

## 2. EXPORT OF GOODS AND SERVICES

# EXPORTS - BASICS

- REGULATED BY DGFT
- IN CONFORMITY WITH FGN. TRADE POLICY
- FEMA NOTIFICATION NO. 23/ 2000 DTD.3<sup>RD</sup> MAY 2000
- FEDAI GUIDELINES
- EXPORT DECLARATION – GR / SDF/PP/SOFTEX – NOW EDF / SOFTEX FORM
- SOFTEX TO BE CERTIFIED BY STPI/FTZ/SEZ

# EXPORTS – INVOICING CURRENCY

- EXPORT CONTRACTS / INVOICES - IN FREELY CONVERTIBLE CURRENCY OR IN INR
- EXPORT REALISATION IN FREELY CONVERTIBLE CURRENCY
- **INR IS NOT A FREELY CONVERTIBLE CURRENCY**

# EXPORTS – GR WAIVER

## EXEMPTION FROM DECLARATION :

- TRADE SAMPLES
- PERSONAL EFFECTS
- GOODS / S/W < USD 25000
- GIFTS < INR 5 LACS
- REPLACEMENT GOODS
- SAMPLES OF NO COMMERCIAL VALUE
- GOODS IMPORTED FREE-OF-COST ON RE-EXPORT BASIS
- REPLACEMENT GOODS
- GOODS FREE-OF-COST FOR EXPORT PROMOTION UPTO 2% OF T/O (MAX.RS.5 LACS)
- GOODS NOT INVOLVING ANY FOREX TRANSACTION

# EXPORTS – RECEIPT OF PAYMENT

MANNER OF RECEIPT OF FOREIGN EXCHANGE:  
THROUGH AD BANK –

➤ CURRENCY APPROPRIATE TO FINAL DESTINATION OF  
GOODS

➤ BY WAY OF BANK DRAFT / P.O./CHQ./ FCN & FCTC  
DURING BUYER'S VISIT TO INDIA / FROM FUNDS HELD  
IN FCNR / NRE A/C OF BUYER / ICC OF BUYER / FROM  
INR A/C OF EXCHANGE HOUSE ( WHERE AMT. DOES  
NOT EXCEED RS.2 LACS )

# EXPORTS – RECEIPT OF PAYMENT

## SETTLEMENT UNDER ACU MECHANISM :

- COUNTRIES – BANGLADESH, ISLAMIC REPUBLIC OF IRAN, MYANMAR, PAKISTAN & SRI LANKA
- PARTICIPANTS CAN SETTLE IN ACU DOLLAR OR ACU EURO (ASIAN MONETARY UNIT )
- AD I CAN OPEN & MAINTAIN ACU\$ OR ACU EURO A/C WITH CORR. BANKS IN PARTICIPATING COUNTRIES
- INDO-MYANMAR TRADE CAN ALSO BE SETTLED IN FREE FOREX
- IRAN – ANY PERMITTED CURRENCY

# EXPORTS – SUBMISSION OF DOCUMENTS & REALISATION OF EXPORT PROCEEDS

- SUBMISSION OF SHIPPING DOCUMENTS – WITHIN 21 DAYS FROM THE DATE OF EXPORT TO AD.
- REPATRIATION OF PROCEEDS OF EXPORT OF GOODS & S/W - WITHIN 9 MONTHS FROM THE DATE OF EXPORT
- SEZs / EOUS / EHTPS / BTP – 12 MTHS
- EXTENDED PERIOD OF REALISATION IN CERTAIN CASES – WAREHOUSES – AS SOON AS IT IS REALISED AND WITHIN 15 MONTHS

# FOREIGN CURRENCY ACCOUNTS

- FOR PARTICIPATION IN INTL. TRADE FAIRS / EXHIBNS. –
- RBI APPROVAL REQD. FOR FCA OF EXPORTER
- INDIAN ENTITY CAN MAINTAIN FCA OVERSEAS IN NAME OF OVERSEAS OFFICE / BRANCH
- UNIT IN SEZ CAN OPEN & MAINTAIN FCA WITH AD I
- PROJECT / SERVICE EXPORTER CAN OPEN & MAINTAIN FCA WITH ADI



# DIAMOND DOLLAR ACCOUNTS (DDAs)

➤ FIRMS / COS. DEALING IN TRADE OF ROUGH / CUT / POLISHED DIAMONDS / PRECIOUS METAL JEWELLERY PLAIN / MINAKARI & /OR STUDDED WITH OR WITHOUT DIAMOND & / OR OTHER STONES, WITH TRACK-RECORD OF 2 YRS & AVG. ANNUAL T/O RS. 3 CRS. IN 3 PREV. LIC.YRS, PERMITTED TO TRANSACT BUSINESS THROUGH DDA, SUBJECT TO CONDITIONS

➤ NOT MORE THAN 5 DDA

➤ AD I TO APPROVE A/C & SUBMIT QRTRLY REPORT TO RBI

➤ DATA ON DDAs TO BE REPORTED TO RBI ON FORTNIGHTLY BASIS

# EXCHANGE EARNERS' FGN. CURRENCY ACCOUNT - EEFC

- ELIGIBLE PERSON - RESIDENT IN INDIA
- CAN BE HELD JOINTLY WITH CLOSE RELATIVE ( CANNOT OPERATE DURING LIFETIME),
- NON-INTEREST BEARING CURRENT A/C
- NO CREDIT FACILITIES PERMITTED
- 100% OF INWARD REMITT. CAN BE CREDITED TO EEFC A/C. END OF MONTH ACCRUALS TO BE CONVERTED
- OUTSTANDING BALANCE TO BE CONVERTED AT END OF SUCCEEDING MONTH
- EEFC A/C HOLDER CAN PURCHASE FEX ONLY AFTER EXHAUSTING EEFC BALANCE. AD I TO OBTAIN DECLARATION TO THE EFFECT
- ALL PROVISIONS TO APPLY EQUALLY TO RFC & DDA A/CS
- TRADE RELATED LOANS / ADVANCES TO OVERSEAS IMPORTERS CAN BE ALLOWED OUT OF EEFC BALANCES

