



POLICY FOR HANDLING TRANSACTIONS RELATED TO EXPORT AND IMPORT OF GOODS & SERVICES

PUNJAB & SIND BANK

H.O. Foreign Exchange Department

21, Rajendra Place, New Delhi - 110008



Head Office, Foreign Exchange Department

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Goods and Services



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Punjab & Sind Bank
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Preamble and Objective

Export and import of goods and services are governed by, inter alia; guidelines, rules and regulations framed by Reserve Bank of India (RBI). Apart from RBI guidelines, contained in Master Directions and various A.P. (Dir Series) Circulars, foreign trade; which includes both exports and imports, are subject to Government of India (GoI) policies/guidelines, conveyed principally through Foreign Trade Policy (FTP) from time to time.

2. Vide following two Master Directions, RBI has spelt out detailed guidelines/rules/regulations governing foreign trade:

(1) Master Direction no. 16 dated 01 January 2016 – last updated 17 July 2026 for Export of Goods and Services

(2) Master Direction no. 17 dated 01 January 2016 – last updated 12 Jan 2026 for Import of Goods and Services

3. Vide A.P.(DIR Series) Circular no. 20 dated 16 Jan 2026, RBI has advised supersession of aforesaid Master Directions governing exports and imports w.e.f. 01 Oct 2026.

4. Vide Notification no. FEMA/23 (R)/2026-RB dated 13 Jan 2026, banks have been advised to frame their own policies and SOPs for conducting foreign trade/MTT; including reporting, ensuring compliance with various FEMA, Rules, Regulations and Directions Notifications, GoI guidelines and FTP.

Key Definitions (Complete Glossary)

For the purpose of this Policy, unless the context otherwise requires:

1. Export means export of goods or rendering of services from India to a person resident outside India in accordance with FEMA and applicable RBI directions.
2. Import means import of goods or receipt of services into India from a person resident outside India in accordance with FEMA and applicable RBI directions.
3. Exporter means a person resident in India who exports goods or provides services to a person resident outside India.
4. Importer means a person resident in India who imports goods or receives services from a person resident outside India.
5. AD Category-I Branch means a branch authorised by RBI under FEMA to undertake permissible foreign exchange transactions.

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6. Goods mean goods as defined under the applicable provisions of FEMA and RBI directions relating to export and import of goods.
7. Services means services as defined under the applicable provisions of FEMA and RBI directions relating to export and import of services.
8. Merchanting Trade Transaction (MTT) means a transaction involving purchase of goods by a person resident in India from a person resident outside India and subsequent sale of the same goods to another person resident outside India, subject to RBI-prescribed conditions.
9. EDPMS means Export Data Processing and Monitoring System prescribed by RBI for monitoring export transactions and export proceeds.
10. IDPMS means Import Data Processing and Monitoring System prescribed by RBI for monitoring import transactions and import payments.
11. Shipping Bill means the declaration/document filed with Customs authorities for export of goods from India.
12. Bill of Entry means the declaration/document filed with Customs authorities for import of goods into India.
13. Advance Payment means payment received by an exporter from a person resident outside India before shipment of goods or rendering of services.
14. Advance Remittance for Import means payment made by an importer to a person resident outside India before receipt of goods or services.
15. Export Proceeds means the amount receivable by an exporter in respect of goods exported or services rendered to a person resident outside India.
16. Realisation and Repatriation means receipt and bringing into India of export proceeds in accordance with the timelines and conditions prescribed by RBI.
17. Third-Party Payment means payment for an export or import transaction made by or received from a person other than the overseas buyer or seller, as permitted under applicable RBI instructions.
18. Write-off means permitted waiver of unrealised export receivables, subject to the conditions and limits prescribed by RBI.
19. IEC means Importer Exporter Code issued by the Directorate General of Foreign Trade (DGFT), wherever applicable.
20. Special Rupee Vostro Account (SRVA) means a Rupee-denominated account maintained by an AD Category-I Bank in India with a correspondent bank of a partner country for facilitating permissible international trade transactions in Indian Rupees, in accordance with RBI guidelines.
21. Diamond Dollar Account (DDA) means a special current account permitted for eligible firms and companies dealing in diamonds and other eligible precious stones, subject to the conditions prescribed by RBI.

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22. Exchange Earners' Foreign Currency (EEFC) Account means a foreign currency account permitted to be maintained by eligible residents with an Authorised Dealer in India, subject to FEMA and RBI directions.
23. Asian Clearing Union (ACU) means the regional payment arrangement established to facilitate settlement of eligible current account transactions among member countries through the prescribed ACU mechanism, in accordance with RBI guidelines.
24. Foreign Exchange shall have the meaning assigned to it under FEMA.
25. Person Resident in India and Person Resident Outside India shall have the meanings assigned to them under FEMA.
26. FEMA means the Foreign Exchange Management Act, 1999, as amended from time to time.
27. RBI means the Reserve Bank of India.
28. DGFT means the Directorate General of Foreign Trade.
29. Customs means the competent Customs authority administering the applicable provisions relating to import and export of goods.
30. Export Receivable means the amount payable to an exporter in respect of goods exported or services rendered to a person resident outside India.
31. Import Payment means payment made by an importer to a person resident outside India towards import of goods or services.
32. Foreign Currency means any currency other than Indian Rupee.
33. Remittance means transfer of funds from India to a person resident outside India or receipt of funds in India from a person resident outside India, as applicable.
34. Nostro Account means a foreign currency account maintained by an AD Category-I Bank with a bank outside India for facilitating permissible international transactions.
35. Vostro Account means an account maintained in Indian Rupees or foreign currency with an AD Category-I Bank by a foreign bank, as permitted under applicable RBI guidelines.
36. Correspondent Bank means a bank maintaining an account relationship with an AD Category-I Bank for facilitating international banking and payment transactions.
37. Trade Credit means credit extended by an overseas supplier, bank or financial institution to an importer for financing imports, subject to the applicable RBI guidelines.
38. Export of Services means supply of services by a person resident in India to a person resident outside India, in accordance with applicable FEMA and RBI provisions.
39. Import of Services means receipt of services by a person resident in India from a person resident outside India, in accordance with applicable FEMA and RBI provisions.
40. RBI Directions means the Master Directions, circulars, notifications, instructions and amendments issued by the Reserve Bank of India from time to time in relation to export and import transactions.

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PART-A (EXPORT OF GOODS AND SERVICES)

1.00 Currency of Invoice for Export of Goods and Services:

1.01 Invoicing in INR:

Extant Rules, Regulations, Notifications, Directions do not place any restriction on invoicing of exports in Indian Rupees. Export of goods and services can be denominated in freely convertible currency or INR. However, Branches; including Centralized International Trade Finance Center have to ensure that if the invoice is denominated INR, export proceeds have to be realized in freely convertible currency only.

1.02 Realization of export proceeds against specific exports:

Export proceeds against specific exports can be realized in INR if such receipt is through a freely convertible Vostro account of a non-resident bank (foreign bank) located in a country other than member country of Asian Clearing Union, Nepal or Bhutan.

1.03 Receipts through Asian Clearing Union (ACU):

For payments from a resident of a member of ACU, payments should be received through ACU mechanism; or as per the directions issued by the RBI from time to time.

1.04 Exports against EXIM Bank/Government of India line of credit:

Export contracts and invoices in such cases can be denominated in INR.

1.05 Settlement of trade transactions through Special Rupee Vostro Accounts (SRVA):

Vide A.P. DIR Circular no. 19 dated 17 July 2026, As an additional arrangement RBI has consolidated and rationalized previous instructions on SRVA, which permits invoicing and settlement of exports in INR. Settlement shall take place through SRVA opened by AD Branches in India. Exporters undertaking exports of goods and services through this mechanism will receive export proceeds in INR from the balances held in designated SRV accounts maintained by the foreign correspondent bank. RBI Guidelines as issued from time to time will be followed.

2.00 Time base for trade transactions:

Financial Year, i.e. April to March, is reckoned as time base for all trade transactions related issues.



3.00 Reference to Reserve Bank of India:

AD branch shall (i) send all references to the Reserve Bank through PRAVAAH portal (ii) inform any doubtful transaction to the Directorate of Enforcement (DoE).

4.00 Declaration of Exports:

4.01 Exports from non-EDI ports:

Exporter of goods is required to submit to the specified authority (Customs/SEZ), at the time of export; a declaration in the Export Declaration Form (EDF) specifying amount of the full export value of the goods.

Where export of goods is taking place through a Non-Electronic Data Interchange (EDI) port, Customs Department certifies the declared value and gives a running serial number on two copies of the Export Declaration Form (EDF). Customs Department retains the original EDF (for transmission to RBI) while returning the duplicate copy to the exporter.

Customs Department certifies the quantity in the Form at the time of shipment of goods on the duplicate copy of EDF and return the same to the exporter for onward submission to AD Branch for collection and/or negotiation.

Exporter is required to submit the duplicate copy of EDF together with relative shipping documents within twenty one (21) days from the date of export. Exporter needs to submit an extra copy of invoice to the AD Branch mentioned on the EDF.

In the case of a non-EDI port for export of goods; or where the specified authority for export of services is other than an AD bank, the duly authenticated EDF, shall be forwarded by the specified authority to the respective AD bank.

