इंडियन बैंक Indian Bank

इलाहाबाद ALLAHABAD

e-Book

Foreign Exchange Business

इमेज IMAGE

Indian Bank Management Academy for Growth & Excellence

इंडियन बैंक मैनेजमेंट एकेडमी फॉर ग्रोथ एंड एक्सीलेंस

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Classification of Branches

- As per Reserve Bank of India requirement, branches of our Bank handling foreign exchange business are classified into three categories as under:
- **Category A** Offices and branches maintaining independent foreign currency accounts in their own names. **The Treasury Branch falls under Category A.**
- **Category B** Offices and branches not maintaining independent foreign currency accounts but operating on the accounts maintained by Category A branches. These branches are called Forex Authorised Branches (FABs)
- **Category C** All other offices and branches handling foreign exchange business through Category A or B offices/branches and these branches are known as Non-Authorised Branches (NABs).

Non Resident Indian – (NRI)

As per FEMA NRI is a person who has gone out of India or who stays outside India, in either case

- for the purpose of gain full employment outside India,
- for undertaking business or vocation outside India,
- for education abroad,
- for any other purpose, in such circumstances as would indicate his intention to stay outside the country for an uncertain period

As per IT act, NRI is a resident who had stayed outside the country for a period of more than 182 days during the previous financial year. As per FEMA, intent to stay abroad is important factor for deciding the NRI status. In the case of IT act, physical stay is the important factor in deciding the status.

Person of Indian Origin - (PIO)

PIO is a foreign citizen

1. Who has ever held an Indian passport, or
2. The person's parents, grandparents or great grandparents were born in and were permanent residents of India and never moved to (ie, were never nationals of) Bangladesh and Pakistan, or
3. The person is the spouse of a citizen of India or of a PIO and has been so for two years or more, and
4. The person and his/her parents, grandparents or great grandparents must not have been a national of Bangladesh or Pakistan at any point of time.

Various Deposits Account available to Non Resident Indians

NRIs are permitted to open NRE, NRO & FCNR (B) accounts NRE

NRE account can be opened in the form of SB/CA/RD/Term Deposit and denominated in INR.

The rate of interest on SB is as applicable to domestic deposit

The minimum period of Term deposit is 1 year & Maximum period of deposit is 10 years

Only the following credits are permitted in to NRE accounts:

- Foreign Inward remittance or DD/Cheques drawn from abroad in foreign currency or tendering of Foreign currency / Travellers Cheque during personal visit or transfer from FCNR (B) / Other NRE accounts.
- Nomination is allowed and POA can also operate the account. But POA can transfer the funds outside the country only in favour of the account holder.
- No TDS on interest earned on the deposits as they are exempted from Tax and therefore no form 15G / 15H should be obtained from NRE account holders.
- Funds held in these accounts can be freely repatriable. Also funds can be transferred from NRE to FCNR (B) and vice versa. Funds from NRE can also be transferred to NRO account. But transfer of NRO to NRE is restricted to a maximum of equivalent of USD 1 mio per financial year subject to payment of applicable taxes in India.

Interest on NRE deposits

- NRE term deposits should be opened for a minimum term of one year.
- No interest is payable on NRE term deposits pre-closed before one year from the date of opening of the said deposit.
- Interest rates on NRE and NRO deposits cannot be higher than those offered on comparable domestic rupee deposits.
- Interest rates applicable to deposits for 3 years period will be applicable for deposits for terms more than 3 years also.
- Additional interest rate of one percent per annum payable to Bank's own staff is not available in respect of NRE/NRO deposits.
- No penalty for foreclosure of Term Deposit upto Rs 5 lakhs. 1% foreclosure charges for deposits above Rs 5 lakhs.

Loan against Deposits are permitted. Loan can be granted to third party against the NRE deposits.

FCNR (B) Deposit

- This deposit is denominated in foreign currency.
- Only term deposit can be opened – FD & MMD. No STD is allowed as minimum period of deposit is 1 Year.
- In our Bank FCNR deposit can be opened in eight currencies – USD, GBP/STG, EUR, JPY, AUD, CAD, CHF & SGD.
- Minimum period of deposit – 1 year and Maximum – 5 years
- Foreclosure is permitted – No penalty for foreclosure – applicable interest rate

will be paid for the period of deposit. If foreclosed before 1 year, then no interest will be paid.

- Joint account is permitted. Even resident can be joint account holder, provided resident joint account holder should be a close relative as defined in Companies Act 2013 & mode of operation should be F or S (where the Resident Indian is SURVIVOR)
- No TDS on interest earned on FCNR(B) Deposit
- No interest rate concession to staff/ex-staff/senior citizen
- Transfer of fund is permitted from FCNR to NRE and vice versa.
- Loan against FCNR (B) is permitted and loan to third party against FCNR deposit is also permitted. Interest on loans against FCNR (B) in foreign currency will be at deposit rate + 2.00%, where as interest on loans on FCNR (B) Deposits in Indian Rupees will be related to MCLR for permitted purposes.

NRO deposit

- It is similar to domestic deposits. Local rupee also can be deposited into this account.
- SB/CA/TD/RD/VRD can be opened. Minimum period of deposit is 15 days and maximum 10 years.
- Staff/Ex-staff members and senior citizen/Ex-staff senior citizen are not eligible for concessional rate of interest.
- Interest on SB and RD is also subject to TDS in addition to interest on Term Deposits. TDS is 30% plus applicable cess.
- No Form 15G/15H to be obtained in respect of NRI customers
- Foreclosure as applicable to domestic term deposit

Opening of NRO account for Foreign Student - (FX- 35/2013-14 DT. 27-01-2014)

- RBI has clarified that in terms of section 2(v) of FEMA 1999, definition of a person resident in India does not include a person who has come to or stays in India for any purpose which would indicate his stay for a definite period. Accordingly, foreign students coming to India would be considered as “non-resident” and a resident account cannot be opened for them.
- Banks may open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with appropriate visa & immigration endorsement) which contains the proof of identity and address in the home country along with a photograph and a letter offering admission from the educational institution.
- Within a period of 30 days of opening the account, the foreign student should submit to the branch where the account is opened, a valid address proof giving local address, in the form of a rent agreement or a letter from the educational institution as a proof of living in a facility provided by the educational institution.
- Banks should not insist on the landlord visiting the branch for verification of

rental documents and alternative means of verification of local address may be adopted by banks.