# EXCHANGE EARNERS' FGN. CURRENCY ACCOUNT - EEFC

- ELIGIBLE CREDITS - INWARD REMITTANCE EXCEPT AMTS. RECD. PURSUANT TO U/T GIVEN TO RBI, FC LOANS, INVESTMENT RECD. FROM OUTSIDE INDIA OR THOSE RECD. FOR MEETING SPECIFIC OBLIGATIONS BY A/C HOLDER
- PAYMENTS RECD. IN FEX BY UNIT IN DTA FOR SUPPLYING GOODS TO UNIT IN SEZ OUT OF ITS FCA
- EXPORTERS CAN REPAY PC ADVANCES ( PC OR PCFC ) FROM EEFC BALANCES & INR RESOURCES TO THE EXTENT EXPORTS HAVE TAKEN PLACE

# SETTING UP OFFICES ABROAD – REMITTANCES ALLOWED

- REMITTANCES AT TIME OF SET-UP FOR INITIAL EXPENSES – LIMITS PRESCRIBED ( 15% OF ANNUAL SALES INCOME / T/OIN LAST 2 F.Y. OR UPTO 25% OF NET WORTH )
- FOR RECURRING EXPENSES OF OVERSEAS OFFICE SET UP / REP. POSTED OVERSEAS, OVERSEAS OFFICE NOT TO ENTER INTO A CONTRACT / AGREEMENT IN CONTRAVENTION OF FEMA,. OTHER CONDITIONS PRESCRIBED – UPTO 10% OF SALES INCOME / T/O IN LAST 2 F.Y.)
- REMITTANCES FOR ACQUIRING IMMOVABLE PROPERTIES FOR BUSINESS & STAFF-RESIDENCES CAN BE EFFECTED WITHIN THE PRESCRIBED LIMITS

# ADVANCE PAYMENT AGAINST EXPORTS

- EXPORTER CAN RECEIVE ADVANCE PAYMENT – WITH OR WITHOUT INTEREST FROM BUYER OUTSIDE INDIA SUBJECT TO :
  - SHIPMENT OF GOODS WITHIN ONE YEAR
  - ROI NOT TO EXCEED LIBOR + 100 BPS
  - DOCS. ARE ROUTED THRO' SAME ADI THROUGH WHOM ADV. PAYMENT WAS RECD.
- PARTIAL / FULL REFUND OF UNUTILISED BALANCE & INTEREST ALLOWED WITHIN ONE YEAR

# ADVANCE PAYMENT AGAINST EXPORTS

AD I CAN ALLOW EXPORTERS TO RECEIVE ADV. PAYMENT FOR EXPORT,  
WHERE GOODS WOULD TAKE MORE THAN ONE YEAR TO MFGR. & SHIP &  
WHERE EXPORT AGREEMENT PROVIDES FOR SAME, SUBJECT TO :

- CARRYING OUT DUE DILIGENCE & KYC / AML COMPLIANCES
- EXPORT ADV. IS BONA FIDE & BEING USED FOR EXPORT PURPOSE
- NO INSTANCE OF REFUND EXCEEDING 10% OF ADVANCE PAYMENT RECD,  
IN LAST 3 YEARS
- DOCS. COVERING SHIPMENT TO BE ROUTED THRO' SAME AD BANK
  - ROI NOT TO EXCEED LIBOR + 100 BPS

# GR APPROVAL FOR OVERSEAS TRADE FAIRS / EXHIBITIONS

- FIRMS / COS. CAN PARTICIPATE IN OVERSEAS TRADE FAIRS / EXHIBITIONS W/O PRIOR RBI APPROVAL
- UNSOLD EXHIBITS CAN BE SOLD OVERSEAS , EVEN AT DISCOUNTED VALUE
- UNSOLD ITEMS UPTO USD 5000 PER EXPORTER CAN BE GIFTED
- GR FORMS FOR EXPORT OF DISPLAY ITEMS CAN BE APPROVED BY AD SUBJECT TO CERTAIN CONDITIONS – SUBMISSION OF BE, REPATRIATION OF SALES PROCEEDS, REPORT ETC.

# GR APPROVAL FOR EXPORT OF GOODS FOR RE-IMPORT & EXPORT OF INR

- AD I CAN APPROVE GRs WHERE GOODS ARE BEING EXPORTED FOR RE-IMPORT AFTER REPAIRS/ MAINTENANCE / TESTING/ CALIBRATION ETC. SUBJECT TO EXPORTER PRODUCING BOE WITHIN ONE MTH OF RE-IMPORT
- WHERE THE EXPORTED GOODS ARE DESTROYED DURING TESTING, CERTIFICATE TO THE EFFECT FROM TESTING AGENCY IN LIEU OF BOE CAN BE ACCEPTED
- EXPORT OF INR OF VALUE EXCEEDING RS.10000, EXCEPT TO THE EXTENT PERMITTED, WILL REQUIRE PRIOR RBI APPROVAL



# PART DRAWINGS / UNDRAWN BALANCES

AD I CAN NEGOTIATE BILLS TOWARDS UNDRAWN BALANCES  
PROVIDED THAT :