AD Branch can accept a copy of duplicate EDF duly certified by the Customs Department in case the duplicate copy of EDF is lost / misplaced.

AD Branches to mention details of approval and/or RBI circular number and date in case the exports are made –

- (1) Under deferred credit arrangement
- (2) To joint venture abroad against equity participation
- (3) Under rupee credit arrangement

AD Branches have to report the transaction through EDPMS.

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4.02 Exports from EDI ports:

AD Branches will not receive a separate EDF where exports have taken place through an EDI port as EDF is deemed to have been submitted as part of Shipping Bill.

In case of exports taking place through EDI-enabled ports, exporter has to submit relevant shipping bill in duplicate to the Commissioner of Customs or SEZ, as the case may be. Commissioner of Customs/SEZ returns the copy of shipping bill marked 'Exchange Control (EC) Copy' to the exporter after verifying and authenticating the same for onward submission to AD Branch.

Exporter is required to submit the shipping bill marked 'Exchange Control (EC) Copy' to the AD Branch within twenty one (21) days from the date of shipping along with relevant documents for collection/purchase/discount/negotiation. AD Branches should take a careful note that where EC copy of shipping bill is printed as per extant guidelines of Customs Department and shipping bill data is integrated with EDPMS, exporters need not submit EC copy of shipping bill. AD Branch should retain copies of invoice and other relevant documents; including EC Copy of shipping bill, if submitted, with itself. Such documents need not be submitted to RBI.

4.03 Export of Services:

Exporters of services are required to furnish EDF to the specified authorities (SEZ/STPI) mentioning therein full amount of export value of services. Such declaration in EDF has to be submitted by the exporter within 30 days from the end of month in which invoice for services has been raised, subject to:

- (a) An exporter of services shall furnish to the specified authority, a declaration in EDF specifying the amount representing the full export value of services, within 30 days from the end of month in which invoice for services has been raised, provided that:
- (b) 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;
- (c) the exporter of services other than software, may submit an EDF on or before the date of receipt of payment;
- (d) the AD branch may, on a request from the exporter citing reasons for delay, extend the period for submission of the EDF after satisfying itself about the reasonableness of the request.



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4.04 **Export of goods through Post:**

AD Branches should carefully note that where export takes place through Postal Department, exporter needs to first present the EDF form to the AD Branch for countersigning before submission of EDF to the Post for exporting the goods.

While countersigning the EDF, AD Branches should ensure that the parcel is addressed to our foreign Branch or correspondent bank in the country of import. AD Branch should return the original copy of EDF to the export for submission to post office with the parcel.

Exporter is required to submit duplicate copy of EDF along with relevant documents and an extra copy of invoice for collection/purchase/discount/negotiation. AD Branch should ensure to retain the duplicate copy of EDF/relevant documents/invoice, etc. Exporter has to submit these documents within prescribed period of twenty one (21) days. AD Branch has to instruct the Foreign Branch / correspondent bank to deliver the parcel to the consignee against payment or acceptance of relative bill.

Where parcels are addressed directly to the consignee, AD Branch can countersign the EDF if –

- (a) An irrevocable letter of credit for the full value of export is opened in favour of the exporter, advised through the AD Branch, or
- (b) Full value of shipment is received in advance by the exporter through the AD Branch, or
- (c) AD Branch is satisfied on the basis of the standing and track record of the exporter and the arrangements made for realisation of export proceeds.

In such cases, AD Branch should mention on the EDF particulars of advance payment or letter of credit or AD Branch's certification or exporter's standing/track record under proper authentication.

AD Branch must authenticate with Branch round-stamp and signature any alteration in the name and address of the consignee on the EDF.

5.00 **Realisation and Repatriation of export proceeds:**

Exporters are duty-bound to realise and repatriate full value of goods/software/services to India within timeframe prescribed as under:

- (a) nine months from the date of shipment in case of goods (other than goods exported to a warehouse outside India) and from the date of invoice in case of services;

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(b) nine months from the date of sale of goods from the warehouse in case of goods exported to a warehouse outside India;

(c) as per payment terms of the contract, in case of project exports:

Provided that where the export of goods and services is invoiced or/and settled in Indian Rupees, the period for realisation and repatriation of full export value shall be twelve months, from the date of shipment in case of goods (other than goods exported to a warehouse outside India), from the date of invoice in case of services, and from the date of sale of goods in case of goods exported to a warehouse outside India;

Provided further that the Authorised Dealer may, on request by an exporter citing reasons for the delay, allow extension of time for realisation of export proceeds beyond the specified period, if the Authorised Dealer is satisfied of the reasons cited.

5.01 Extension in time for realisation and repatriation of export proceeds:

AD Branches can extend the period of realisation of export proceeds exceeding the prescribed timeframe (as in preceding paragraph) by up to a period of six (6) months at a time. Such extension will be irrespective of invoice value of the export and subject to following conditions:

- (a) Export transactions (for which extension in time for realisation is sought) should not be under investigation by Directorate of Enforcement or Central Bureau of Investigation or any other investigating agencies.
- (b) Branches should be satisfied that the exporter is unable to realise export proceeds for reasons beyond their control, substantiated through documentary evidence.
- (c) The exporter must submit a declaration to the effect that the export proceeds will be realized within the extended period.

5.02 Extension for more than one year:

If period of realization of export proceeds has to be extended for more than one (1) year from the date of export, Branches must ensure that the total outstanding of the exporter is not exceeding USD 1.00 MN (United States Dollars one million only) or equivalent or 10% (ten per cent) of the average export realizations during the preceding three (3) financial years, whichever is higher.

5.03 In case of exporter has filed suit abroad against the overseas buyer:

Where an exporter has filed suit abroad against the overseas buyer, AD Branches can grant extension irrespective of the amount and/or outstanding.

5.04 Where a case (or situation) is not covered by any of the aforesaid provisions/instructions, AD Branches need to obtain prior approval from the RBI. Branches are required to refer such



cases to Head Office, Foreign Exchange Department for onward submission to RBI, complying with extant guidelines concerning references to RBI.

5.05 **Reporting on EDPMS portal:**

Extension in time for realisation of export proceeds should be appropriately reported on EDPMS portal lest export bills are shown as overdue.

6.00 **Manner of Receipts and Payments:**

6.01 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 and Payment) Regulations, 2023, as amended from time to time.

AD branch shall make a credit or debit to the account of an exporter or an importer, for receipt of export or payment for import, only after having satisfied itself of the genuineness of the transaction, and shall, simultaneously close or update the respective entry in Export Data Processing and Monitoring System or Import Data Processing and Monitoring System (EDPMS or IDPMS).

6.02 Following table shows prescribed manner of receipts for trade transactions:

Sr No	Country (export made to)	Settlement Currency; as per Regulations	Remarks
1	Nepal	INR	Where the importer in Nepal is permitted by the Nepal Rashtira Bank (central of bank of Nepal) to make payment in foreign currency, Indian exporter may receive export proceeds in foreign currency.
2	Bhutan	INR	--
4	Member countries of Asian Clearing	ACU Mechanism or as	--

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	Union (ACU) <i>other than Nepal and Bhutan</i>	per directions of RBI issued from time to time.	
5.	Myanmar	ACU Mechanism	Also permitted to settle trade transactions in any freely convertible currency
6.	Sri Lanka	Any permitted currency outside ACU Mechanism	--
7.	Maldives	ACU Mechanism	INR or MVR (Maldivian Rufiyaa) in terms of MoU between RBI and Maldives Monetary Authority. (Ref: A.P.(DIR Series) Circular no. 22 dated 17 March 2025.
8.	Countries other than members of ACU	INR or any foreign currency	--

6.03 While affording credit for exports, AD Branch should satisfy itself about the genuineness of the transaction.

6.04 AD Branch must close or update the respective entry in EDPMS. In case of exports where shipping bill (for goods) or invoice (for services) is up to Rs.10 lacs (or equivalent in foreign currency), entry in EDPMS can be closed based on the declaration submitted by the exporter to the effect that the payment against the shipping bill / invoice has been realised in full or otherwise. Exporters can submit such declarations on quarterly basis for bulk closure of entries in EDPMS.

6.05 **Payment for goods sold to overseas buyers during their visit to India:**

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Payment for goods and/or services sold / provided to an overseas buyer during his/her visit to India can be made through bank drafts, cheques, pay-orders, foreign currency notes, travelers' cheques, credit card, etc. EDF (Duplicate) should be released only on receipt of funds in the Nostro account. Foreign currency so received should be surrendered to the Bank within (i) in case of an individual, within seven (7) days of receipt of foreign exchange and (ii) in case of other than individuals, within ninety (90) days of receipt of foreign exchange. (Reference: para A.3 (ii) of Master Direction no. 16 dated 01 Jan 2016 (latest updated 17 July 2026) read with para 4 of Notification no. FEMA 14(R)/2016-RB dated 02 May 2016 (latest updated 04 March 2020 and para 5 of Notification no. FEMA 9(R)/2015-RB dated 29 Dec 2015).