- During the 30 days period, the account should be operated with a condition of allowing foreign remittances not exceeding USD 1,000 into the account and a cap of monthly withdrawal to Rs. 50,000/-, pending verification of address. On submission of the proof of current address, the account would be treated as a normal NRO account.

Residents can be Joint Holders in NRE/FCNR Accounts

Non-Resident Indians (NRIs)/Person of Indian Origin (PIO), are now permitted to open Non-Resident (External) (NRE) Rupee Account Scheme/Foreign Currency (Non-Resident) (FCNR) Account (Banks) Scheme with their resident close relatives(s) as Joint Holder(s) on 'Former or Survivor' basis. Resident Indian should only be the SURVIVOR.

Sale Proceeds of FDIs can be credited to NRE/FCNR (B) Account

Sale proceeds of Foreign Direct Investment (FDI) can be credited to Non Resident (External) Rupee (NRE) Account Scheme/Foreign Currency (Non Resident) Account FCNR (Banks) Scheme provided the original acquisition was by way of inward remittance or funds held in their NRE/FCNR (B) Accounts.

Loan to NRI against securities in India

Banks may grant loans against NR(E)RA and FCNR(B) term deposits either to the depositors or third parties.

- The term "loan" shall include all types of fund based/non-fund based facilities.
- Rupee loans in India to be allowed to depositor / third party without any ceiling to the extent of balance outstanding in the NRE/FCNR(B) accounts, subject to usual margin requirements.
- Foreign currency loans in India / outside India to be allowed to depositor / third party without any ceiling to the extent of balance outstanding in the NRE / FCNR(B) accounts, subject to usual margin requirements.
- In case of FCNR(B) deposits the margin requirement shall be notionally calculated on the rupee equivalent of the deposits in accordance with para 9(2) of Schedule-2 of Foreign Exchange Management (Deposit) Regulations, 2000.
- **The Facility Of Premature Withdrawal Of NRE / FCNR (B) Deposits Shall Not Be Available Where Loans Against Such Deposits Have Been Availed.**
- The existing loans which are not in conformity with the above instructions shall continue for their existing term and shall not be rolled over / renewed. As roll over in CBS is automated, branches were instructed to identify such accounts where roll over is not to be permitted and take up well in advance with Project Office to ensure compliance in this regard.
- **Loan given against NRE / FCNR (B) cannot be repatriated abroad in foreign currency. Loans to NRI close relatives can be given in Rupees**

Similarly, Resident individuals are now permitted to lend in Rupees within the overall limit under the Liberalized Remittance Scheme of USD 250000 per financial year to a Non Resident Indian (NRI)/ Person of Indian Origin (PIO) close relative by way of crossed cheque/electronic transfer, subject to certain conditions.

Borrowings in Foreign Currency from close relatives outside India

- An individual resident in India may borrow a sum not exceeding USD 250,000 or its equivalent from his close relatives outside India, subject to the following conditions –
- The minimum maturity period of the loan should not be less than one year.
- The loan should be free of interest.
- The amount of loan is received by Inward Remittance in free foreign exchange through normal banking channels or by debit to the NRE / FCNR (B) account of the non-resident lender.

Residents can repay the loans given to NRI Close Relatives

Resident individuals are now granted general permission to repay loans availed of in Rupees from banks in India by their NRI close relatives.

Residents can bear Medical Expenses of NRIs

Residents will now be allowed to bear the medical expenses of visiting NRIs/PIOs close relatives.

Prohibition on financial transaction through e-mail - FX-37/ 2013-14 DT 25-02-2014

Instances of email frauds that have taken place in several other Banks have come to light. In view of the increase in instances of email frauds, branches have been instructed not to act on the instructions received from the customers through E-mail in respect of financial transactions involving the operations in the account. All financial transactions should be executed only on the written instructions of our customers.

Foreign Currency Accounts for Residents

Exchange Earner's Foreign Currency Account (EEFC). Enables *exporters* and other *exchange earners* to retain 100% of their receipts in foreign exchange with an AD. Only current account - no credit facilities either fund or non- fund based should be permitted against the security of the EEFC balances. Balance can be transferred to NRE/FCNR account on change of status from Resident to Non Resident. Export packing credit can be allowed to be adjusted out of EEFC funds upto the extent the export has already taken place. **As per the latest guidelines, the funds credited to EEFC account during a month should be utilized in full by end of succeeding calendar month. The unutilized amount if any has to be crystalised into INR by the end of the succeeding month.**

RFC Account: Accounts held by the resident in India who was earlier an NRI (One year stay abroad) and became resident on or after 18/04/92, Deposit Account to be maintained in Foreign Currency. Any foreign exchange acquired from abroad can be credited to this account. SB, Current, Fixed Deposit permitted. No restrictions including investment overseas. Banks are free to determine interest rates.

RFC (Domestic) Account: A resident in India who acquired foreign exchange while on a visit to abroad, from a person on visit to India or by way of gift or honorarium etc can open a RFC (Domestic) Account. Deposit Account maintained in Foreign Currency. Only Current account permitted. No interest payable. Repatriation for permissible current and capital account transactions.

Section 17 of FCRA 2010:

1. Every person who has been granted a certificate or given prior permission under Section 12 shall receive foreign contribution in a single account only through such one of the branches of a bank as he may specify in his application for grant of certificate;

Provided that such person may open one or more accounts in one or more banks for utilizing the foreign contribution received by him. Provided further that no funds other than foreign contribution shall be received or deposited in such account or accounts.

2. Every bank or authorised person in foreign exchange shall report to such authority as may be specified
   a. Prescribed amount of foreign remittance.
   b. The source and manner in which the foreign remittance was received and
   c. Other particulars in such form and manner as may be prescribed.

Section 18 of FCRA, 2010:

1. Every person who has been granted a certificate or given prior approval under this Act shall give, within such time and in such manner as may be prescribed, an intimation to the Central Government, and such other authority as may be specified by the Central Government, as to the amount of each foreign contribution received by it, the source from which and the manner in which such foreign contribution was received, and the purposes for which, and the manner in which such foreign contribution was utilized by him.
2. Every person receiving foreign contribution shall submit a copy of a statement indicating therein the particulars of foreign contribution received duly certified by officer of the bank or authorized person in foreign exchange and furnish the same to the Central Government along with the intimation under subsection.