- AMT. OF UNDRAWN BALANCE IS IN LINE WITH TRADE NORMS &  
DOES NOT EXCEED 10% OF FULL EXPORT VALUE

- EXPORTER FURNISHES AN UNDERTAKING TO SURRENDER THE  
UNDRAWN BALANCE WITHIN PERIOD PRESCRIBED FOR REALISATION

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# CONSIGNMENT EXPORTS

- DOCS. TO BE DELIVERED AG. TRUST RECEIPT / UNDERTAKING TO DELIVER SALES PROCEEDS WITHIN PERIOD PRESCRIBED FOR REALISATION.
- ACCOUNT SALES RECD. TO BE VERIFIED BY AD I BANK.
- DEDUCTIONS TO BE SUPPORTED BY BILLS / RECEIPTS EXCEPT PETTY ITEMS
- FREIGHT & MARINE INSURANCE TO BE ARRANGED IN INDIA
- BOOKS REMAINING UNSOLD CAN BE ABANDONED, UNDER CERTAIN CONDITIONS

# OPENING / HIRING OF WAREHOUSES ABROAD

➤ AD I CAN APPROVE APPLICATIONS FOR OPENING / HIRING WAREHOUSES SUBJECT TO CERTAIN CONDITIONS – EXPORT O/S < 5 % OF EXPORTS IN PREV. F.Y. & MIN. EXPORT T/O OF \$ 100,000 IN LAST F.Y.

➤ PERMISSION TO BE GRANTED INITIALLY FOR ONE YR, AND RENEWAL TO BE CONSIDERED SUBJECT TO MAINTENANCE OF PROPER RECORD BY AD I OF SUCH APPROVALS

# DIRECT DESPATCH OF DOCUMENTS BY EXPORTER

- AD I SHOULD NORMALLY DESPATCH EXPORT DOCUMENTS TO OVERSEAS BANK
- DOCS. CAN BE DESPATCHED DIRECTLY TO CONSIGNEES OR THEIR AGENTS WHERE :
  - ADV. PAYMENT OR IRREVOCABLE LC HAS BEEN RECD. IN FULL & SALE CONTRACT / LC PROVIDES FOR DIRECT DESPATCH
  - EXPORTER IS REGULAR CUSTOMER OF AD I BANK
  - ARRANGEMENTS HAVE BEEN MADE FOR REALISATION OF EXPORT PROCEEDS
- AD I MAY PERMIT ' STATUS HOLDER EXPORTERS ' TO DESPATCH DOCS. TO CONSIGNEES OUTSIDE INDIA SUBJECT TO CERTAIN CONDITIONS
- DOC. IN R/O GOODS / SW ARE < RS.25000 IN VALUE & NOT DECLARED ON GR / PP FORM

# INVOICING OF SOFTWARE EXPORTS

- PERIODIC BILLING – ‘ MILESTONE ‘ PAYMENTS.
- LAST BILL NOT LATER THAN 15 DAYS FROM COMPLETION OF CONTRACT
- IN CASE OF ‘ ONE SHOT ‘ OPERATION, INVOICE TO BE RAISED WITHIN 15 DAYS FROM DT. OF TRANSMISSION
- EXPORTER TO SUBMIT SOFTEX FORM, IN QUADRUPPLICATE TO DESIGNATED OFFICIAL OF GOI AT STPI / EPZ / FTZ / SEZ FOR VALUATION / CERTIFICATION NOT LATER THAN 30 DAYS

# COUNTER TRADE ARRANGEMENT

- VALUE OF GOODS IMPORTED INTO INDIA IS ADJUSTED AGAINST  
VALUE OF GOODS EXPORTED FROM INDIA, IN TERMS OF AN  
ARRANGEMENT VOLUNTARILY ENTERED INTO BETWEEN THE INDIAN  
PARTY & THE OVERSEAS PARTY THROUGH AN ESCROW ACCOUNT  
OPENED IN INDIA IN US\$
- SUCH COUNTER TRADE PROPOSALS SHALL BE CONSIDERED BY RBI  
SUBJECT TO CERTAIN CONDITIONS : - AT INTL. PRICES / NO INT./ NO  
CREDIT FACILITY

## EXPORT OF GOODS ON LEASE / HIRE , ON ELONGATEDS CREDIT TERMS / & EXPORT OF GOODS BY UNITS IN EPZs / SEZs

- PRIOR RBI APPROVAL REQD.FOR **EXPORT OF MACHINERY / EQUIPMENT ETC. ON LEASE , HIRE BASIS** UNDER AGREEMENT WITH OVERSEAS LESSEE
- APPLICATION FOR THE PURPOSE TO BE MADE BY EXPORTER THRO' AD I BANK
- **EXPORT ON ELONGATED CREDIT TERMS** REQUIRES PRIOR RBI APPROVAL.  
EXPORTER TO APPLY TO RBI THRO' AD I BANK
- UNITS IN SEZS ARE PERMITTED TO UNDERTAKE JOB-WORK SUBJECT TO CERTAIN CONDITIONS
- UNITS IN DTA CAN PAY IN FOREX TO UNIT IN SEZ FOR SERVICES RENDERED  
SUBJECT TO CERTAIN CONDITIONS

# PROJECT EXPORTS & SERVICE EXPORTS

- INDIAN EXPORTERS OFFERING DEFERRED PAYMENT TERMS TO OVERSEAS BUYERS & HANDLING TURNKEY / CIVIL CONST. CONTRACTS ABROAD ARE REQD. TO OBTAIN APPROVAL OF AD I BANKS / EXIM BANK / WORKING GROUP AT POST-AWARD STAGE BEFORE UNDERTAKING EXECUTION OF SUCH CONTRACTS.
- REGULATIONS AS CONTAINED IN THE MEMORANDUM OF INSTRUCTIONS 'PEM – OCT 2003' AS AMENDED FROM TIME TO TIME WILL APPLY
- **INTER PROJECT TRANSFER OF MACHINERY & FUNDS, DEPLOYMENT OF CASH SURPLUSES, REPATRIATION OF FUNDS ETC. ARE SUBJECT TO CERTAIN GUIDELINES**