6.06 Receipt of export proceeds from third party:

Third party payments for exports is permitted subject to following conditions:

- (a) A firm, irrevocable order supported by a tripartite agreement should be in place. In case where documentary evidence for circumstances leading to third party payments/name of third party being mentioned in the irrevocable order/invoice is submitted, such tripartite agreement may not be insisted upon, subject to:
 - (i) Branch is satisfied with the *bona fides* of the transaction and the export documents such as invoice / FIRC, etc.
 - (ii) Branch should consider FATF statements while handling such transactions.
- (b) Third party payments should be routed through the banking channels only.
- (c) Exporter should declare the third party remittance in the Export Declaration Form (EDF).
- (d) Exporters are responsible to realise and repatriate export proceeds from third party named in the EDF.
- (e) Outstanding export proceeds, if any, will be shown against the name of the exporter. However, in the outstanding report, name of the third party will appear instead of the name of the overseas buyer from whom the proceeds have to be realised.
- (f) If the export is made to a country in Group II of Restricted Cover Countries; e.g. Sudan or Somalia, payments for the same can be received from an Open Cover Country.

7.00 Receipt of advance against exports:

Where an exporter has received advance payment; with or without interest, from an overseas buyer, the exporter has to ensure shipment of goods within three years from the date of receipt of advance payment. An exporter, or an importer, as the case may be, shall ensure that interest payable, if any, on advance payment received for export, or on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time. Rate of interest on advance payment in INR will commensurate with prevailing market conditions. Exporter has to

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submit documents covering the shipment to the AD Branch which has received advance payment.

7.01 No remittance towards refund of unutilized portion of advance remittance or interest payment shall be made after the expiry of period of three years from the date of receipt of advance payment without prior approval of the RBI, in case the exporter has not made the shipment, partly or fully, within said period of three years.

7.02 AD Branches have to report all the inward remittances including advance received for export of goods/ software on EDPMS portal.

7.03 **Receipt of long term export advance:** AD Branches can allow exporters having minimum of three (3) years' satisfactory track record to receive long term export advance for a maximum tenor of ten (10) years for execution of long term supply contracts for export of goods, subject to following conditions:

- (1) Firm, irrevocable supply orders/contracts should be in place. Contract should be vetted by Chartered Accountant and should clearly specify nature, amount and delivery timelines over the years and penalty in case of non-performance or cancellation of contract. Product pricing should be in line with prevailing international prices.
- (2) This facility can be extended to those customers who are not under the adverse notice of Enforcement Directorate or any other regulatory agencies or caution listed
- (3) An exporter, or an importer, as the case may be, shall ensure that interest payable, if any, on advance payment received for export, or on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.
- (4) Documents have to be routed through designated AD Branch only.
- (5) Advance so received cannot be utilized to liquidate NPA loans denominated in INR.
- (6) Overseas branches including subsidiary of bank in India are not permitted to discount BGs/SBLCs issued as above.
- (7) AD Branches to ensure that –
 - a. Account of exporter receiving advance payment is KYC/AML compliant
 - b. Double financing for execution of export order is avoided.
 - c. Receipt of USD 100 million or more should be immediately reported to the Trade Division of RBI through Head Office, Foreign Exchange Department. HO Credit Department should also be endorsed a copy of such reporting.



7.04 **Advance for goods which may take more than three (3) years to manufacture:**

AD Branches can allow exporters to receive advance payment for export of goods which would take more than three years to manufacture and ship if the 'export agreement' has provisions for shipment of goods extending beyond the period of three years from the date of receipt of advance payment subject to the following conditions:

- (a) AD Branch has to carry out KYC and due diligence of overseas buyer
- (b) AD Branch has to ensure compliance with AML guidelines
- (c) AD Branch should ensure that the transaction is *bona fide* transaction and that the funds received in advance should not be allowed to be utilized for any other purpose other than executing export order
- (d) An exporter, or an importer, as the case may be, shall ensure that interest payable, if any, on advance payment received for export, or on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.
- (e) AD Branch cannot permit refund exceeding 10% of the advance payment received in the last three (3) years
- (f) Documents have to be routed through designated AD Branch only.
- (g) AD Branch cannot permit / undertake remittance towards refund of unutilized portion of advance payment or towards payment of interest if the exporter is unable to make the shipment, partly or fully, without the prior approval of the RBI.

7.05 AD Branches to effectively and efficiently follow up with the concerned exporters to ensure that export performance, i.e. shipments of goods, are completed within the stipulated time period, on lapse of the contract period.

7.06 AD Branches should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only *bona fide* export advances flow into India. Doubtful cases as also instances of chronic defaulters should be referred to Directorate of Enforcement (DoE) for further investigation.

8.00 **Special Rupee Vostro Account (SRVAs)**

8.01 AD branches may open Special Rupee Vostro Accounts (SRVAs) of its branch outside India or a bank resident outside India, in terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016.

8.02 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

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permissible capital and current account transactions under FEMA may be settled through the SRVA. Further, AD branches maintaining SRVA are also permitted to open additional current account for exporter/importer, exclusively for settlement of export/import transactions.

8.03 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.

8.04 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.

8.05 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 Branches in India may be updated periodically in the 'SRVA directory', published by FEDAI.

8.06 The above instructions shall come into force with immediate effect and AD Branches may bring the contents of this Circular to the notice of their constituents and customers concerned.

8.07 The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

9.00 **Participation in international exhibitions/trade fairs:**

Participants in international exhibitions and/or trade fairs are permitted to open a temporary foreign currency account abroad. Such participants can deposit sales proceeds in foreign exchange at the international exhibitions/trade fairs and operate the account during the period of their stay abroad. Participants should repatriate balance in the account through normal banking channels within one (1) month from the date of closure of exhibition/trade fair to the AD Branch along with complete details.

10.00 **Foreign Currency Accounts by exporters:**

10.01 Exporters having good track record can open a foreign currency account with the AD Branches in India and outside India. All our AD Branches can open foreign currency account. For opening such foreign currency account an application in Form EFC has to be submitted to RBI for approval through the designated AD Branch where such account is proposed to be opened.



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In case, such account is to be opened abroad, exporter should give complete details of foreign bank/branch in Form EFC.

10.02 Foreign Currency Account of units in SEZ:

Branches can open foreign currency account of a unit located in Special Economic Zone (SEZ) subject to:

- (a) All foreign exchange funds received by the unit in SEZ are credited to such account
- (b) For credit of foreign exchange purchased in India against INR, prior permission of RBI is necessary
- (c) Funds in the account can be used for *bona fide* trade transactions with the person resident in India or otherwise
- (d) Funds held in the account cannot be lent or made available in manner to any person or entity resident in India which is not a unit in SEZ.

10.03 Foreign Currency Account for Project / Service Exporters:

A project / service exporter can open, hold and maintain a foreign currency account with an AD Branch in India or a bank outside India subject to terms and conditions.

10.04 Foreign Currency Account outside India:

Exporters are permitted to open, hold and maintain foreign currency account with a bank outside India for realisation of full export value and receiving advance remittances for export of goods and services. Balances available in such account can be used for import of goods and services in India (by the account-holder exporter) or repatriated to India within a period not exceeding the end of –

- (a) three (3) months in case of accounts maintained with banks in IFSC; or
- (b) the next month for all other jurisdictions

from the date of receipt of the funds after adjusting for forward commitments and in any case not later than nine months from the date of export in terms of Regulation 9 of FEMA (Export of Goods and Services) Regulations, 2015 dated 12 Jan 2016, (as amended on 14 Nov 2025).

11.00 Counter-trade Arrangement:

AD Branch can open an Escrow Account denominated in USD if the Bank's exporter-customer has voluntarily entered into an arrangement with an overseas party for counter trade proposal

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involving adjustment of value of goods imported into India against the value of goods exported from India through an Escrow Account subject to approval by RBI. Such account will be further subject to following conditions:

- (i) All imports and exports under such arrangement should be at international prices in conformity with the extant Foreign Trade Policy, FEMA 1999 and Rules and Regulations made thereunder.
- (ii) No interest is payable on outstanding credit balances in the Escrow Account.
- (iii) Funds temporarily surplus in Escrow Account can be held in short-term deposit up to a total period of three (3) months in a year; i.e. in a block of twelve (12) months, carrying interest at applicable rate.
- (iv) AD Branch cannot allow any funds-based and/or non-funds-based facilities against the balances maintained in the Escrow Account.

12.00 **Project Exports:**

Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'.

12.01 AD Branches can permit receipts / payments for project exports as per the underlying contract subject to satisfying itself about the genuineness of the project.

12.02 Exporter-customers are required to obtain the approval of the AD Branch at post-award stage before undertaking execution of such contracts. AD branches should refer to Regulations relating to 'Project Exports' and 'Service Exports' in the revised Memorandum of Instructions on Project and Service Exports (PEM-July 2014).

12.03 Project exporters can deploy temporary cash surplus from such exports, generated outside India, in investments in short-term instruments with original or residual maturity of one year or less including treasury bills and deposits in banks outside India subject to monitoring by AD Branch.

13.00 **Exports requiring prior permission of RBI:**

Following types of exports require prior permission of RBI. AD Branches should submit complete details / applications to Head Office, Foreign Exchange Department for further submission to RBI to obtain necessary permissions. AD Branches should not handle such business until and unless necessary approvals from RBI is received.



