appears to facilitate layering or circular movement of funds.

23.4. Requests as below received from the Exporter/Importer constituents to allow set-off of outstanding export receivables against outstanding import payables may be considered as per the delegation conferred in the Bank's internal policy/framework:

(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.

23.5. The set-off shall be subject to the 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 Transactions shall be settled 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).

24. THIRD PARTY PAYMENTS FOR EXPORT TRANSACTIONS:

24.1. Third-party receipts and payments refer to export transactions where the buyer is different from the remitter or beneficiary of funds. Such arrangements shall be permitted only in specific circumstances and subject to strict disclosure and controls.

Third-party receipt/payments may be permitted as per the delegation conferred under the Bank's internal policy/framework, by duly ensuring 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, the overseas buyer and the third-party remitter shall be clearly verified, ensuring that the remittance is directly related to the export transaction. Pricing, routing, frequency, and counterparty relationships to detect potential red flags such as round-tripping, layering, or invoice manipulation shall be examined.

Receipts/payments from/to jurisdictions unrelated to the trade flow or known for secrecy or sanctions risk shall be subjected to enhanced scrutiny. It shall be ensured that third party payment/receipt does not result in diversion of funds, settlement of unrelated obligations, or circumvention of capital account restrictions.

24.2. Third party payments for export transactions subject to conditions as under:

a. Firm irrevocable order backed by a tripartite agreement should be in place. However, it may not be insisted upon in cases where documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order/ invoice /justification from the Exporter has been produced subject to:
    i. Branch is satisfied with the bona-fides of the transaction and export documents, such as, invoice / FIRC.
    ii. FATF statements shall be considered while handling such transaction.
b. Third party payment should be routed through the banking channel only.
c. The exporter should declare the third-party remittance in the Export Declaration Form and it would be responsibility of the Exporter to realise and repatriate the export proceeds from such third party named in the EDF.
d. Reporting of outstanding, if any, would continue to be shown against the name of the exporter. However, instead of the name of the overseas buyer from where the proceeds have to be realise, the name of the declared third party should appear in the outstanding report.
e. In case of shipments being made to a country in Group II of Restricted Cover Countries, (e.g. Sudan, Somalia, etc.), payments for the same may be received from an Open Cover Country.

24.3. Branch may obtain supporting documentary evidence such as a tripartite agreement, buyer's authorization, or an undertaking from the third-party remitter establishing the nexus between the export transaction and the remittance.

25. EXPORT OF GOODS AND SERVICES AGAINST REPAYMENT OF STATE CREDITS:

- For the implementation of the provisions of the Inter banking arrangement, the Bank shall 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.

26. 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 factors 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.

27. EXPORT OF GOODS ON LEASE, HIRE, ETC

27.1. 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 the delegation conferred under the Bank's internal policy/framework.

27.2. Details like Lease/hiring period, lease rentals/hire charges, party who will bear the shipping cost, assembling/dismantling cost, reimport cost, maintenance cost etc., shall be clearly mentioned in the agreement.

27.3. Export of goods on lease, hire etc. to subsidiary/associate Company shall be permitted on arm's length basis only.

27.4. While granting approvals it shall be ensured that, residual life of the machinery/equipment etc. shall be more than the lease period. Valuer certificate confirming the residual life shall be obtained while granting such permission.

27.5. Transaction shall be monitored, and it shall be ensured that lease rentals/hire charges are received as per the agreement/contract.

27.6. It shall be ensured that at the end of lease period machinery is imported and EDPMS entry is settled against reimport BoE.

28. CHANGE OF BUYER/CONSIGNEE

After shipment of goods, situations may arise where the original overseas buyer is unwilling or unable to fulfill the contractual obligations. In such cases, the exporter may request the bank to permit a change in the buyer or consignee so that the goods can be sold to alternate overseas purchaser and export proceeds can be realized.

Such requests may be considered by the competent authority delegated under the Bank's internal policy/framework, subject to satisfactory evidence of the default of the original buyer and compliance with applicable FEMA/RBI guidelines.

When a request for change of buyer/consignee after shipment is permitted, there may be cases where the goods are ultimately sold to the substitute buyer at a price lower than the original contracted export value. Such reduction may be considered by the competent authority under the Bank's Delegation matrix by ensuring that the transaction is genuine and commercially justified.

29. PART DRAWINGS/ UNDRAWN BALANCES

Part Drawing means a situation where the export contract or Letter of Credit permits the exporter to make more than one drawing against the same contract/LC corresponding to separate shipments or portions of the goods, instead of drawing the entire export value in one transaction. Thus, the total export obligation is divided into two or more shipments/drawings, and the exporter draws the value relating to each shipment as and when the goods are shipped and the relevant export documents are submitted Each drawing represents the value of the respective shipment and is supported by the prescribed export documents. Branches should monitor the individual drawings as well as the balance value/quantity remaining under the underlying contract or LC and ensure that the subsequent shipment/drawing is completed in accordance with the contractual terms and applicable regulatory requirements.