# EXPORTS TO NEIGHBOURING COUNTRIES

- IN CASE OF EXPORT BY BARGES / COUNTRY CRAFT / ROAD TRANSPORT, THE GR / SDF FORM TO BE PRESENTED BY EXPORTER AT CUSTOMS STATION AT THE BORDER EITHER THROUGH PERSON IN CHARGE OF VESSEL OR VEHICLE OR AGENT
- IN CASE OF EXPORTS BY RAIL, GR / SDF FORM TO BE SUBMITTED AT SPECIFIC STATIONS WHERE GOODS ARE LOADED FOR MOVING TO FGN. COUNTRY
- BORDER TRADE WITH MYANMAR IS GOVERNED BY AN AGREEMENT. CERTAIN LOCALLY PRODUCED COMMODITIES ARE PERMITTED TO BE EXCHANGED UNDER BARTER TRADE ARRANGEMENT

# REPAYMENT OF STATE CREDITS, COUNTER TRADE WITH ROMANIA & FORFAITING

- EXPORT OF GOODS & SERVICES AGAINST REPAYMENT OF STATE CREDITS GRANTED BY ERSTWHILE USSR - GOVERNED BY RBI DIRECTIVES
- COUNTER TRADE PROPOSALS FROM INDIAN EXPORTERS WITH ROMANIA INVOLVING ADJUSTMENT OF VALUE OF EXPORTS FROM & IMPORTS INTO INDIA, SHALL BE CONSIDERED BY RBI
- EXIM BANK & ADI BANK ARE PERMITTED TO UNDERTAKE FORFAITING FOR FINANCING SUCH EXPORT RECEIVABLES

# OPERATIONAL GUIDELINES FOR IN RESPECT OF GR / SDF FORMS

## GR FORMS –

- IN DUPLICATE BY EXPORTER & BOTH COPIES TO CUSTOMS
- CUSTOMS WILL ALLOT 10 DIGIT NO. & ASSESS / CERTIFY VALUE & EC COPY, SHALL BE RETD. TO EXPORTER. ORIGINAL SHALL BE TRANSMITTED TO RBI
- EXPORTER TO SUBMIT GR-EC COPY TO ADI BANK WITHIN 21 DAYS OF SHIPMENT DT.
- AFTER DOC. HAVE BEEN SENT BY AD I BANK, GR FORM SHALL BE RETAINED BY AD I BANK & WHEREVER RBI APPROVAL IS REQD. , SUCH NO. SHALL BE QUOTED ON THE GR FORM

# OPERATIONAL GUIDELINES IN RESPECT OF SDF FORM

## SDF FORM ( AT CUSTOMS ALREADY ON EDI ) –

- SDF TO BE SUBMITTED IN DUPLICATE TO COMM. OF CUSTOMS
- COMM. OF CUSTOMS SHALL HAND OVER COPY OF SHIPPING BILL MARKED ' EXCH. CTRL COPY ' TO WHICH SDF HAS BEEN APPENDED, FOR SUBMISSION TO AD I BANK
- AD I BANK SHALL ACCEPT EC COPY OF SHIPPING BILL + SDF ALONGWITH EXPORT DOCS. FOR COLL. / NEG.
- MANNER OF DISPOSAL OF FORM SHALL BE THE SAME AS GR FORM

# OPERATIONAL GUIDELINES IN RESPECT OF PP FORM

## PP FORM –

- **POSTAL AUTHORITIES WILL ALLOW EXPORT ONLY IF ORIGINAL COPY OF FORM IS COUNTERSIGNED BY AD I BANK**
- **AD I BANK SHALL COUNTERSIGN AFTER ENSURING THAT PARCEL IS ADDRESSED TO OVERSEAS CORR. BANK / BRANCH & RETURN ORIG. COPY TO EXPORTER WHO WILL SUBMIT IT TO POST OFFICE , SUBJECT TO CERTAIN CONDITIONS**
- **AD BANK CAN COUNTERSIGN PP FORM COVERING PARCELS IN CASE OF RECEIPT OF EXP. ADV / LC OPENED OR AD SATISFIED ABOUT REALISATION ARRANGEMENTS**
- **DUPLICATE COPY OF PP FORM SHALL BE RETAINED BY AD I BANK TO WHOM EXPORTER SHOULD SUBMIT EXPORT DOCS. WITHIN 21 DAYS**
- **OVERSEAS CORR. / BRANCH TO BE ADVISED TO DELIVER PARCEL AG. PAYMENT / ACCEPTANCE**

# OPERATIONAL GUIDELINES IN RESPECT OF SOFTEX FORM

## SOFTEX FORM –

- S/W EXPORTER WITH ANNUAL T/O OF RS.1000 CRS. OR WHO FILES 600 SOFTEX FORMS ANNUALLY, CAN SUBMIT STATEMENT IN EXCEL FORM
- STPI WILL VERIFY DETAILS & DECIDE ON % SAMPLE CHECK OF DOCS. & CERTIFY ' TOP SHEET ' REGARDING VALUES & FWD. 1<sup>ST</sup> COPY OF REVISED SOFTEX FORMAT TO RBI RO
- DUPLICATE COPY ALONGWITH BULK STAT IN EXCEL FORMAT WILL BE FWDED TO AD I BANK FOR HANDLING EXPORT DOCS.
- THIRD COPY OF SOFTEX FORM WILL BE GIVEN TO EXPORTER
- LAST COPY WILL BE RETAINED BY STPI
- NEW PROCEDURE EFFECTIVE AT ALL STPIS / SEZS / EPZS / 100% EOUS / DTA W.E.F. 01.01.13