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Sr	Type of export	Remarks
1	Export of Goods on lease, hire, etc.	For export of machineries, equipment, etc. on lease/hire; against collection of lease/hire charges and ultimate reimport of machineries/equipment.
2	Export on elongated credit terms	
3	Export of Currency	RBI permission required for export of currencies except in following cases: (a) Any person resident in India can take outside India (except Nepal and Bhutan) Indian currency notes up to an amount not exceeding Rs.25000 (INR twenty five thousand) (b) Any person resident outside India (except citizens of Pakistan and Bangladesh and travelers not coming or going to Pakistan or Bangladesh) can take outside India Indian currency notes up to an amount not exceeding Rs.25000 (INR twenty five thousand).

14.00 **Mid-sea trans-shipment of catch by deep-sea fishing vessels:**

AD Branches to adopt following procedure for handling documents representing mid-sea transshipment of catch (i.e. fish) by deep-sea fishing vessels:

- (1) Exporter has to submit EDF, in duplicate, to the Customs at the registered port of the vessel (or any other port approved by the Ministry of Agriculture).
- (2) Customs to give its running serial number on both copies of EDF as a certification of valuation of exports.
- (3) While retaining the original, Customs to return the duplicate copy of EDF to the exporter for onward submission to AD Branch for collection/negotiation.
- (4) Procedure for EDF:
 - (a) EDF is to be signed by the Master of the Vessel in lieu of Customs certification, indicating composition of the catch, quantity, export value, date of shipment (i.e. date of transfer of catch), etc. duly supported by certificate from an international cargo surveyor.

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- (b) Bill of Lading/Receipt of Trans-shipment issued by the carrier vessel should mention the EDF number
- (c) Original and duplicate copy of EDF to mention the number and date of Letter of Permit issued by Ministry of Agriculture for operation of the vessel.
- (5) Prescribed period of realisation and repatriation of export proceeds is reckoned with reference to the date of transfer of catch certified by the Master of the vessel or the date of the invoice, whichever is earlier.

15.00 Short Shipments:

Any shortfall in quantity of goods in declarations filed with Customs Department for export clearance procedure is called Short Shipment.

In case of short shipment, exporter should give a notice of short shipment to the Customs Department in prescribed form and manner for certification. In case of delay in receiving certified short shipment notice from Customs Department, exporter should submit an undertaking to the AD Branch advising details of filing of short shipment notice with the Customs Department and further undertake to submit the same immediately on receipt from the Customs Department.

16.00 Shut-out Shipments:

Shut-out shipment means bringing back the goods to the exporter's premises after completion of Customs procedure for export clearance. Shut-out can result due to cancellation of export order, non-fulfillment of quality and/or quantity specifications, change in applicable guidelines in importer's country, etc.

In such case, exporter has to give notice, in duplicate, to the Customs Department in prescribed form and manner. Exporter has to submit unused duplicate copy of EDF and the shipping bill to the Customs Department. Basis such notice from the exporter, Customs Department verifies and confirms that the shipment is actually shut-out, certifies the notice as true and correct and forwards the same to RBI along with unused duplicate copy of EDF. Customs Department cancels the original EDF and if the exporter makes shipment later, fresh set of EDFs is issued by the Customs Department.

17.00 Consolidation of sea cargo:

AD Branches can accept Forwarder's Cargo Receipts (FCR) issued by FIATA approved agents in lieu of bills of lading for negotiation/collection/purchase of shipping documents where export transaction is backed by letters of credit and the relative letter of credit specifically provides for negotiation of FCR in lieu of bill of lading, even if the related sales contract does not provide for acceptance of FCR in lieu of bill of landing.

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Where the sales contract with the overseas buyer provides for acceptance of FCR but the relative letter of credit does not provide for acceptance of FCR, AD Branch may accept FCR in lieu of bill of lading for negotiation/purchase/discount. Appropriate provisions will be incorporated in the Credit Policy to ensure *bona fides* of the transaction, track record of the seller as well as the buyer. AD Branch/exporter should carry out due diligence on the overseas buyer before agreeing to accept FCR in lieu of bill of lading since FCR, unlike bill of lading, is not a negotiable instrument.

18.00 Consolidation of air cargo:

Where air cargo is shipped under consolidation, airline company issues Master Airway Bill to the Consolidating Cargo Agent, who in turn issues its own House Air Way Bill (HAWB) to exporters.

AD Branch can negotiate HAWBs only if the relative letter of credit specifically provides for negotiation of HAWBs in lieu of Airway Bills issued by the airline company, subject to availability of ECGC cover.

19.00 Exemption from submission of declaration forms:

Export of goods / software may be made without furnishing the declaration in the following cases, namely:

- a) trade samples of goods and publicity material supplied free of payment;
- b) personal effects of travellers, whether accompanied or unaccompanied;
- c) ship's stores, trans-shipment cargo and goods supplied under the orders of Central Government or of such officers as may be appointed by the Central Government in this behalf or of the military, naval or air force authorities in India for military, naval or air force requirements;

Tugs or Tug Boats, Dredgers and Vessels used for providing offshore support services, subject to their re-import into India;

d) by way of gift of goods accompanied by a declaration by the exporter that they are not more than five lakh rupees in value

e) aircrafts or aircraft engines and spare parts for overhauling and/or repairs abroad subject to their reimport into India after overhauling /repairs, within a period of six months from the date of their export;

re-export of leased aircraft/helicopter and/or engines/auxiliary power units (APUs), either completely or in partially knocked down condition re-possessed by overseas lessor and duly de-

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registered by the Directorate General of Civil Aviation (DGCA) on the request of Irrevocable Deregistration and Export Request Authorisation (IDERA) holder under 'Cape Town Convention' or any other termination or cancellation of the lease agreement between the lessor and lessee subject to permission by DGCA/Ministry of Civil Aviation for such export/s;

f) goods imported free of cost on re-export basis;

g) the following goods which are permitted by the Development Commissioner of the Special Economic Zones, Electronic Hardware Technology Parks, Software Technology Parks or Free Trade Zones to be re-exported, namely:

1) imported goods found defective, for the purpose of their replacement by the foreign suppliers/collaborators;

2) goods imported from foreign suppliers/collaborators on loan basis;

3) goods imported from foreign suppliers/collaborators free of cost, found surplus after production operations.

goods listed at items (1), (2) and (3) of clause (i) to be re-exported by units in Special Economic Zones, under intimation to the Development Commissioner of Special Economic Zones / concerned Assistant Commissioner or Deputy Commissioner of Customs

(h) replacement goods exported free of charge in accordance with the provisions of Foreign Trade Policy in force, for the time being.

(i) goods sent outside India for testing subject to re-import into India;

(j) defective goods sent outside India for repair and re-import provided the goods are accompanied by a certificate from an authorised dealer in India that the export is for repair and re-import and that the export does not involve any transaction in foreign exchange.

(k) exports permitted by the Reserve Bank, on application made to it, subject to the terms and conditions, if any, as stipulated in the permission.

20.00 **Approval for Waiver of EDF:**

AD Branches are permitted to approve requests for grant of EDF waiver from exporters as under:

20.01 **Status Holders:** Status Holders are entitled to export freely exportable items; except Gems & Jewellery and Articles of Gold & Precious Metals, on free of cost basis for export promotion subject to following annual limits:



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(a) Annual limit of 2% of average annual export realisation during preceding three (3) years for all exports; excluding exporters of (1) Gems & Jewellery Sector and (2) Articles of Gold and Precious Metal Sector.

(b) For exporters from (1) Gems & Jewellery Sector and (2) Articles of Gold and Precious Metals Sector, annual limit of Rs.10,000,000 (INR one crore) or 2% of average annual export realisation during preceding three (3) years; whichever is lower.

(c) Annual limit of up to 8% of the average annual export realisation during preceding three (3) licensing years is applicable in case of supplies of pharmaceutical products, vaccines and lifesaving drugs to health programmes of international agencies like UN, WHO, etc. and Government health programmes.

20.02 Free of cost supplies are not entitled to Duty Drawback or any other export incentives under any export promotion scheme.

20.03 Exports of goods not involving any foreign exchange transaction directly or indirectly require waiver of EDF procedure from the RBI.

21.00 EDF Approval for Trade Fair/Exhibition Abroad:

21.01 Prior approval of RBI is not required for entities participating in trade fair/exhibition abroad to take / export goods for exhibition and sale outside India.

21.02 Unsold exhibit items can be sold outside the trade fair/exhibition in the same country or in a third country. Such sales is permitted at discounted value also.

21.03 Entities can 'gift' unsold goods up to the value of USD 5000 per trade fair/exhibition.

21.04 AD Branches can approve EDF of export items for display or display-cum-sale in trade fairs/exhibitions abroad subject to:

(a) The exporter submitting relative Bill of Entry within one month of re-import into India of the unsold items

(b) The exporter to report to the AD Branch the method of disposal of all items exported as well as the repatriation of proceeds to India

21.05 Such transactions approved by the AD Branches are subject to 100 per cent audit by internal inspectors/auditors.

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22.00 EDF approval for export of goods for re-imports:

22.01 AD Branches can approve requests from exporters for granting EDF approval in cases where goods are being exported for re-import after repairs / maintenance / testing / calibration, etc., subject to the condition that the exporter shall produce relative Bill of Entry within one month of re-import of the exported item from India.

22.02 Where the goods exported for testing are destroyed during testing, AD Branch can obtain a certificate issued by the testing agency to the effect that the goods are destroyed during testing, in lieu of Bill of Entry for import.