"Rule 16 of FCRR, 2011: Reporting by banks of receipt of foreign contribution: -

1) Every bank shall send a report to the Central Government within thirty days of any transaction in respect of receipt of foreign contribution by any person who is required to obtain a certificate of registration or prior permission under the Act, but who was not granted such certificate or prior permission as on the date of receipt of such remittance.

2) The Report referred to in sub-rule (1) shall contain the following details: -

a) Name and address of the donor.

b) Name and address of the recipient

c) Account Number

d) Name of the Bank and branch

e) Amount of foreign contribution (in foreign currency as well as Indian Rupees)

f) Date of Receipt

g) Manner of receipt of foreign contribution (Cash/Cheque/electronic transfer etc.)

3) The Bank shall send a report to the Central Government within thirty days from the date of such last transaction in respect of receipt of any foreign contribution in excess of one crore rupees or equivalent thereto in a single transaction or in transactions within a duration of thirty days, by any person, whether registered or not under the Act and such report shall include the following details:-

a) Name and address of the donor.

b) Name and address of the recipient

c) Account Number

d) Name of the Bank and branch

e) Amount of foreign contribution (in foreign currency as well as Indian Rupees)

f) Date of Receipt

g) Manner of receipt of foreign contribution (Cash/Cheque/electronic transfer etc.)

Form 15CA & Form 15CB for Payments to NRIs

A person making a remittance (a payment) to a Non Resident or a Foreign Company has to submit Form 15CA. This form is submitted online. In some cases, a certificate from a Chartered Accountant in Form 15CB is required before uploading Form 15CA online. In Form 15CB, a CA certifies details of the payment, TDS rate and TDS deduction as per section 195 of the Income Tax Act, if any DTAA (Double Tax Avoidance Agreement) is applicable, and other details of nature & purpose of the remittance.

Banks require these certificates before they make any remittance to a non-resident.

Government of India, Ministry of Finance (Department of Revenue) Central Board of Direct Taxes vide notification dated 16.12.2015 made the following amendments in the rule 37 BB of Income tax rules 1962. The amended rule comes into force from 01.04.2016. Hereunder furnish the amended rules for guidance:

1. The person responsible for paying to a non-resident not being a company or to a foreign company any sum chargeable under the provisions of the act shall furnish the following namely:

(i) The information in Part A of form no.15 CA, if the amount of payment or the aggregate of such payments, as the case may be, made during the financial year does not exceed five lakh rupees.

(ii) For payments other than payments (exceeding Rs.5 lacs during the financial year) referred above, the information has to be furnished in the following manner:

a. In Part B of form 15 CA after obtaining a certificate from the assessing officer under Section 197 or an order from the assessing officer under sub section (2) or sub section

(3) of Section 195.

b. In Part C of form no.15 CA after obtaining a certificate in form no. 15 CB from an accountant as defined in the explanation below sub section (2) of section 288.

2. The person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum which is not chargeable under the provisions of the act, shall furnish the information in Part D of form no. 15 CA.

3. Notwithstanding anything contained in sub-rule(2), no information is required to be furnished for any sum which is not chargeable under the provisions of the act if,

The remittance is made by an individual and it does not require prior approval of Reserve Bank of India as per the provisions of section 5 of the FEMA 1999 (to be read with schedule III to the foreign exchange rules 2000 on current account transaction or

The remittance is of nature as furnished in the specified list

- Certificate in Form 15CB is not required if lower TDS has to be deducted and a certificate is received under section 197 for it or lower TDS has to be deducted by order of the AO. Only Form 15CA is to be uploaded in such a case.
- In all other cases, if there is a remittance outside India, the person who is making the remittance will take a CA's certificate in Form 15CB and after receiving the certificate submit Form 15CA to the government online. There is a list of 33 exempted transactions in which case submission of Form 15 CA/CB need not be insisted upon.

Remittances Facilities for Resident Outward remittance under LRS :

For Personal Visit Abroad -Max: USD 250000 (or equivalent) Business Visit – Max - USD 250000 (or equivalent)

(Currency Component)- Maximum amount permitted: US$ 3000 (or equivalent) per ticket / traveller

- Except

Iraq / Libya <= US$5000, Iran / Russian Federation and other CIS countries - Full Amount Travel to and/or residents of Nepal and Bhutan (clause (b) of Rule 3 of FEMA) – Nil

It is not mandatory for Authorised Dealers to endorse the amount of foreign exchange sold for travel abroad on the passport of the traveller. However, if requested by the traveller, they may record under their stamp, date, signature and the details of foreign exchange sold for travel.

Education abroad – USD 250000

Medical treatment abroad – USD 250000, Maintenance of NRI Abroad – USD 250000 Immigration / Employment Abroad – USD 250000,

But total remittance under Rule 5 – Schedule III including remittance under LRS during a financial year should not exceed equivalent of USD 250000

- Remit up to US$250000 / F Y.
- Permitted transactions - Current / Capital A/c.
- For undertaking transactions under the Scheme, resident individuals may use the application-cum-Declaration Form **and it is mandatory to have PAN number to make remittances under the Scheme.**
- The limit of USD 250,000 under the Scheme also include remittances as per Rule 5 – Schedule III of FEMA
- An investor can retain and reinvest the income earned on investments made under the Liberalised Remittance Scheme.

Surrendering of FX

- To be surrendered to an authorized person within 180 days from the date of its receipt
- Where the aggregate value of FX in form of currency notes, TCs brought in at any one time exceeds USD 10000 or its equivalent, and / or, the aggregate value of foreign currency notes brought in at any one time exceeds USD 5000 or its equivalent, Currency to be declared at the time of entering into India by a person to Custom Authorities in Currency Declaration Form (CDF)
- Issue FIRC in form BCI against receipt of inward remittances on security paper as proof of inward remittance if the amount is more than Rs.15000/-.
- A returning traveller is permitted to retain with him, foreign currency travellers cheques and currency notes up to an aggregate amount of USD 2000 and foreign coins without any ceiling beyond 180 days. (cf. Notification No. FEMA 11/2000-RB dated May 3, 2000). Foreign exchange so retained, can be utilized by the traveller for his subsequent visit abroad
- Where a person approaches an Authorised Person for surrender of unspent/ unutilized foreign exchange after the prescribed period of 180 days, Authorised Person should not refuse to purchase the foreign exchange merely on the ground that the prescribed period has expired.