# OPERATIONAL GUIDELINES - MISCELLANEOUS

- RANDOM VERIFICATION OF GR FORMS
- EXPORT BILLS REGISTER – AD I BANK TO MAINTAIN EXPORT BILLS REGISTER IN PHYSICAL OR ELECTRONIC FORM
- DUP. COPIES OF GR / SDF / PP FORMS & SHIPPING DOCS. SUBMITTED TO AD I BANK FOR NEG. / COLL. SHOULD NOT BE RETURNED TO EXPORTER EXCEPT FOR CARRYING OUT CORRECTIONS & RESUBMISSION THEREAFTER
- AD BANK CAN DELIVER ONE NEG. COPY OF BL TO MASTER OF CARRYING VESSEL OR TRADE REP FOR EXPORTS TO LANDLOCKED COUNTRIES, IF SHIPMENT IS COVERED BY LC & PROVIDE FOR SUCH DELIVERY
- WHEN PART-PROCEEDS ARE CREDITED TO EEFC A/C, EXPORT DECLARATION FORM TO BE CERTIFIED

# OPERATIONAL GUIDELINES - MISCELLANEOUS

- WHERE AIR CARGO IS SHIPPED UNDER CONSOLIDATION, AIRLINE CO.S MAWB WILL BE ISSUED TO CONSOLIDATING CARGO AGENT WHO WILL ISSUE HAWB. AD I BANK CAN NEGOTIATE HAWBs ONLY IF LC PROVIDES FOR THE SAME
- IN CASE OF SEA CARGO, AD I BANK MAY ACCEPT FORWARDER'S CARGO RECEIPT (FCR) IN LIEU OF BL SUBJECT TO COMMERCIAL JUDGEMENT & CERTAIN CONDITIONS, SINCE FCRs ARE NOT NEGOTIABLE DOCUMENTS
- NORMALLY SHIPPING DOCS. ARE TO BE SUBMITTED TO AD BANK WITHIN 21 DAYS FROM SHIPMENT DATE. AD I BANK CAN ACCEPT DOCS. SUBMITTED LATER THAN THE PRESCRIBED PERIOD PROVIDED IT IS SATISFIED WITH THE REASONS FOR DELAY



# CHECK LIST FOR SCRUTINY OF FORMS

- INFO. ON DUP. GR FORM TO BE SAME AS ORIGINAL RECORDED ON BL / SHIPPING BILL
- IN CASE OF CIF & C&F CONTRACTS, WHERE FREIGHT IS TO BE PAID AT DESTINATION, THEN DEDUCTION MADE SHOULD BE TO THE EXTENT OF FRT. DECLARED ON GR / SDF FORM OR ON BL / AWB, WHICHEVER IS LESS
- NO MATERIAL INTER SE DISCREPANCIES
- WHERE MARINE INS. IS TAKEN BY EXPORTER ON BUYER'S ACCOUNT, SUCH AMT. TO BE RECOVERED THRO' INVOICE & BILL
- BL / AWB ISSUED ON ' FREIGHT PREPAID ' BASIS WHERE SALE CONTRACT IS ON ' FOB ' BASIS, CAN BE ACCEPTED PROVIDED FRT. IS INCLUDED IN INVOICE & BILL

# CHECK LIST FOR SCRUTINY OF FORMS

- DOC CAN BE NEG. ON ACCOUNT OF PERSON OTHER THAN EXPORTER WHO HAS SIGNED GR / SDF/PP/SOFTEX FORM, AFTER ENSURING COMPLIANCE WITH REGN. 12 OF FEMA WHICH REQUIRES CONSTITUENT TO SIGN THE DECLN. WHERE VALUE DECLARED IS LESS THAN OR EQUAL TO THE VALUE OF DOCS. & SUCH CONSTITUENT TO BE TREATED AS EXPORTER
- VARIATIONS IN VALUE DECLARED TO CUSTOMS & THAT REFLECTED ON THE EXPORT DOCS. CAN BE ACCEPTED SUBJECT TO CERTAIN CONDITIONS

# FOLLOW-UP OF OVERDUE BILLS

- AD I BANK TO CLOSELY WATCH REALISATION. IF BILL REMAINS O/S FOR 12 MTHS BEYOND DUE DATE OR 12 MTHS FROM DT. OF EXPORT, MATTER TO BE PROMPTLY FOLLOWED-UP WITH EXPORTER.
- IF REALISATION IS NOT RECD. WITHIN 12 MTHS & EXTENSION IN TIME FOR REALISATION BEYOND 12 MTHS IS NOT SOUGHT, MATTER TO BE REPORTED TO RBI
- DUP COPY OF EXPORT DECLN. FORM TO BE HELD ON RECORD
- H.YRLY XOS STAT. CONTAINING DETAILS OF ALL EXPORT BILLS O/S BEYOND 6 MTHS FROM DT. OF EXPORT TO RBI

# REDUCTION IN INVOICE VALUE

## ➤ ON A/C OF PREPAYMENT OF USANCE BILL

➤ **IN OTHER CASES** –AD I BANK MAY CONSIDER PROVIDED REDN. DOES NOT EXCEED 25% OF INV. VALUE & SUBJECT TO CERTAIN CONDITIONS – EXPORTER NOT CAUTION-LISTED, COMMODITY NOT SUBJECT TO FLOOR-PRICE STIPULATIONS