23.00 Delay in submission of shipping documents by exporters:

If the exporters submit documents pertaining to exports after the prescribed period of twenty one (21) days from date of export, AD Branch accept such documents without prior approval of the RBI, provided AD Branch is satisfied with the reasons for the delay.

24.00 Return of documents to exporters:

AD Branches must not return to the exporter the duplicate copies of EDF and shipping documents, submitted for collection/negotiation/purchase/discount, except for rectification of errors and resubmission.

25.00 Landlocked countries:

Where shipment is covered by an irrevocable letter of credit and documents strictly conform to the terms of letter of credit, AD Branch is permitted to 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. AD Branches to ensure that the letter of credit allows delivery of a negotiable copy of bill of lading to the Master of the carrying vessel or trade representative.

26.00 Direct dispatch of documents:

26.01 By the AD Branch:

AD Branches should dispatch shipping documents to foreign Branches or correspondent banks. However, AD Branches may dispatch shipping documents direct 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



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documents direct to the consignee or his agent resident in the country of final destination of goods.

- (b) In case the exporter is a regular customer, having a satisfactory track record of one year, AD Branch may accede to the request of exporter for direct dispatch of shipping documents to the consignee or his agent resident in the country of final destination of goods; subject to arrangements are made for realisation of export proceeds

26.02 By Status Holder Exporters and units in SEZ:

AD Branches can allow Status Holder Exporters as defined in the FTP and units in SEZ to dispatch export documents to the overseas buyer subject to:

- (1) That the export proceeds are repatriated through the AD Branch (mentioned in the EDF)
- (2) That the exporter submits the duplicate copy of EDF to the AD Branch within the prescribed period of twenty one (21) days from the date of shipment

26.03 Regularization of direct dispatch of export documents by exporters:

AD Branches are permitted to regularize direct dispatch of shipping documents by the exporter to the overseas buyer/its agent, irrespective of value of export shipment, subject to:

- (a) Export proceeds have been received in full (except for the amount written-off, if any, in accordance with the extant guidelines for write off)
- (b) Exporter is a regular customer of the AD Branch, for a period of at least six (6) months.
- (c) Exporter's account is fully compliant with KYC/AML guidelines
- (d) AD Branch is satisfied about the bona fides of the transaction. In case of doubt, AD Branch should file Suspicious Transaction Report (STR) with FIU_IND through Head Office.

27.00 Part drawings / undrawn balances:

Due to differences in weight, quality, etc., in certain lines of export trade, a practice is adopted to leave a small part of invoice value unpaid (undrawn) – say up to 10% of value of export. This balance amount (of up to 10% of invoice value) is paid after arrival and inspection of goods. In such cases, AD Branches can purchase/discount/negotiate bills subject to:

- (a) Amount of undrawn (unpaid) balance is considered as normal in the particular line of export trade, subject to maximum of 10% of the full export value
- (b) Exporter submits an undertaking on duplicate of EDF to surrender and/or account for the balance export proceeds within prescribed period for realisation.

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27.01 If the exporter is unable to repatriate undrawn (unpaid) balance in spite of best efforts, AD Branch should –

- (a) ensure that the exporter has realised at least the value for which the bill was originally drawn (excluding undrawn balances), or
- (b) 90% of the value declared on EDF, whichever is more, and
- (c) a period of one (1) year has passed from the date of shipment
- (d) AD Branch is satisfied with the *bona fides* of the transaction

On satisfying itself, AD Branch can allow write-off the balance amount of invoice value.

28.00 Follow up for overdue bills:

AD Branches will closely monitor realisation of export proceeds within prescribed timeframe. AD Branches shall –

- 1. Send reminders – (1) first reminder 15 days before due date and (2) second reminder before 7 days of due date.
- 2. In case, export bills remain outstanding beyond due date (overdue), AD Branch should immediately take up the matter with the exporter to ascertain the reasons for delay and timeline for realisation of export proceeds.

28.01 If export proceeds are not realised within prescribed time/no extension requested by the exporter:

In case where in spite of regular and continuous follow up, exporter fails to realise and repatriate export proceeds with the stipulated time period or request for extension in time beyond stipulated time period, AD Branch should –

- (a) Initiate steps for caution listing the exporter as per extant bank guidelines.

28.02 AD Branch shall ensure to keep on record the duplicate copies of EDF/SOFTEX until full export value is realised (except undrawn balances as per para 27.00)

29.00 Reduction in invoice value:

AD Branches can permit reduction in realisation of export value at the written request of the exporter mentioning therein reasons for under-realisation or non-realisation of full export value if the AD Branch is satisfied with the reasons mentioned by the exporter, further subject to:

- a. The relevant amount is overdue for more than one year.



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- b. Exporter has submitted satisfactory documentary evidence indicating that all efforts were made to realise the export proceeds
- c. Exporter is a regular customer of the AD Branch for at least six (6) months, KYC/AML compliant
- d. AD Branch should be satisfied with the *bona fides* of the transaction.
- e. Where the export value is up to ₹10 lakh (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), the reduction of export value (including non-realisation of full export value) may be permitted based on a declaration from the exporter.

29.01 Export value up to Rs. 10 lacs (or equivalent in foreign currency):

In case of the export value up to Rs.10 lacs or its equivalent in foreign currency per shipping bill for goods or invoice for services, based on a declaration with reasons, submitted by the exporter, AD Branch can approve reduction of export value; including non-realisation of full export value.

29.02 Export value more than Rs.10 lacs (or equivalent in foreign currency):

(a) Where usance bills are prepaid (paid before maturity):

If usance bill (DA Bill) is paid before maturity and the exporter request for reduction in value of invoice, AD Branch can accede to such request and arrive at the amount of reduction in invoice value based on following formula:

- (1) Allow cash discount up to the amount of proportionate interest on the unexpired period of usance
- (2) Unexpired period of usance means original date of maturity minus date of actual payment.
For example, a bill is due for payment on 17 June 2026 and the buyer makes payment on 18 May 2026. Thus, bill is prepaid by 30 days. In this case, AD Branch can allow cash discount for 30 days on the amount due.
- (3) Rate of interest: As per contract or if the rate of interest is not stipulated in the contract; at Prime Rate or any other widely accepted or Alternative Reference Rate pertaining to the currency of invoice.

(b) Other cases:

AD Branch can allow reduction in value of invoice after shipping documents have been negotiated or sent for collection if satisfied about the reasons mentioned by the exporter, subject to:

- (a) The reduction is not more than 25% of invoice value
- (b) Exported commodity is not subject to floor-price stipulations

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- (c) Exporter is not caution listed
- (d) Export outstanding does not exceed 5% of average annual export realisation for preceding three financial years
- (e) Exporter has to surrender proportionate export incentives received, if any. Exporter requesting reduction in export value has to submit a duly signed certificate by Chartered Accountant as documentary evidence towards surrender of proportionate export incentives, if any, availed in respect of the relevant export bill.

29.03 Export Bills not eligible for reduction in value:

Following cases do not qualify for reduction in value of export bills:

- (a) Exports made to countries with externalization problem; i.e. where the overseas buyer has deposited the value of export in local currency but amount is not allowed to be remitted/repatriated by the Central Bank and/or other authorities of the concerned country
- (b) EDF/SOFTEX under investigation of Directorate of Enforcement or Central Bureau of Investigation, Directorate of Revenue Intelligence, SFIO or any other investigating agency
- (c) Export bills outstanding which are subject matter of Civil/Criminal suits.

29.04 AD Branches may consider any or all of the following criteria to satisfy themselves for allowing reduction in export value:

- (1) Whether the overseas buyer is declared insolvent and a certificate from the official liquidator, indicating that there is no possibility of recovery of export proceeds, is submitted.
- (2) Whether amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization.
- (3) Whether the goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
- (4) Whether the overseas buyer is not traceable over a reasonably long period of time.
- (5) Whether the amount represents 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;
- (6) Whether the cost of resorting to legal action would be disproportionate to the 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;
- (7) Whether 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 unpaid consequent to dishonor of the bills by the overseas buyer and there are no prospects of realization.



Above list is only illustrative and for the purpose of guidance only. Exporter may cite reasons other than above while requesting for reduction in value of exports. Branches must satisfy themselves about the *bona fides* / reasons cited by the exporters.

29.05 Reporting:

AD Branches shall report write-off of bills on RBI's EDPMS portal.

29.06 **Auditing of Reduction in value:**

Export bills where export value has been reduced will be subject to random checks which will not be below 25% of number of such export bills during the financial year by the internal Auditors as well as external auditors.

30.00 **Change in buyer/consignee after shipment:**

AD Branch can consider requests for change in buyer/consignee after shipment is made if the original buyer defaults. In such a case, AD Branch shall allow invoice and other relevant documents to be transferred to third-party buyer, other than the original buyer.

30.01 If such transfer to a third party buyer involves reduction in value of invoice, such reduction in value of invoice should not exceed 25% of invoice value and that realisation of export proceed should not be delayed beyond 15 months from the date of shipment.

31.00 **Shipment lost in transit:**

If shipment is lost in transit and payment is not realised, AD Branch must ensure that insurance claim is lodged as soon as the loss is known.