INWARD REMITTANCE

XpressMoney / MONEYGRAM / Western Money Union (Nodal Branch- Treasury Branch)

- Not eligible for credit to NRE / FCNR accounts.
- Arrangement with UAE Exchange Centre for instant Money transfer by NRIs to resident Indians.
- Payments up to Rs.50,000/- can be paid to the beneficiaries in cash at all branches on identification and if more than Rs.50,000/- by Account credit / BPO
- The beneficiary can receive a maximum amount of USD 2500 as single remittance and maximum of 30 remittances in an year.
- Money Gram – 8 digit reference / Xpress Money – 16 digit reference / Western Union Money Transfer– 10 digit reference
- Foreign inward remittance can be directly credited by the recipient bank to other KYC compliant bank accounts through NEFT or IMPS etc subject to conditions. The amount should not be credited to non KYC compliant accounts and NRE / NRO accounts.

SPEEDREMIT (Replaces MT)

Purpose	Remittances from Singapore to India, to the credit of accounts with Indian Bank
Parent Branch	INDIAN BANK Singapore
Benefits	Considerable reduction in transit time. The Twin facility of ‘Speed Remit’ combined with ‘Internet Banking - view’ will assure speed, safety and comfort for the remitters

Electronic Funds Transfer Arrangement with Exchange Houses.

At present Bank has entered in the agreement with Eight Exchange houses through which remittances can be sent.

- Inward remittance can be credited to NRE account also.
- Amount will be directly credited to the account by the Treasury.
- Credits under Trade transactions also permitted upto a maximum of Rs.5,00,000/- per transaction.
- Rupee Drawing Arrangements: It has been decided to increase the limit of trade transactions from the existing Rs.2 lakhs to Rs.15 lakhs with immediate effect.

EXPORT FINANCE

Export Finance is a Short Term Working Capital finance allowed to an exporter for manufacturing, processing, packing and after shipment of goods / rendering service to the date of realization of export proceeds. When there is a commercial deal in export finance, it is guided by the following viz.,

- Reserve Banks Guidelines
- Directions under Foreign Exchange Management Act (FEMA – 1999)

- Trade Control Regulations (Foreign Trade Policy 2015-20)
- International Chamber of Commerce (ICC) guidelines – Uniform Customs and Practice (UCPDC
  - ICC 600), Uniform Rules for Collection (URC – ICC 522), International Standby Practices (ISP
  - 98 (ICC 590)
- Export Credit Guarantee Corporation Ltd.
- FEDAI Guidelines and Rules.

Export Finance consists of two stages viz.,

Stage 1 : Pre-Shipment Credit and Stage 2 : Post-Shipment Credit.

Eligible borrowers for Export Finance: Exporter of goods & Service, indirect exporters, exporters of agri products, sub-suppliers, contractors and deemed exporters

Indirect Exporters: Rupee Export Packing Credit to Manufacturer Suppliers who do not have export orders/letters of credit in their own name and goods are exported through the State Trading Corporation/Minerals and Metal Trading Corporation or other export houses, agencies etc.

Sub-Suppliers: Packing credit can be shared between an Export Order Holder (EOH) and sub-supplier of raw materials, components etc. of the exported goods as in the case of EOH and manufacturer suppliers.

Deemed Export: Transactions in which the goods supplied do not leave the country and the payment for such supplies is received either in Indian Rupees or in free foreign exchange refers to deemed

Export. It includes Supply of goods against licenses issued under duty exemption scheme, and also to EPZ, STP,EOU, EHTP and projects funded by multilateral agencies etc.,

Pre-Shipment Credit:

Pre-Shipment Credit refers to any loan or advance granted or any other credit provided by the bank to an exporter for financing the purchase, processing, manufacturing or packing of goods prior to shipment for export of goods / services from India.

Types of Pre-Shipment Credit

1. Packing Credit – (for financing the purchase, processing, manufacturing or packing of goods prior to shipment for export of goods / services)
2. Advance against receivables from the Government like duty drawback etc.,
3. Advance against Cheques / drafts representing advance payment.
4. Foreign Currency Pre-shipment Finance (Foreign currency Packing Credit -

FCPC)

Quantum of Advance

Pre-shipment finance should not exceed the FOB value (Free On Board) of the goods or domestic cost of production, whichever is less. Margin as stipulated must be maintained. Where the order / LC is on CIF 'basis' and 'its' amount should be reduced to FOB value before deducting the margin

Period of Advance

- Period, for which the pre-shipment finance can be extended at concessional rates, as determined by RBI, is 360 days for all types of commodities, from the date of advance. If pre-shipment advances are not adjusted by submission of export documents within 360 days from the date of advance, the advances will cease to qualify for prescribed rate of interest for export credit to the exporter *ab initio*.

Disbursement of Packing Credit

(i) Each packing credit sanctioned should be maintained as separate account for the purpose of monitoring period of sanction and end-use of funds.

(ii) Packing credit may be released in one lump sum or in stages as per the requirement for executing the orders / LC.

(iii) Where there is need, different accounts may also be maintained at various stages of processing, manufacturing etc. depending on the types of goods / services to be exported.

Liquidation of Packing Credit

Liquidation of Packing Credit refers to adjustment of packing credit. The liquidation can be by

1) proceeds of bills drawn for the exported commodities on its purchase, discount etc.
2) Repaid / prepaid out of balances in Exchange Earners Foreign Currency A/c (EEFC A/c)
3) From rupee resources of the exporter to the extent exports have actually taken place.
4) Packing credit in excess of export value can be permitted to liquidate the excess PC by export bills drawn in respect of by-product to be adjusted either in cash or by sale of residual by- product oil within a period not exceeding 30 days from the date of advance to be eligible for concessional rate of interest.

Substitution: Repaying / liquidation of packing credit with proceeds of export documents relating to any other order covering the same or any other commodity exported by the exporter are known as substitution. Substitution is permitted only to Exporter clients who have a good track record.