➤ **IN CASE OF EXPORTERS IN THE BUSINESS FOR > 3 YRS**, NO PERCENTAGE CEILING BUT OTHER CONDITIONS TO APPLY – TRACK RECORD. I.E. EXPORT O/S NOT TO EXCEED 5% OF AVG. ANNUAL EXPORT REALISATION & SURRENDER OF PROPORTIONATE EXPORT INCENTIVES

# EXPORT CLAIMS & CHANGE OF BUYER / CONSIGNEE

## ➤EXPORT CLAIMS

AD I BANK CAN REMIT EXPORT CLAIMS PROVIDED RELATIVE EXPORT PROCEEDS HAVE ALREADY BEEN REALISED & REPATRIATED TO INDIA & EXPORTER IS NOT CAUTION-LISTED

## ➤CHANGE OF BUYER / CONSIGNEE

PRIOR APPROVAL OF RBI NOT REQD. IF AFTER SHIPMENT OF GOODS, THEY ARE TO BE TRANSFERRED TO A BUYER OTHER THAN THE ORIGINAL ONE - IN THE EVENT OF DEFAULT BY HIM, PROVIDED REDN. IN INVOICE VALUE DOES NOT EXCEED 25% OF INVOICE VALUE & EXPORT REALISATION IS NOT DELAYED BEYOND 12 MTHS FROM DT. OF EXPORT

# EXTENSION OF TIME & SELF WRITE-OFF BY EXPORTERS

IN RESPECT OF EXPORT PROCEEDS DUE WITHIN PRESCRIBED PERIOD DURING A F.Y.,  
ALL EXPORTERS HAVE BEEN ALLOWED TO WRITE-OFF O/S EXPORT DUES & TO  
EXTEND REALISATION BEYOND 12 MTHS OR MORE , SUBJECT TO :

- AGGREGATE VALUE OF ALL SUCH BILLS TAKEN TOGETHER ( W/O + REDN. IN  
INV.LUE + EXTD. BILLS ) NOT EXCEEDING 10% OF EXPORT PROCEEDS DUE DURING  
THE F.Y.
- SUCH EXPORT BILLS NOT BEING SUBJECT OF INVESTIGATION BY ED / CBI / OTHER  
INVESTIGATING AGENCY
- FACILITY AVAILABLE SEPARATELY IN RESPECT OF EACH AD I BANK WITH WHOM  
EXPORT BILLS ARE LODGED FOR REALISATION
- IN CASE OF CONSORTIUM-FINANCED EXPORTS, 10% LIMIT CAN BE COMPUTED ON  
AGGREGATE BASIS, PROVIDED LEADER / NODAL BANK VERIFIES ANNUAL  
PERFORMANCE

# EXTENSION OF TIME

**AD I BANK CAN APPROVE EXTENSION IN TIME FOR REALISATION OF EXPORT PROCEEDS BEYOND 12 MTHS FROM DT. OF EXPORT, UPTO A PERIOD OF 6 MTHS AT A TIME, IRRESPECTIVE OF INVOICE VALUE SUBJECT TO FOLLOWING CONDITIONS :**

- THE EXPORT TRANSACTION IS NOT SUBJECT OF INVESTIGATION BY ED / CBI / OTHER INVESTIGATING AGENCY**
- AD I BANK IS SATISFIED THAT NON-REALISATION IS DUE TO REASONS BEYOND EXPORTERS CONTROL**
- EXPORTER SUBMITS DECLN. THAT EXPORT PROCEEDS WILL BE REALISED WITHIN SUCH EXT.D. PERIOD**
- WHERE EXPORTER HAS FILED SUIT ABROAD AGAINST BUYER, EXTENSION MAY BE GRANTED IRRESPECTIVE OF AMT. INVOLVED ./ OUTSTANDING**

# EXTENSION OF TIME

- WHILE CONSIDERING EXTN. > 1 YEAR FROM DT. OF EXPORT, TOTAL O/S OF EXPORTER SHOULD NOT EXCEED USD 1 MN OR 10% OF AVG. EXPORT REALISATIONS DURING PRECEDING 3 F.Y.s
- WHERE EXPORTER IS UNABLE TO REALISE EXPORT PROCEEDS WITHIN EXTENDED PERIOD FOR REASONS BEYOND HIS CONTROL, BUT EXPECTS TO REALISE PROCEEDS IF FURTHER EXTN. IS ALLOWED, APPLN. TO RBI IN FORM ETX (IN DUPLICATE)



# WRITE OFF BY AD I BANKS

REQUESTS FROM EXPORTERS WHO HAVE NOT BEEN ABLE TO REALISE EXPORT PROCEEDS, DESPITE BEST EFFORTS, FOR WRITING-OFF THE UNREALISED PORTION, DULY SUPPORTED BY DOC. EVIDENCE MAY BE CONSIDERED BY AD I BANK WHO HAS HANDLED THE DOCS., SUBJECT TO FOLL. CONDITIONS :

- AMT. HAS REMAINED O/S FOR 1 YR & ABOVE
- AGGREGATE W/O ALLOWED BY AD I BANK DURING THE F.Y. DOES NOT EXCEED 10% OF TOTAL EXPORT PROCEEDS REALISED BY EXPORTER THRO' SAME AD I BANK, DURING PREV. F.Y.
- SATISFACTORY DOC. EVIDENCE IS PROVIDED IN SUPPORT OF EXPORTER HAVING MADE ALL EFFORTS FOR REALISATION