31.01 If the insurance claim is payable abroad, AD Branch must arrange for collection of full amount of claim for lost shipment through foreign correspondent in concerned country or correspondent bank. While authorizing foreign correspondents for collection of insurance claim, a copy of such request must be marked to Head Office, Foreign Exchange Department/Credit Dept. Head Office, Foreign Exchange Department shall co-ordinate with concerned correspondent for faster settlement of claim and remittance of claim amount to concerned AD Branch.

31.02 AD Branch shall release relevant duplicate copy of EDF only after receipt of insurance claim. AD Branch shall add a certificate for the amount of claim received on the reverse of the duplicate copy of EDF.

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31.03 AD Branch shall ensure that amounts of claims for shipment lost in transit, partially settled by the shipping company/airline company directly under carrier's liability abroad are repatriated by the exporters.

32.00 **Write-off of unrealized export bills:**

Branches may be guided by provisions of Para 29.04 above.

33.00 **Set-off of export receivable against import payable:**

AD Branches shall allow requests received from exporters and/or importers for setting-off of outstanding export receivables against outstanding import payables within the stipulated period for realisation of export proceeds or extended period, if any, allowed by the Authorized Dealer.

- 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.

33.01 **Conditions for set-off:**

AD Branches shall ensure following conditions are complied with/satisfied while handling requests for set-off of export receivables against import payables:

- (a) The arrangement shall be Authorized/supervised through/by one AD Branch only
- (b) AD Branch is satisfied with the *bona fides* of the transactions. AD Branch to ensure that there are no KYC/AML/CFT concerns for the parties to the transaction.
- (c) AD Branches to ensure that the invoices under the transaction are not under investigation by Directorate of Enforcement/Central Bureau of Investigation or any other investigative agency;
- (d) Import/export of goods/services is undertaken as per the extant Foreign Trade policy
- (e) AD Branch will not allow Set-off of export receivables against goods against import payables for services and vice versa.
- (f) AD Branch shall ensure that import payables/export receivables are outstanding at the time of allowing set-off. Further, set-off shall be allowed between the export and import legs taking place during the same calendar year.
- (g) In case of bilateral settlement, the set-off shall be in respect of same overseas buyer/supplier subject to it being supported by verifiable agreement/mutual consent.
- (h) In case of settlement within the group/associates companies, the arrangement shall be backed by a written, legally enforceable agreement/contract. AD Branch shall ensure that the



terms of agreement are strictly adhered to (Reference may be made to Head Office, Legal Department in case of need).

- (i) Set-off should not result in tax evasion/avoidance by any of the entities involved in such arrangement.
- (j) AD Branch shall ensure compliance with all the regulatory requirement relating to the transactions;
- (k) AD Branch to report each of the export and import transaction separately (on gross basis) in FETERS/EDPMS/IDPMS, as applicable.

34.00 **Caution Listing of exporters:**

Based on the track record consisting of delays / defaults in realisation and repatriation of export proceeds, exporter coming to adverse notice of Enforcement Directorate, Central Bureau of Investigation, Directorate of Revenue Intelligence or any other law enforcement agency, or where exporter is not traceable and/or exporter is not making sincere efforts for realisation of export proceeds, AD Branch shall recommend to the Regional Office of RBI through HO Foreign Exchange department for caution listing of an exporter. Similarly, AD Branch has to recommend to Regional Office of RBI through HO Foreign Exchange department for de-listing an exporter from the caution list as per bank's extant guidelines.

AD Branches shall advise the concerned exporter while caution listing giving details of outstanding shipping bills.

34.01 **Procedure for handling shipping documents of caution-listed exporters:**

When a caution-listed exporter submits shipping documents for negotiation / purchase / discount / collection, AD Branch shall accept such shipping documents subject to:

- (1) Such exporter should submit documentary evidence indicating to have received advance payment or an irrevocable letter of credit covering the full value of proposed export
- (2) In case of usance bills (DA Bills), relative letter of credit should cover full value of export and permit such drawings. Usance bills should be maturing within stipulated realisation period from the date of shipment

AD Branches shall not handle shipping documents of caution-listed exporters except under conditions mentioned above.

AD Branches shall obtain prior permission of RBI through HO Foreign Exchange department for issuing guarantees on behalf of caution-listed exporters.

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35.00 Payment of Agency Commission for exports:

AD Branches can permit payment of commission either by way of remittance or by way of deduction from invoice value at the request of exporter, subject to following conditions:

- (a) Amount of commission is declared on EDF/SOFTEX, accepted by the Customs Department authorities or Ministry of Information Technology, Gol or EPZ authorities, as the case may be.
- (b) If amount of commission is not declared on relevant Form, AD Branch can allow remittance of commission if reasons submitted by exporter are found satisfactory and a valid agreement or written undertaking for payment of commission is submitted.
- (c) Shipment has already been made.

35.01 Payment of commission is not permitted on exports made towards equity participation in overseas joint venture or wholly owned subsidiary. Exports under Rupee Credit Route are also not eligible for payment of commission. However, commission up to 10% of invoice value of exports of tea and tobacco is permitted.

36.00 Refund of export proceeds:

In case of re-importing of goods exported from India on account of poor quality, AD Branches through which export proceeds have been originally realised, can approve requests for refund of export proceeds subject to following conditions:

- (a) AD Branch shall exercise due diligence regarding the track record of the exporter.
- (b) AD Branch shall verify the *bona fides* of the transactions;
- (c) AD Branch shall obtain from the exporter a certificate 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) AD Branch shall ensure that applicable procedure for normal imports are adhered to by the exporter
- (e) Exporter should submit an undertaking to re-import the goods within three (3) months from the date of refund of export proceeds

36.01 AD Branch shall not insist on re-import of goods if exported goods have been auctioned or destroyed by the Port / Customs / Health authorities or any other accredited agency in the country of import if satisfactory and acceptable documentary evidence is submitted by the exporter.



37.00 Unrealised Exports:

Where export proceeds of an exporter has remained unrealized for a period beyond one year from the due date of realisation / extended period (as allowed by the AD Branch), AD Branch must ensure receipt of full advance or an irrevocable Letter of Credit before exporter can make further exports.

38.00 Export Factoring:

Factoring is a type of receivables financing. The financing institution is called Factor. In a typical transaction, further purchase receivables from the exporter. Factor charges interest and other charges from the exporters. These charges, rate of interest are agreed upon in advance while setting up the facility. Along with receivables financing, Factor also offers other services like book keeping, follow-up, obtaining credit issuance, etc.

Reserve bank of India has permitted AD Branches to offer Factoring services either on 'with-recourse basis' or 'non-recourse basis'. In case of 'with-recourse basis' Factoring, the Factor can recover amount of advance made against export receivables from the exporters in case the importer fails to make payment on due date. In case of 'non-recourse basis' Factoring, the Factor has to bear the loss in case the Importer fails to make payment.

In case the export financing has not been done by the Export Factor, the Export Factor may pass on the net value to the financing bank/ Institution after realising the export proceeds. AD branch, being the Export Factor, should have an arrangement with the Import Factor for credit evaluation & collection of payment. After factoring, the Export Factor may close the export bills and report the same in the Export Data Processing and Monitoring System (EDPMS) of the Reserve Bank of India.

In case of single factor, not involving Import Factor overseas, the Export Factor may obtain credit evaluation details from the correspondent bank abroad. KYC and due diligence on the exporter shall be ensured by the Export Factor.

39. Issuance of Electronic Bank Realisation Certificate (eBRC)

AD Category-I branches are required to update the EDPMS with data of export proceeds on "as and when realised basis" and, with effect from October 16, 2017, they are required to generate Electronic Bank Realisation Certificate (eBRC) only from the data available in EDPMS, to ensure consistency of data in EDPMS and consolidated eBRC.

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40. Export Data Processing and Monitoring System (EDPMS) - reconciliation of export entries – Special Procedure

Notwithstanding anything contained in this master direction, AD Branches shall adopt the following procedure while closing entries (including outstanding entries) in EDPMS of value equivalent to ₹10 lakh per entry/bill or less:

- a. Such entries shall be reconciled and closed based on a declaration provided by the concerned exporter that the amount has been realised.
 - b. Any reduction in declared value or invoice value of the shipping bills shall also be accepted, based on the declaration by the concerned exporter.
 - c. The declarations referred above may also be received on a quarterly basis from the exporters in a consolidated manner (by combining several bills in one declaration) for bulk reconciliation and closing of EDPMS entries.
- ii. Accordingly, AD Branches shall also review the charges levied for handling these small-value export transactions, keeping in view the revised procedure/relaxations mentioned above and ensure that the same are commensurate with the services rendered. AD Branches shall not levy any penal charges (penalty) for delays in adherence to any regulatory guidelines.



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An exporter, or an importer, as the case may be, shall ensure that interest payable, if any, on advance payment received for export, or on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time..

42.03 IDPMS Entry upto INR 10 Lacs

AD Branch must close or update the respective entry in IDPMS. In case of exports where shipping bill (for goods) or invoice (for services) is up to Rs.10 lacs (or equivalent in foreign currency), entry in IDPMS can be closed based on the declaration submitted by the importer to the effect that the payment against the bill of entry / invoice has been paid in full or otherwise.