Undrawn Balance refers to a portion of the value of an export invoice which is deliberately not drawn at the time of negotiation of the export bill because the final amount payable can be determined only after the goods reach the overseas buyer and are subjected to inspection, weighment, quality assessment or analysis. This is therefore different from a normal part shipment. Such undrawn balance should be normal for the particular line of export trade and should not exceed 10% of the full export value; the exporter is also required to undertake to account for the balance proceeds within the prescribed realization period. If, despite best efforts, the balance cannot subsequently be repatriated, Branches may consider the case in accordance with the prescribed conditions, including realization of at least the initially drawn amount or 90% of the EDF value, whichever is higher, and completion of one year from the date of shipment.

In certain lines of export trade, it is the practice to leave a small part of the invoice value undrawn for payment after adjustment due to differences in weight, quality, etc., to be ascertained after arrival and inspection, weighment or analysis of the goods. In such cases, Branches may negotiate the bills, provided:

a. The amount of undrawn balance is considered normal in the particular line of export trade, subject to a maximum of 10 per cent of the full export value.

b. An undertaking is obtained from the exporter on the duplicate of EDF forms that he will surrender/account for the balance proceeds of the shipment within the period prescribed for realization.

c. In cases where the exporter has not been able to arrange for repatriation of the undrawn balance in spite of best efforts, on being satisfied with the bona fides of the case, should ensure that the exporter has realised at least the value for which the bill was initially drawn (excluding undrawn balances) or 90 per cent of the value declared on EDF form, whichever is more and a period of one year has elapsed from the date of shipment.

30. EXPORTS TO NEIGHBORING 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 neighbouring countries by road, rail or river transport:

i. 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.

ii. 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 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.

31. EXPORT OF GOODS BY SPECIAL ECONOMIC ZONES (SEZs):

Units in SEZs are permitted to undertake job work abroad and export goods from that country itself subject to the conditions that:

a. Processing / manufacturing charges are suitably loaded in the export price and are borne by the ultimate buyer.

b. The exporter has made satisfactory arrangements for realization of full export proceeds subject to the usual EDF procedure.

c. Branches may permit units in DTAs to purchase foreign exchange for making payment for goods supplied to them by units in SEZs. In terms of regulatory guidelines, Authorised Dealer Banks are permitted to sell foreign exchange to a unit in the DTA for making payment in foreign exchange to a unit in the SEZ for the services rendered by it (i.e. a unit in SEZ) to a DTA unit. It must be ensured that in the Letter of Approval (LoA) issued to the SEZ unit by the Development Commissioner (DC) of the SEZ, the provisions pertaining to the goods / services supplied by the SEZ unit to the DTA unit and for payment in foreign exchange for the same should be mentioned.

32. INTERNATIONAL TRADE INVOICING & SETTLEMENT IN INDIAN RUPEES

- 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.

33. PROJECT EXPORTS AND SERVICE EXPORTS

As per FTP 2023 "Project Exports" refers to export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad collectively.
Project Exports would encompass:

- Civil construction contracts;
- Turnkey Engineering contracts including supply of Capital Goods on deferred payment terms;
- Process and Engineering Consultancy Services; and
- Project Construction items (excluding Steel and Cement).

33.1. 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.

33.2. 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. Branches to acknowledge the receipt of the information sheet and provide a project export reference number to the customer. In case any amendment is required, customer to provide updated details in their request letter / revised form.

33.3. 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.

33.4. Receipts / payments for project exports as per the underlying contract, may be permitted after satisfying itself of the genuineness of the project.

33.5. Subject to monitoring, 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.

33.6. It is to be ensured that the exporters shall mandatorily mention export reference number in all transactions related to the project.

33.7. 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.

33.8. Transaction to be handled as per extant guidelines on purpose of transactions.

34. 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.

35. LANDLOCKED COUNTRIES

Branches may deliver one negotiable copy of the Bill of Lading to the Master of the carrying vessel or trade representative for exports to certain landlocked countries if the shipment is covered by an irrevocable letter of credit and the documents conform strictly to the terms of the Letter of Credit which, inter alia, provides for such delivery.

36. DIRECT DISPATCH OF DOCUMENTS BY THE EXPORTER:

36.1. Normally Branches should despatch shipping documents to their correspondents expeditiously. However, shipping documents may be despatched by the Exporter directly to the consignees or their agents resident in the country of final destination of goods in cases where:

a. 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.

b. Branches may also accede to the request of the exporter provided the exporter is a regular customer and Branch is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realization of export proceeds.