# WRITE OFF BY AD I BANKS

## LIMITS PRESCRIBED :

- SELF WRITE-OFF ( OTHER THAN STATUS HOLDER) – 5 %
- SELF WRITE-OFF ( STATUS HOLDER) – 10 %
- WRITE-OFF BY AD BANK - 10%

OF TOTAL EXPORT PROCEEDS REALISED IN PREV. CALENDER YEAR

# WRITE OFF BY AD I BANKS

➤ CASE FALLS UNDER ANY OF FOLL. CATEGORIES –

- OVERSEAS BUYER DECLARED INSOLVENT & CERT. FROM OFFICIAL LIQUIDATOR THAT THERE IS NO POSSIBILITY OF RECOVERY IS PRODUCED
  - OVERSEAS BUYER UNTRACEABLE
  - GOODS EXPORTED ARE AUCTIONED OR DESTROYED
- UNREALISED AMT. REPRESENTS BALANCE DUE IN CASE SETTLED THRO' INTERVENTION OF INDIAN EMBASSY, FGN. CHAMBER OF COMMERCE OR SIMILAR ORGN.
  - UNREALISED PORTION REPRESENTS UNDRAWN BALANCE OF EXPORT BILL THAT IS UNREALISABLE
- COST OF LEGAL ACTION DISPROPORTIONATE TO O/S AMT. OR WHERE EVEN AFTER DECREE IS OBTD. BY EXPORTER IT COULD NOT BE EXECUTED DUE TO REASONS BEYOND HIS CONTROL
  - CASE IS NOT A SUBJECT MATTER OF ANY PENDING CIVIL OR CRIMINAL SUIT
- EXPORTER HAS NOT COME TO THE ADVERSE NOTICE OF ED / CBI OR ANY LAW ENFORCEMENT AGENCY
  - PROPORTIONATE EXPORT INCENTIVES ARE SURRENDERED & DOC. EVIDENCE PROVIDED
  - IN CASE OF SELF-WRITE-OFF, CA CERT. REQD.

# WRITE OFF BY AD I BANKS

UNDER EXPORT PROMO. SCHEME, WRITE-OFF WILL BE ALLOWED BY AD 1 BANK / RBI ( FOR EXPORTS MADE AFTER AUG'13). SURRENDER OF EXPORT INCENTIVES NOT TO BE INSISTED UPON

## EXPORT O/S THAT DO NOT QUALIFY FOR WRITE OFF –

EXPORTS MADE TO COUNTRIES WITH EXTERNALISATION PROBLEMS WHERE BUYER HAS PAID IN LOCAL CURRENCY & IN CASES WHERE THE GR / SDF / PP FORMS ARE UNDER INVESTIGATION BY ED / DRI / CBI OR THE O/S BILLS ARE SUBJECT MATTER OF CIVIL / CRIMINAL SUIT

# WRITE OFF – MISCELLANEOUS ASPECTS

- AFTER WRITE OFF IS PERMITTED, THE DUPLICATE GR FORM TO BE CERTIFIED
- STATEMENT IN FORM ' EBW ' TO BE FWDED TO RBI R.O. BY AD I BANK ON 30<sup>TH</sup> JUNE / 31<sup>ST</sup> DEC WITHIN 15 DAYS FROM CLOSE OF HALF YEAR
- SYSTEM OF CHECKING O/S EXPORT BILLS WRITREN OFF BY INTERNAL INSPECTORS OR AUDITORS ON SAMPLE / PER CENT BASIS, TO BE PUT IN PLACE BY AD I BANKS
- WHERE EXPORT CLAIM HAS BEEN SETTLED BY ECGC / PVT. INS. REGULATED BY IRDA & SUPPORTING DOC. EVIDENCE IS PROVIDED BY EXPORTER, THE RELATIVE EXPORT BILL CAN BE WRITTEN OFF & DELETED FROM XOS. NO RESTRICTION ON AMT. OF WRITE-OFF
- ALL OTHER CASES OF WRITE OFF ARE REQD. TO BE REFERRED TO RBI FOR PRIOR APPROVAL

# SHIPMENTS LOST IN TRANSIT

- WHEN SHIPMENTS ARE LOST IN TRANSIT, AD I BANK TO ENSURE LODGEMENT OF INSURANCE CLAIM AS SOON AS LOSS IS KNOWN
- WHERE CLAIM IS PAYABLE ABROAD, AD I BANK TO ARRANGE TO COLLECT FULL AMT. OF CLAIM DUE ON LOSS OF SHIPMENT THROUGH OVERSEAS BRANCH / CORRESPONDENT BANK & RELEASE DUP. GR / SDF / PP FORM ONLY AFTER AMT. HAS BEEN COLLECTED
- CERTIFICATE FOR THE AMT. OF CLAIM RECEIVED SHOULD BE FURNISHED ON REVERSE OF THE DUP. COPY OF GR FORM
- AD I BANK TO ENSURE THAT AMT. OF CLAIMS ON SHIPMENTS LOST IN TRANSIT PARTIALLY SETTLED ABROAD ARE ALSO REPATRIATED TO INDIA BY EXPORTERS

# NETTING OFF & SET-OFF OF EXPORT RECEIVABLES AGAINST IMPORT PAYMENTS

REQUESTS FROM UNITS IN EPZs FOR NETTING OFF EXPORT RECEIVABLES AGAINST IMPORT PAYMENTS CAN BE APPROVED SUBJECT TO :

- NETTING OFF IS IN RESPECT OF SAME INDIAN ENTITY & OVERSEAS BUYER (BILATERAL NETTING) & NETTING TO BE EFFECTED ON DATE OF B/S OF UNIT IN SEZ
- DETAILS OF EXPORTS ARE DOCUMENTED IN GR (O) FORMS / DTR, AS THE CASE MAY BE, WHILE DETAILS OF IMPORT OF GOODS / SERVICES ARE RECORDED THROUGH A1 / A2 FORM, AS THE CASE MAY BE.
- EXPORT / IMPORT TRANSACTIONS WITH ACU COUNTRIES ARE KEPT OUTSIDE THE ARRANGEMENTO/S. BOTH TRANS. TO BE REPORTED
- SET-OFF CAN BE APPROVED SUBJECT TO IMPORT AS PER FTP, SET-OFF IS AG. SAME PARTY, DOC. FOR IMPORTSV SUBMITTED & PAYMENT IS