42.04 Time limit for settlement of import payments:

In terms of Regulation 9 of FEMA Notification no. 23(R) dated 13 Jan 2026, An Authorised Dealer shall monitor its IDPMS entries and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract:

Provided that the Authorised Dealer may, on request from the importer citing reasons for the delay, allow extension of time for making payment, beyond the period specified in the contract, if the Authorised Dealer is satisfied of the reasons cited.

42.05 Extension in time limit:

AD Branches can approve extension in time limit for settlement of import dues beyond the specified period in the underlying contract.

AD Branches shall consider extension of up to a period of six (6) months at a time, subject to maximum up to three (3) years for the reasons like – disputes about quality and quantity or non-fulfillment of terms of contract, financial difficulties or where the importer has filed a suit against the seller. Extension in time can be approved irrespective of invoice value. AD Branches to ensure followings:

- (a) For extension in time beyond one year from the date specified in the contract, total outstanding of the importer should not exceed USD One million or 10% of the average import remittances during the preceding two financial years; whichever is lower.
- (b) AD Branches should refer to sector-specific guidelines if sector-specific guidelines are issued by the Reserve Bank of India (e.g. rough, cut and polished diamonds)..



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(c) AD Branches should make enquiries and ensure that import transactions for which extension in time is requested are not under investigation by the Enforcement Directorate or Central Bureau of Investigation or other investigating agency.

(d) AD Branches should report the extension in time on the IDPMS portal of RBI.

42.06 Delayed settlement of import payments:

AD Branches are permitted to make remittances for payments of imports with delays beyond the period specified in the underlying contract; due to disputes, financial difficulties, etc.

However, AD Branches should note that rate of interest on such delayed payments, usance bills or overdue interest is payable only for a period of up to three (3) years from the date of shipment at the rate prescribed for trade credit which 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.

42.07 Prepayment of usance bills for imports into India:

AD Branches can make prepayment of usance import bills only after reducing the amount of proportionate interest for the unexpired usance period at the rate at which interest has been charged or widely accepted or Alternative Reference Rate as applicable to the currency of invoice, whichever is applicable.

If interest is not separately claimed or expressly indicated, AD Branches should deduct the proportionate interest for the unexpired period of usance at widely accepted or Alternative Reference Rate as applicable to the currency of invoice.

42.08 Deferred Payment Arrangements – Time Limit:

AD Branches shall ensure compliance with guidelines/instructions contained in Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations in cases of deferred payment arrangements; including suppliers' credit and buyers' credit, for up to three (3) years for import of capital goods and up to one (1) year or operating cycle whichever is less for import of non-capital goods.

42.09 Payments to third party for import transactions:

AD Branches are permitted to make payments for import of goods to a third party subject to following conditions:

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- (a) Importer should be in compliance with extant instructions regarding imports including regarding advance payment being made for import of goods.
- (b) Firm, irrevocable purchase order / tripartite agreement should be in place. However, this requirement should not be insisted upon if documentary evidence for circumstances leading to third party payments or if the name of third party is mentioned on the irrevocable purchase order/invoice are submitted by the importer.
- (c) AD Branch to satisfy itself about the *bona fides* of the transaction.
- (d) AD Branch to refer to Financial Action Task Force (FATF) Statement while handling such transactions.
- (e) AD Branch to ensure that the invoice contains narration to make payment to a named third party.
- (f) Bill of Entry should mention the name of shipper and a narration that the payment has to be made to the named third party.

42.10 Advance Payment for import of goods:

AD Branches can make advance payment for import of goods without any ceiling subject to following conditions:

- (a) If the amount of advance remittance exceeds USD 2,00,000 or equivalent, AD Branch should obtain from the overseas beneficiary a Stand-by Letter of Credit or Bank Guarantee issued by an international bank of repute located outside India or a Stand-by Letter of Credit / Bank Guarantee issued by an AD Category I bank in India against a counter-guarantee of a bank of international repute situated outside India.
- (b) In cases where importer (other than a public sector company or a department/undertaking of the Government of India/ state government) is unable to obtain BG from overseas suppliers, the requirement of BG/SBLC may not be insisted upon for advance up to 5 million, if track record and bonafides of the importer are satisfactory, in terms of extant bank policy on waiver of BG for advance remittance.
- (c) Approval from Ministry of Finance, Government of India is required to make advance remittance for import of goods by a public sector company or a Department/Undertaking of the Government of India/State Government without bank



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guarantee if the amount of advance remittance exceeds USD 100,000 or its equivalent.

(d) AD Branch should follow up with the importer to ensure that beneficiary of the remittance fulfills terms of contract/agreement failing which the amount of advance remittance should be repatriated to India, on lapse of the contract period.

(e) All payments towards advance payment remittance for imports/ORM (Outward Remittance Message) are to be created in IDPMS.

43.00 Remittance against Replacement Import:

Where the Exchange Control Copy of import license has been used for opening a letter of credit and goods are short-supplied/damaged/short-landed/lost, AD Branch can cancel the original endorsement on the import license to the extent of the value of the lost goods. Further, AD Branches can permit fresh remittance for replacement imports if the insurance claim related to the lost goods is settled in favour of the importer. AD Branch should ensure that the consignment is shipped within the validity period of import license. AD Branch should also ensure to make proper remark or indicator is entered to mark-off ORM/closure of bills in IDPMS as per extant guidelines.

43.01 Where the replacement goods for defective import are shipped before the defective goods imported earlier are shipped out of India, AD Branch can issue guarantee at the request of customer for dispatching/returning the defective goods.

44.00 Issuing guarantees for import of goods and services:

For import on deferred payment terms in accordance with the approval by the RBI for import on such terms, AD Branch can give a guarantee for any debt, obligation or other liability incurred by an importer.

44.01 AD Branch can also give guarantee, for any debt, obligation or other liability incurred by an importer to an overseas supplier of goods or a bank/FI; for import of goods as permitted under FTP and further subject to terms and conditions stipulated by the RBI.

44.02 A person resident in India can issue a corporate guarantee favouring overseas lessor for financing import through operating lease as per provisions of extant FTP and FEMA, 1999.

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45.00 Receipt of Import Bills and Documents:

AD Branches should ensure generation of ORMs, BoE entries and BoE settlement with the respective ORMs in compliance with IDPMS guidelines as applicable.

Import bills and documents should be received from the banker of the supplier by the banker of the importer in India. Guidelines for receiving import bills and documents is as under:

45.01 Receipt of import documents by the importer directly from overseas suppliers:

AD Branches shall not make remittances if import bills are received directly by the importers from the overseas suppliers except in following cases:

- (a) if the value of import bill is not exceeding USD 300,000.
- (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 the Foreign Trade Policy, 100% Export Oriented Units / Units in Special Economic Zones, Public Sector Undertakings and Limited Companies.
- (d) Import bills received by all limited companies viz. public limited, deemed public limited and private limited companies.

45.02 Receipt of import documents by the importer directly from overseas suppliers:

AD Branches can allow remittance for imports by non-status holder importers up to USD 300,000 if the importers of rough diamonds, rough precious and semi-precious stones have 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. Status holder importers as defined in the Foreign Trade Policy dealing in the import of rough diamonds, rough precious and semi-precious stones can receive import bills directly from the suppliers without any ceiling.

AD Branches should undertake such transactions subject to the following conditions:

- (a) The import should be in compliance of extant Foreign Trade Policy.
- (b) AD Branches should be satisfied about the bona fides of the transactions.



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- (c) AD Branches should ensure compliance with the KYC and due diligence exercise and should be fully satisfied about the financial standing / status and track record of the importer customer.
- (d) AD Branches should obtain a report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency before this facility is extended to the importer.

45.03 Receipt of import documents by the AD Branch directly from overseas suppliers:

AD Branches can receive bills directly from the overseas suppliers at the request of the importer subject to AD Branch being fully satisfied about the financial standing/status and track record of the importer customer.

AD Branch should obtain a report on each individual overseas supplier from the overseas banker or a reputed overseas credit agency before extending the facility. However, such credit report on the overseas supplier need not be obtained in cases where the invoice value is not exceeding USD 300,000 provided the AD Branch is satisfied about the bona fides of the transaction and track record of the importer constituent.

46.00 Evidence of Import:

AD Branches who undertake remittance towards payment for imports, shall ensure the following; irrespective of value of foreign exchange remitted or paid for import into India:

- (a) Importer has to submit details like Bill of Entry number, Port Code and date to mark evidence of import on RBI's IDPMS Portal. Such details should also be submitted for goods imported and stored in a Free Trade Warehousing Zone or SEZ warehouses or Customs-bonded warehouses.
- (b) In case of **import by post**, Customs Assessment Certificate or Postal Appraisal Form as declared by the importer to the Customs Authorities; should be obtained as an evidence of import
- (c) In case of **import through couriers**, Courier Bill of Entry as declared by the importer to the Customs Authorities should be submitted as evidence of import.

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46.01 Import on Delivery against Acceptance basis:

AD Branches shall verify the evidence of import from IDPMS while making remittance for the import bill. If the importer fails to produce documentary evidence due to genuine reasons like non-arrival of shipment or delay in delivery or customs clearance, etc., AD Branches should satisfy themselves about the genuineness of request and allow reasonable time to the importer for submission of evidence of import, not exceeding three (3) months from the date of remittance.