36.2. Branches may also permit 'Status Holder Exporters' (as defined in the Foreign Trade Policy), and units in Special Economic Zones (SEZ) to dispatch the export documents to the consignees outside India subject to the terms and conditions that:

a. The export proceeds are repatriated through our bank named in the EDF.

b. The EDF is submitted by the exporters within 21 days from the date of shipment of export, for monitoring purposes.

36.3. Branches may regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, irrespective of the value of export shipment, subject to the following conditions:

a. 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.

b. The exporter is a regular customer of our Bank for a period of at least six months.

c. The exporter's account is fully compliant with the Reserve Bank's extant KYC / AML guidelines.

d. Branch is satisfied about the bonafides of the transaction.

e. In case of doubt, may consider filing Suspicious Transaction Report (STR) with FIU_IND (Financial Intelligence Unit in India)

37. OPENING / HIRING OF WAREHOUSES ABROAD

37.1. Applications received from exporters may be considered and permission for opening / hiring warehouses abroad may be granted as per the delegation conferred under the Bank's internal policy/framework subject to the following conditions:

(i) Applicants overdue export outstanding does not exceed 5 per cent of exports made during the previous financial year.

(ii) Applicants have a minimum export turnover of USD 100,000/- during the last financial year.

(iii) Period of realization should be as applicable.

(iv) All transactions should be routed through the designated branch of the AD Banks.

(v) The above permission may be granted to the exporters initially for a period of one year and renewal may be considered subject to the applicant satisfying the requirement above.

(vi) Proper record of the approvals granted shall be maintained.

37.2. 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.

38. 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

38.1. 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.

38.2. 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.

38.3. 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.

39. REMITTANCES CONNECTED WITH EXPORT

39.1. Agency commission on exports

39.2. Payment of commission may be allowed, either by remittance or by deduction from invoice value, on application submitted by the exporter. The remittance on agency commission may be allowed subject to conditions as under:

a. Amount of commission has been declared on EDF/SOFTEX form and accepted by the Customs authorities or Ministry of Information Technology, Government of India / EPZ authorities as the case may be. In cases where the commission has not been declared on EDF/SOFTEX form, remittance may be allowed after satisfying the reasons furnished by the exporter for not declaring commission on Export Declaration Form, provided a valid agreement/written understanding between the exporters and/or beneficiary for payment of commission exists.
b. The relative shipment has already been made.

39.2.1. Payment of commission by Indian exporters may be allowed, in respect of their exports covered under counter trade arrangement through Escrow Accounts designated in US Dollar, subject to the following conditions:

a. The payment of commission satisfies the conditions as at (a) and (b) stipulated in paragraph (39.2) above.
b. The commission is not payable to Escrow Account holders themselves.
c. The commission should not be allowed by deduction from the invoice value.

39.2.2. Payment of commission is prohibited on exports made by Indian Partners towards equity participation in an overseas joint venture / wholly owned subsidiary as also exports under Rupee Credit Route except commission up to 10 per cent of invoice value of exports of tea & tobacco.

39.3. Refund of export proceeds

Requests of the exporter for refund of export proceeds of goods/services exported from India may be considered wherein export proceeds of goods exported from India are originally realised through our Bank and being re-imported into India on account of poor quality. This shall be subject to:

a. Due diligence regarding the track record of the exporter;
b. Satisfied with the bona-fides of the transactions;
c. Certificate from the exporter issued by DGFT / Custom authorities that no export incentive has been availed by the exporter against the relevant export or the proportionate incentives availed, if any, have been surrendered;
d. Not to insist on the requirement of re-import of goods, where exported goods have been auctioned or destroyed by the Port / Customs / Health authorities/ any other accredited agency in the importing country subject to submission of satisfactory documentary evidence.

39.4. Export claims

i. Branches may remit export claims on application, provided the relative export proceeds have already been realised and repatriated to India
ii. In all such cases of remittances, the exporter should be advised to surrender proportionate export incentives, if any, received by him.

39.5. Forfaiting

Forfaiting is a financing arrangement whereby an exporter assigns/sells its medium- or long-term export receivables arising from deferred payment exports to a forfaiter at a discount, generally on a without-recourse basis. The forfaiter assumes the right to receive the future export proceeds from the overseas buyer, thereby enabling the exporter to obtain immediate liquidity against its export

receivables. Forfaiting transactions undertaken by eligible entities shall be subject to the applicable FEMA/RBI provisions, prescribed documentation, tenor and other regulatory conditions.

EXIM Bank and AD Category – I banks have been permitted to undertake forfaiting, for financing of export receivables. Remittance of commitment fee / service charges, etc., payable by the exporter as approved by the EXIM Bank / AD Category – I banks concerned may be handled.

40. 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 shall 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 the Bank's Internal Policy/Framework.

41. 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 the Bank's 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.

*** * * ***