# AGENCY COMMISSION ON EXPORTS

AD I BANKS MAY ALLOW PAYMENT OF COMMISSION ON EXPORTS, EITHER BY REMITTANCE OR BY DEDUCTION FROM INVOICE VALUE, ON APPLN. SUBMITTED BY EXPORTER, SUBJECT TO :

- AMT. OF COMM. HAVING BEEN DECLARED ON GR / SDF / PP / SOFTEX FORM
- WHERE COMM. HAS NOT BEEN DECLARED ON EXPORT FORM, REMITTANCE OF COMM. MAY BE ALLOWED AFTER BEING SATISFIED PROVIDED THAT THERE IS A VALID AGREEMENT PAY'T OF COMM.
- RELATIVE SHIPMENT HAS ALREADY BEEN MADE

COMM. MAY ALSO BE ALLOWED TO BE REMITTED IN RESPECT OF EXPORTS COVERED UNDER COUNTER TRADE ARRANGEMENTS THRO' ESCROW A/CS IN USD SUBJECT TO CERTAIN SIMILAR CONDITIONS



# REFUND OF EXPORT PROCEEDS

**REQUESTS FOR REFUND OF EXPORT PROCEEDS OF GOODS ALREADY EXPORTED & BEING RE-IMPORTED, MAY BE CONSIDERED BY AD BANKS WHO HAVE ORIGINALLY RECEIVED THE EXPORT PROCEEDS SUBJECT TO CERTAIN CONDITIONS AND :**

- **AFTER OBTAINING AN UNDERTAKING FROM EXPORTER THAT GOODS WILL BE RE-IMPORTED WITHIN 3 MTHS FROM DT. OF REMITTANCE**
- **ENSURING THAT ALL PROCEDURES APPLICABLE TO NORMAL IMPORTS ARE ADHERED TO**
  - **DUE DILIGENCE REG. EXPORTERS TRACK-RECORD**
  - **VERIFICATION ON BONAFIDES**
  - **SURRENDER OF RELATIVE EXPORT INCENTIVE**

# EXPORTERS CAUTION LIST

- **WHEREVER EXPORTER IS CAUTION-LISTED, GR / SDF / PP FORMS MAY BE APPROVED BY AD I BANK PROVIDED EVIDENCE OF HAVING RECEIVED ADVANCE PAYMENT OR AN IRREVOCABLE LC IN HIS FAVOUR COVERING FULL VALUE OF EXPORT IS SUBMITTED BY EXPORTER**
- **SUCH APPROVAL MAY BE GIVEN EVEN IN CASES WHERE USANCE BILLS ARE DRAWN FOR THE SHIPMENT PROVIDED LC COVERS FULL EXPORT VALUE & PERMITS SUCH DRAWINGS & USANCE BILL MATURES WITHIN 12 MTHS FROM THE DATE OF SHIPMENT**
- **PRIOR APPROVAL OF RBI IS REQUIRED FOR ISSUING GUARANTEES FOR CAUTION-LISTED EXPORTERS**

# MERCHANTING TRADE

- GOODS PERMISSIBLE TO BE EXPORTED FROM AND IMPORTED INTO INDIA.
- FX OUTLAY NOT TO EXCEED 3 MTHS.
- COMPLIANCE WITH EXPORT RULES AND REGULATIONS
- ENTIRE TRANSACTION TO BE COMPLETED IN 6 MONTHS

# FEDAI RULES

- PAYMENT OF INTEREST ON DELAYED CREDIT TO EXPORTERS A/C
- REFUND OF EXCESS INT. CHARGED
- CRYSTALLISATION OF EXPORT BILLS
- PASSING ON LOSS TO EXPORTER IN THE CASE OF CRYSTALLISED EXPORT BILL
- NORMAL TRANSIT PERIOD – NTP
- NOTIONAL DUE DATE - NDD

# EXPORT COMPLIANCES

- REGISTER FOR ADV. PAYMENT FOR EXPORTS / EXPORT BILLS
- SUBMISSION OF GR / SDF / PP / SOFTEX WITHIN 21 DAYS  
– EXPLANATION OF EXPORTER IN CASE OF DELAY
- SCRUTINY OF DOCUMENTS
- ADVISING EXPORT LCs
- CREDIT TO EEFC A/C
- EXPORT FINANCE – CREDIT ANGLE
- FOLLOW-UP OF OVERDUE BILLS & CRYSTALLISATION
- ECGC COVER WTPCG / WTPSG / INDIVIDUAL – COMPLIANCE
- STATUS REPORTS & DUN & BRADSTREET REPORTS
- DELIVERY OF EXPORT CONSIGNMENT – PERISHABLE COMMODITY
- CONFLICT DIAMONDS – KIMBERELY PROCESS CERTIFICATION

# EXPORTS - CONCEPTS

- PERMITTED METHODS OF PAYMENT
- PERIOD OF REALISATION OF EXPORT CREDIT
- PRE / POST SHIPMENT ADVANCE
- EXPORT CREDIT COVER – ECGC
- ECGC POLICIES / GUARANTEES
- EXPORT RULES & REGULATIONS – RBI / FEDAI
- NTP / NDD
- CRYSTALLISATION OF EXPORT BILLS
- FWD. CONTRACTS – UPTO 50% OF CANC. FWD. CONT. CAN BE REBOOKED