Running Account' Facility

Pre-shipment Credit 'Running Account' facility in respect of any commodity, without insisting on prior lodgment of letters of credit / firm export orders may be extended, depending on the judgment regarding the need to extend such a facility and subject to the following conditions:

a. Exporters whose track record has been good as also to Export Oriented Units (EOUs)/ Units in Free Trade Zones / Export Processing Zones (EPZs) and Special Economic Zones (SEZs)
b. Letters of Credit / firm orders should be produced within a reasonable period of time to be decided by the banks.
c. Mark off individual export bills, as and when they are received for negotiation / collection, against the earliest outstanding pre-shipment credit on 'First In First Out' (FIFO) basis.
d. Should ensure that export credit available in respect of individual pre-shipment credit does not go beyond the period of sanction or 360 days from the date of advance, whichever is earlier.
e. Packing credit can also be marked-off with proceeds of export documents against which no packing credit has been drawn by the exporter.
f. Running account facility should not be granted to sub-suppliers.

Application of interest rate

If pre-shipment advance is not liquidated from proceeds of export bills on purchase / discount within 360 days from the date of advance, the advance will cease to quality for concessional rate of interest. In case exports do not take place within 360 days from the date of pre-shipment advance, such credit will be termed as 'Export Credit Not Otherwise Specified' and the interest rate as applicable to 'ECNOS' – pre-shipment will be charged from the very first day of advance. In case exports do not materialize, interest as applicable to commercial rate of interest plus penal interest will be charged from the very first day of advance.

POST-SHIPMENT CREDIT

Post Shipment credit means any loan or advance granted or any other credit provided by the bank to an exporter after shipment of goods / rendering services to the date of realization of export proceeds. Types of Post-Shipment Credit are:

1. Export Bill Purchased / Negotiated / Discounted
2. Advance against bill sent on collection basis
3. Advance against undrawn balance

4. Advance against Duty Drawback receivable from Government.
5. Post shipment Credit in Foreign currency (FC – FBN/FBP/FBD)

Period :

Demand bills - Normal Transit Period (NTP) as specified by FEDAI – 25 days for all bills drawn in FC

Usance bills - Maximum duration of 270 days from date of shipment inclusive of Normal Transit Period (NTP) and grace period, if any.

Fixed Due Date - Due date is reckoned from the date of shipment or date of Bill of Exchange, NTP shall not be applicable

Liquidation of Post-shipment Credit:

The liquidation can be by

a) Proceeds of export bills received from abroad in respect of goods exported / services rendered.
b) Repaid / prepaid out of balances in Exchange Earners Foreign Currency Account (EEFC a/c)
c) From the proceeds of any other unfinanced (collection) bills.

Interest application on Post-Shipment Credit:

Concessional rate of interest will be applicable only upto the due date of the bill – NTP in case of demand bill and specified period in case of usance bills.

EXPORT CREDIT IN FOREIGN CURRENCY:

Exporter can avail, both pre-shipment and post-shipment credit in foreign currency in one of the convertible currencies viz USD, GBP, JPY, EUR etc. PCFC (Packing Credit in Foreign Currency) can also be availed in one convertible currency in respect of order invoiced in another convertible currency. The risk and cost of cross currency transaction will be that of exporter. The instruction with regard to rupee export credit applies to export credit in foreign currency, unless otherwise specified. The lending has been deregulated and interest is benchmarked with A R R. Customers are allowed to book forward contract in any permitted currency of their choice,

Import Finance

Import trade is regulated by the Directorate General of Foreign Trade (DGFT) under the Ministry of Commerce & Industry, Department of Commerce, Government of India. While handling import, the following should be ensured:-

(i) Imports into India are in conformity with the Foreign Trade Policy in force

(ii) Foreign Exchange Management Act (FEMA 1999)

(iii) Directions issued by Reserve Bank under FEMA 1999

(iv) Adherence to the provisions of Uniform Customs and Practices for Documentary Credits (UCP 600) etc. while opening letters of credit.

(v) Provisions of Research & Development Cess Act, 1986 for import of drawings and designs.

General Guidelines for imports

The following facilities are available to importers at our branches:

- Opening of LC
- Handling of Import Bills
- Remittances connected with imports and
- Guarantees/Indemnities for release of goods without transport documents.

All Forex Authorised Branches are permitted to handle import business. Non - Authorised branches should route import transactions of their customers through their designated AD branch.

All goods other than those contained in the negative list of Imports specified in the current Foreign Trade policy can be freely imported. Negative list comprises (a) Items which are prohibited from being imported, (b) Items that could be imported only against a licence / authorisation or specific public notice, (c) Items which are canalized through certain specified channelizing agencies.

For handling import transactions the importer-customer should have

Valid Importer-Exporter Code Number / PAN assigned by the appropriate authorities. This code number should be mentioned in all remittance application forms as well as in branch records.

Imports are normally handled in four ways

- ✓ Import under documentary credit (LC)
- ✓ Import under collection basics (FIBC)
- ✓ Direct import:
- ✓ Goods shipped directly to importer and document to bank
- ✓ Advance payment for import of goods and services

Form A-1 - This form is dispensed with for import remittance from Feb 2015.

.**Import Licenses**

Except for goods included in the negative list which require licence under the Foreign Trade Policy in force, branches can freely open letters of credit and allow remittances for import. The earlier name "licence " is now replaced as "authorization". Import authorizations are issued by Regional Offices of DGFT. While opening letters of credit, the 'For Exchange Control purposes' copy of the authorization should be called for and special conditions, if any, attached to such licences should be adhered to. After effecting remittances under the licence, Authorised Dealer may preserve the copies of utilised licence/s till they are verified by the internal auditors or inspectors.

Obligation of Purchaser of Foreign Exchange

Where the foreign exchange acquired has been utilised for import of goods into India,

bank should ensure that the importer furnishes evidence of import viz., Exchange Control copy of the Bill of Entry, Postal Appraisal Form or Customs Assessment Certificate, etc., and satisfy himself that goods equivalent to the value of remittance have been imported.

Time limit for import of books

- **Remittances against import of goods should be completed no later than six months from the date of shipment. In case of capital goods it is 3 years.**
- **Remittances against import of books may be allowed without restriction as to the time limit.**

Advance remittance for import of goods

(i) Advance remittance for import of goods may be allowed upto USD 200000 or its equivalent.

If the amount of advance remittance exceeds USD 200,000 or its equivalent, 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, has to be obtained.

(b) In cases where the importer (other than a Public Sector Company or a Department/Undertaking of the Government of India/State Government/s) is unable to obtain bank guarantee from overseas suppliers and the Bank is satisfied about the track record and bonafide of the importer, the requirement of the bank guarantee / standby Letter of Credit may not be insisted upon for advance remittances up to USD 5,000,000 (US Dollar five million).

Advance remittance for the import of services

(a) Where the amount of advance exceeds USD 500,000 or its equivalent, a guarantee from a bank of international repute situated outside India, or a guarantee from an Authorised Dealer in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India, should be obtained from the overseas beneficiary.

(b) In the case of a Public Sector Company or a Department/ Undertaking of the Government of India/ State Governments, approval from the Ministry of Finance, Government of India for advance remittance for import of services without bank guarantee for an amount exceeding USD 100,000 (USD One hundred thousand) or its equivalent would be required.

Interest on Import Bills

(i) AD may allow payment of interest on usance bills or overdue interest for a period of less than three years from the date of shipment at the rate prescribed for trade credit from time to time.

(ii) In case of pre-payment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or ARR of the currency in which the goods have been invoiced, whichever is applicable. Where interest is not separately claimed or expressly indicated, remittances may be allowed after deducting the proportionate interest for the unexpired portion of usance at the prevailing ARR of the currency of invoice.

Receipt of import documents by the importer directly from overseas suppliers

In case where import bills have been received directly by the importers from the overseas supplier, remittance can be made in the following cases:

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

Receipt of import documents by the importer directly from suppliers in case of specified sectors

As a sector specific measure, AD are permitted to allow remittance for imports up to USD 300,000 where the importer of rough diamonds, rough precious and semi-precious stones has received the import bills / documents directly from the overseas supplier and the documentary evidence for import is submitted by the importer at the time of remittance. Authorised Dealer may undertake such transactions subject to the following conditions:

(i) The import would be subject to the prevailing Foreign Trade Policy.

(ii) The transactions are based on their commercial judgment and they are satisfied about the bonafide. Before extending the facility, they should also obtain a report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency.

Receipt of import documents by the Authorised Dealer (AD) directly from overseas suppliers

(i) At the request of importer clients, Authorised Dealer may receive bills directly from the overseas supplier as above, provided the AD is fully satisfied about the financial standing/status and track record of the importer customer.

(ii) Before extending the facility, the Authorised Dealer should obtain a report on each individual overseas supplier from the overseas banker or a reputed overseas credit agency. However, Such credit report on the overseas supplier need not be obtained in cases where the invoice value does not exceed USD 300,000 provided the AD is satisfied about the bonafide of the transaction and track record of the importer constituent.

Evidence of Import - Physical Imports:

In case of all imports irrespective of the amount of remittance it is obligatory on the part of the AD Category Bank to ensure that the importer submits Bill of Entry / Customs Assessment Certificate or Postal Appraisal Form.

Submission of Physical Bill of entry has been dispensed with and the details are to be obtained from the importer and the same should be appropriated against relevant Outward Remittance.

Evidence of import in lieu of Bill of Entry

AD bank may accept, in lieu of Exchange Control copy of Bill of Entry for home consumption, a certificate from the Chief Executive Officer (CEO) or auditor of the company that the goods for which remittance was made have actually been imported into India provided :-

(a) the amount of foreign exchange remitted is less than USD 1,000,000 or its equivalent,

(b) the importer is a company listed on a stock exchange in India and whose net worth is not less than Rs.100 crore as on the date of its last audited balance sheet, or, the importer is a public sector company or an undertaking of the Government of India or its departments.

(c) The above facility may also be extended to autonomous bodies, including scientific bodies/ academic institutions, such as Indian Institute of Science / Indian Institute of Technology, etc. whose accounts are audited by the Comptroller and Auditor General of India (CAG). AD Category

– I bank may insist on a declaration from the auditor/CEO of such institutions that their accounts are audited by CAG.

Non Physical Imports

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

Follow up for Import Evidence

(i) In case of all imports, irrespective of the value of foreign exchange remitted / paid for import into India, it is obligatory on the part of the AD Category– I bank through which the relative remittance was made, to ensure that the importer submits :-

   (a) The importer shall submit BoE number, port code and date for marking evidence of import.

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

   (c) For goods imported and stored in Free Trade Warehousing Zone (FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, etc., the Exchange Control Copy of the Ex- Bond Bill of Entry or Bill of Entry issued by Customs Authorities by any other similar nomenclature the importer shall submit applicable BoE number, port code and date for marking evidence of import.

(ii) In respect of imports on Delivery against acceptance basis, AD Category – I bank shall verify the evidence of import from IDPMS at the time of effecting remittance of import bill. However, if importers fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery / customs clearance of consignment, etc., 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.

(iii) AD banks are required to 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.

Import on consignment basis

Gold may be imported by the nominated agencies on consignment basis where the ownership will remain with the supplier and the importer (consignee) will be acting as an agent of the supplier (consignor). Remittances towards the cost of import shall be made as and when sales take place and in terms of the provisions of agreement entered into between the overseas supplier and nominated agency/bank. These instructions would also apply to import of platinum and silver.

Letter of Credit

Letter of Credit - an undertaking by a bank, in the importing country, on behalf of the importer/ buyer, to the exporter/seller, stipulating that if specified documents conforming to LC are presented within a stipulated date the bank establishing the credit will pay the amount. **Any discrepancy has to be notified to the negotiating bank within 5 banking days.**

Types of LCs

- **Irrevocable Credit** – Cannot be cancelled / amended without the consent of all the parties (As per Article 3 of UCP 600, in the absence of any indication to the effect that it is revocable or irrevocable, the credit shall be deemed to be irrevocable).
- **Revocable Credit** - The undertaking by the LC opening bank can be Revoked, Cancelled, Amended, at any time, without notice to the beneficiary. The issuing bank remains liable for bills negotiated before the LC was cancelled/ revoked. This LC is not permitted under UCP 600.
- **Confirmed LC** - additional undertaking (only irrevocable LC) by confirming bank normally in the exporter's country, payment will be made to the exporter if the terms of the credit are met
- **Payment Credit** (sight credit /payment / against presentation of requisite documents to the nominated paying bank / The draft to be drawn on the paying bank mentioned in the credit.
- **Deferred Payment Credit** - Payment to be made by the nominated bank / due dates as per the terms of the credit / No Bill of Exchange
- **Negotiation Credit**- Allow negotiation by any bank / Restrict negotiation to a particular bank (Restricted LCs)
- **Acceptance Credit** - Usance bill of exchange is mandatory / BOE shall be drawn on a specified bank indicating the tenor / The drawee bank will accept the drafts and honour the same by making payment on the determined due date.
- **Revolving LC**- amount availed is reinstated and is available for negotiation again
- **Transferable LC**- original beneficiary can transfer to one/many other second beneficiaries. Cannot be transferred to third beneficiary. A credit can be transferred only if it is specifically indicated on the LC.
- ***Back-to-Back LC**- against the security of another credit, may be a local credit,*

another LC is opened based on export LC.

- ***Red/Green-Clause Credit** -enables the beneficiary to avail pre-shipment credit. Beneficiary defaulting LC opening bank to reimburse the lending bank*
- **Standby LC-** A substitute for guarantee and issued to cover situations of non-performance- Normally issued in countries where regulations PROHIBIT the issue of guarantees by the banks– e.g. USA, Japan

INCOTERMS 2010

INCOTERMS 2020 (w.e.f. 01/01/2021 – Latest revision) **-** 11 INCOTERMS

Set of simple three letter codes for international shipments sellers and buyers to decide at what point Ownership, Freight, Insurance, Customs costs, transfer from one to the other.

EXW EX WORKS	**DAP** DELIVERED AT PLACE	**FOB** FREE ON BOARD
FCA FREE CARRIER	**DPU** DELIVERED AT PLACE UNLOADED	**CFR** COST AND FREIGHT
CPT CARRIAGE PAID TO FREIGHT	**DDP** DELIVERED DUTY PAID	**CIF** COST INSURANCE AND FREIGHT
CIP CARRIAGE AND INSURANCE PAID TO	**FAS** FREE ALONGSIDE SHIP	

Important regular Statements to RBI

- ✓ R-Returns
- ✓ Authorised dealers may forward a statement in Form EBW, every half year, to the Regional Office of Reserve Bank under whose jurisdiction they are functioning, indicating details of write offs

Export Credit Guarantee Corporation

ECGC Guarantees, individual or buyer wise policies (Post shipment). Obtain Export Production Finance Guarantee ECGC guarantee for Duty Draw-back elements, if any. Risk & mitigation Currency risk: brought about by fluctuations in the price of the currencies involved. Can be protected by a forward and options contracts.

Transit risk - Can be protected by a policy from a GIC. The following risks are not covered:

Commercial disputes relating to quality/ Buyer's failure to obtain import license Insolvency of Agents of the exporter/ Collecting Bank Exporter's negligence / inability / incompetence. Policy for exporters and guarantee for bankers.

Export Credit Insurance for Banks (Whole Turnover Packing Credit) ECIB (WT-PC). for pre shipment credit. Export Credit Insurance for Banks (Whole Turnover Post-shipment) ECIB (WT-PS) for post shipment advances. Before first disbursement of Packing Credit, branches should obtain prior approval from ECGC in Form HOS 40

Coverage for our Bank:

Export Credit Insurance for Banks (Whole Turnover Packing Credit) ECIB (WT-PC) Export Credit Insurance for Banks (Whole Turnover Post-shipment) ECIB (WT-PS)

SWIFT

SWIFT – Stands for Society for Worldwide Interbank Financial Telecommunications. It is a co- operative society registered in Belgium having its headquarters at Brussels. Main objective of SWIFT is standardization, processing, and transmission of international financial messages like payment orders, letters of credit, documentary collections etc. The main advantage of message standardization is that SWIFT messages are computer readable and hence can be easily processed.

Description of the message types

Funds Transfer	**Collection documents**	**Letter of credit**	**Free format Messages**
MT 103 Single Customer Transfer	MT 400 Advice of payment	MT 700/701 Issue of Letter of Credit	MT 900 Confirmation of Debit
MT 202 General Financial Institution Transfer	MT 410 Acknowledgement	MT 707 Letter of Credit - Amendment	MT 910 Confirmation of Credit
	MT 412 Advice of acceptance	MT 730 Acknowledgement of Letter of Credit	MT 940 Balance Report
	MT 416 Advice of Non-payment / Non-acceptance	MT 740 Authorization to reimburse	MT 950 Statement message
	MT 422 Advice of fate and request for instructions	MT 750 Advice of discrepancy	

TRADE CREDITS FOR IMPORTS INTO INDIA

Trade Credits (TC) refer to credits extended for imports directly by the overseas supplier, bank and financial institution for maturity up to five years. Depending on the source of finance, such trade credits include **suppliers' credit or buyers' credit**.

Suppliers' credit relates to credit for imports into India extended by the overseas supplier, while **buyers' credit** refers to loans for payment of imports into India arranged by the importer from a bank or financial institution outside India.

Important features of UCP 600

UCP 600

UCP 600 is the latest version of the rules that govern letters of credit transactions worldwide. UCP 600 is published by International Chamber of Commerce's (ICC) Commission on Banking Technique and Practice.

UCP 600 Highlights

- The number of articles reduced from 49 to 39 in UCP 600;
- In order to reach a standard meaning of terms used in the rules and prevent unnecessary repetitions two new articles have been added to the UCP 600. These newly added articles are Article 2 "Definitions" and Article 3 "Interpretations". These articles bring more clarity and precision in the rules;
- A definitive description of negotiation as "purchase" of drafts of documents;
- New provisions, which allow for the discounting of deferred payment credits;
- The replacement of the phrase "reasonable time" for acceptance or refusal of documents by a maximum period of five banking days.
- Repetitive, redundant and ambiguous language was eliminated.
- A new Article on "Definition of Terms" and "Interpretations" was added for clarity.
- The document examination period was reduced from 7 to 5 days.
- Numerous discrepancy issues were eliminated.
- A new provision on applicant/beneficiary addresses was added.
- Transport document shipment dates and their impact on presentation time were clarified.
- Easier-to-understand transportation articles were created.

Article 2 (Definitions) Credit means any arrangement however named or described that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation.

Article 3 (Interpretations) Revocation: A credit is irrevocable even if there is no indication to that effect.

"On or about" means a period of five calendar days before until five calendar days after the specified date.

Article 5 (Documents V. Goods, Services or performance) Banks deal with documents and not with goods. services or performance to which documents may relate.

Article 6 (Availability, Expiry date & place for presentation)

- Credit must state the bank with which it is available. A credit available with a nominated bank is also available with the issuing bank.
- A credit must state whether it is available by sight payment, deferred payment, acceptance or negotiation.
- An expiry date is also the last date of presentation.
- The place of the bank with which credit is available is the place for presentation.

Article 10 (Amendment)

- The beneficiary should give notification of acceptance or rejection of amendment. If the beneficiary fails to give such notification, a presentation that complies with the credit and to any not yet accepted amendment will be deemed to be notification of acceptance.
- Partial acceptance of an amendment is not allowed.

Article 13 (Reimbursement)

- The reimbursement authorization should not be subject to an expiry date.
- Claiming bank need not submit compliance certificate to the reimbursing bank.
- An issuing bank will be responsible for any loss of the Beneficiary due to non payment.

Article 14 (Examination of documents)

- Nominated bank, confirming bank and the issuing bank each have a maximum of five banking days following the presentation date to determine if a presentation is complying.
- Documents to be presented not later than 21 calendar days after the date of shipment but not later than the expiry date of the credit.
- Data in a document need not be identical but must not conflict with data in that-document, any other stipulated document or the credit.
- The description of the goods in other than commercial invoice may be in general terms not conflicting with their description in the credit.

Article 16 (Discrepant documents)

- Refusal notice must state all discrepancy in a single notice.
- Notice must state that the bank is holding the documents until it receives a

waiver from the applicant or receive further instructions from the presenter prior to agreeing to accept a waiver, or that the bank is returning the documents.

- Notice must be given by SWIFT or, if that is not possible, by other expeditious means within the fifth banking day following the day of presentation.

Article 20 (Bill of lading)

- B/L must indicate the name of the carrier, also to indicate that the goods have been shipped on board a named vessel from the port of loading to the port of discharge and be the sole original B/L.
- Must be signed by the carrier, or a named agent or the master identifying their status.
- Transshipment is acceptable if the goods have been shipped in a container, trailer or LASH barge and the entire carriage is covered by one and the same bill of lading.

Article 28 (Insurance):

- Cover note will not be accepted.
- If insurance amount is not indicated in the credit then Coverage must be at least 110% of CIF or CIP value of the Goods.

Article 29 (Extension of Expiry date)

If the expiry date of a credit falls on a holyday the expiry date will be extended to the first following banking day and the nominated bank will provide a statement that the presentation was made within the time limit extended in accordance with sub-article 29(a)

Article 30 (Tolerance)

- The words 'about' or approximately" allowing a tolerance not to exceed 10% more or less than the amount, the quantity or the unit price to " which they refer.
- A tolerance not to exceed 5% more or less than quantity of goods is allowed, provided the quantity is not stated in number of packing units or individual items and the drawing amount is within the credit value.

Article 31 (Partial shipment)

- More than one set of transport documents of the same means of **conveyance** and for the same journey and destination will not be regarded as partial shipment. If it is more than one means of conveyance then it will be regarded as partial shipment.
- Partial drawing or shipments are allowed.

URC 522 – Uniform Rules for Collection

- URC 522 is one of the publications issued by International Chamber of Commerce relating to the handling of documents not backed by LCs. URC 522 is applicable both to clean and documentary collection.
- Parties involved in the collection process are Principal, Remitting Bank, Collecting Bank, Presenting Bank and Drawee. The concerned banks shall abide by the instructions from the instructing party from whom the documents have been received.
- Drafts are to be drawn on the drawee and not on the Banks. Goods cannot be directly consigned to the collecting bank without any prior arrangement. Collecting Banker has no obligation to secure the goods and arrange for storage. Even if they undertake they do so only for account and risk of Remitting Bank. Collection schedule shall clearly indicate complete details and clear instructions as to the handling of collection. For any delay caused by the incomplete details the collecting bank is not liable.
- Banks deal with documents and are not concerned with goods services or performances. They need not examine documents. Banks assume no liability for effectiveness of the documents, force majeure reasons, delays, loss in transit, transmission and translation.
- Documents are to be delivered to the drawee strictly as per instructions received from the Remitting bank. Payment secured must be remitted without delay by the collecting Bank. Delivery of documents against Partial payments is not allowed unless specifically authorized to do so.
- Advice of Payment/acceptance non-payment/non acceptance must be communicated without delay to the remitting bank.
- Collecting Bank is entitled to deduct their charges from the proceeds despite clear instructions to recover from the drawee in the event of refusal by the latter. Collecting bank is also in order to deliver the documents to drawee if the later refuses to pay the interest as demanded by the remitting bank.
- However if the collection instruction clearly specifies not to waive the interest and charges from the drawee the Collecting Bank shall withhold the documents until interest and charges are paid by the drawee. In such cases Collecting bank is not responsible for any delay or loss caused. Collecting Bank is besides entitled to their charges irrespective of whether the collection is realized or not.
- The Remitting bank is liable to reimburse the charges to the collecting bank and the Principal is liable to reimburse the Remitting Bank. The collecting bank may return the documents to the remitting bank after 60 days in the absence of disposal instructions.

IDPMS

The Reserve Bank of India had launched a comprehensive IT- based system called Import Data Processing and Monitoring System (**IDPMS**) from 10th October 2016 for monitoring of import of goods and software and facilitating AD banks to report various returns through a single platform.

The purpose:

• Paperless secure transmission of data relating to imports through from customs, to authorized dealers and vice versa. Ensure better regulatory compliance

• Easier tracking / generation of import transactions /data/ history

• Do away with or minimize manual data entry work, reporting, follow-up and communication procedures at AD banks

Export Data Processing and Monitoring System (EDPMS)

(i) Effective compliance with requirements relating to exports from Foreign Exchange angle and other statutory regulations.

(ii) IT- based system, Easier tracking / generation of export transactions.

(iii) An alternative to filing paper based documents which will facilitate AD banks to report various related returns through a single platform.

(iv) Eliminate / minimize manual data entry work at various stages

(v) Substantial reduction in reporting burden by AD banks

The EDPMS / IDPMS has become fully operational today and with the AD **Banks aligning their own internal systems** with it, **monitoring and follow** up of all Export / Import transactions will become more effective