46.02 Evidence of import in lieu of Bill of Entry:

AD Branches can accept a certificate from the Chief Executive Officer or Auditor of the company to the effect that the goods for which remittance is made have been actually imported into India in lieu of Exchange Control Copy of Bill of Entry for Home Consumption, subject to followings:

- (a) Amount of foreign exchange remitted is less than USD 1,000,000 or its equivalent; and
- (b) The importer is a duly-listed on a stock exchange company with a net worth of not less than Rs.100 cr as on the date of last audited balance sheet or the importer is a public sector company or a department or an undertaking of Government of India.

AD Branches can also extend this facility to autonomous bodies including scientific bodies or academic institutions whose accounts are audited by Comptroller & Auditor General of India (CAG). AD Branch must obtain a declaration from the CEO/auditor of such institution to the effect that their accounts are audited by CAG.

46.03 Non-physical imports:

If the imports are made in non-physical form, for example software or data through internet or drawings & designs through email, AD Branches shall obtain a certificate from the Chartered Accountant that the software or data or drawings & designs have been received by the importer.

47.00 Write-off

With a view to facilitate closure of bills on IDPMS, AD Branches are authorised to write-off to the extent of 5% of invoice value if the amount declared on the Bill of Entry varies from the actual remittance due to operations reasons and the AD Branch is satisfied about the reasons submitted by the importer.



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47.01 AD Branches can write-off bills irrespective of amount involved If write-off is due to quality issues, short-shipment or destruction of goods by the Port/Customs/Health Authorities subject to submission of satisfactory documentation.

47.02 For allowing write-off, AD Branches shall ensure –

- (a) that the relevant bill is not a subject matter of any pending civil or criminal suit,
- (b) that the importer has not come to the adverse notice of the Enforcement Directorate or Central Bureau of Investigation or any such other law enforcement agency; and
- (c) that internal/external auditors carry out random sample check/percentage check of write-off of import bills

48.00 **Follow-up by AD Branches for evidence of import:**

AD Branches shall follow up for submission of documentary evidence of import for remittances made for import remaining outstanding on IDPMS portal. Similarly, if any bill of entry remains outstanding for payment beyond prescribed time frame, AD Branches shall follow up with the importer.

48.01 If an importer does not furnish documentary evidence of import within three (3) months from the date of remittance, AD Branch shall rigorously follow-up with the importer for next three (3) months by using various modes of communication like sending reminders by Regd AD mail/Speed Post/couriers, sending emails on registered email address. AD Branches shall send at least one reminder by means of registered post.

49.00 **Verification and Preservation of records:**

Internal Auditors/ Information Security Auditors (IS Auditors) should carry out verification and IS audit and assurance of 'BoE Settlement' process on IDPMS portal. Data and process followed by AD Branch for 'BoE Settlement' will be preserved as per extant bank guidelines.

49.01 Internal/external auditors of the AD Branches shall carry out verification of documents evidencing import like Exchange Control copies of Postal Appraisal Forms or Customs Assessment Certificates or Courier Bill of Entry, etc. (other than which are available on IDPMS portal)

49.02 AD Branches shall preserve documents evidencing import for a period of one (1) year from the date of their verification.

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49.03 AD Branches shall preserve documents evidencing import and/or data, in cases which are under investigation by investigation agencies till clearance is granted by concerned investigating agency.

50.00 **Import of Gold & Silver:**

50.01 AD Branch shall not allow advance payment for import of gold or silver.

50.02 AD Branches shall ensure that period of Supplier' Credit / Buyers' Credit including the usance period of letters of credit opened for import of gold in any form; including **jewellery made of gold or precious metals or/and studded with diamonds/semi-precious or precious stones**, does not exceed 90 days from the date of shipment.

50.03 **Import of gold by IFSCA-notified Qualified Jewellers:**

The following directions enable resident Qualified Jewellers to import gold through IIBX or any other exchange approved by IFSCA and DGFT, Government of India:

- a. AD Branches may allow Qualified Jewellers to remit advance payments for eleven days for import of gold through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSC Act. AD Branches 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 branches 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.
- b. The advance remittance for import of Gold should not be leveraged in what-so-ever form for importing Gold worth more than the advance remittance made.
- c. In case the import of Gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialise, or the advance remittance made for the purpose is more than the amount required, the unutilized advance remittance shall be remitted back to the same AD Bank within the specified time limit of eleven days.
- d. For gold 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 Branch from where advance payment has been remitted.
- e. All payments by Qualified Jewellers for imports of gold through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations.



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Any deviation from the extant guidelines for import of Gold through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

ii. IFSC Authority (IFSCA) will conduct all required due diligence on the exchange – IIBX including all other entities involved in enabling import of Gold by QJs in terms of the IFSCA regulations. IFSCA shall also put in place necessary system to ensure that the advance remittance received from QJs are solely for the purpose for import of gold through IIBX.

iii. AD Branches shall ensure that:

- a. all required documentation, custom duty related procedures and filing Bill of Entry (BoE) as evidence of import, etc. is complete for the import of gold by QJ within the specified applicable period.
- b. single/multiple ORMs created and matched with corresponding BoEs and closed appropriately in IDMPs.
- 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.

iv. Reporting requirement by AD Branches

- a. AD Branches shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
- b. All these transactions need to be reported in FETERS in terms of extant guidelines.
- c. AD Branches shall report the import of gold through QJ in CIMS as prescribed at para C.11.1 above.

v. The above mentioned arrangement is for the sole purpose of facilitating physical import of gold through IIBX or any similar exchange authorised by IFSCA, by Qualified Jewellers in India.

Import of gold by valid India-UAE CEPA Tariff Rate Quota Holders as notified by –The International Financial Services Centres Authority (IFSCA)

AD Category-I banks may allow valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders to remit advance payment for eleven days for import of gold through IIBX subject to the directions as mentioned in A.P. (DIR Series) Circular No.04 dated May 25, 2022.

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51.00 **Merchanting Trade:**

AD branches may handle the Merchanting Trade Transactions (MTT) subject to the following guidelines:

- i. For a trade to be classified as merchanting trade, goods acquired shall not enter the Domestic Tariff Area.
- ii. 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 subject to the AD bank being satisfied with the documentary evidence and bonafides of the transaction.
- iii. 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.
- iv. AD branches shall satisfy itself with the bonafides of the transactions. Further, KYC and AML guidelines shall be scrupulously adhered to by the AD branch while handling such transactions. The entire merchanting trade is to be routed through the same AD branch.
- v. The AD branch shall verify the 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) and satisfy itself about the genuineness of the trade.
- vi. The AD branch may, 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, the AD bank shall ensure that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions.
- vii. The entire MTT shall be completed within an overall period of nine months and there shall not be any outlay of foreign exchange beyond six 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. Short-term credit

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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. 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.

- viii. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed by the AD branch at the request of its customer, as per extant regulations.
- ix. No fund/non-fund-based facilities shall be extended against these balances. 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 above. Payment for import leg may also be allowed to be made out of the balances.
- x. 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, AD branch 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 500,000/- per transaction, shall be made against Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an international bank of repute.
- xi. 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 nine months and subject to compliance with the instructions issued by Department of Banking Regulation on "Guarantees and Co-acceptances", as amended from time to time, to be incorporated in the credit policy of the bank.
- xii. AD branch shall ensure one-to-one matching in case of each MTT and report defaults in any leg by the traders to the concerned Regional Office of the Reserve Bank through HO Foreign Exchange department, on half yearly basis in the format as annexed, within 15 days from the close of each half year, i.e. June and December; Merchant traders with outstanding of 5% or more of their annual export earnings shall

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be liable for caution listing. The merchanting traders shall be genuine traders of goods and not mere financial intermediaries. Confirmed orders must be received by them from the overseas buyers. AD branches shall satisfy themselves about the capabilities of the merchanting trader to perform the obligations under the order. 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.

Write-off of unrealized amount of export leg:

i. AD branch may write-off the unrealized amount of export leg, without any ceiling, on the request made by the Merchanting trader, in the following circumstances:

a. The MTT buyer has been declared insolvent and a certificate from the official liquidator specifying that there is no possibility of recovery of export proceeds has been produced.

b. The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country and a certificate to that effect has been produced.

c. The unrealized amount of the export leg represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization; provided, the MTT is in adherence to all other provisions except the delays in timelines (either for outlay or completion period of MTT or both) attributed to reasons mentioned at a, b and c above.

ii. In addition to above, write-off as at (i) shall be subject to following conditions:

a. AD branch shall satisfy itself with the bonafides of the transactions and ensure that there are no KYC/AML concerns.

b. The transaction shall not be under investigation under FEMA by any of the investigating agency/ies.

c. The counterparty to the merchant trader is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non-Co-operative Jurisdictions on which FATF has called for counter measures.

51.02 Third Party payments Third party payments for export and import legs of the MTT are not allowed.

51.03 Payment of Agency Commission



AD branches may allow payment of agency commission up 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.

AD branch may approach Regional Office (RO) concerned of the Reserve Bank for regularization of the MTT for deviation, if any, from the prescribed guidelines and the MTT shall be closed only after receiving approval from the RO concerned of the Reserve Bank.

AD branches should follow internal circular no.437/2026-27 dated 11.08.2026 and 667/2025-26 dated 29.10.2025 issued by HO Foreign Exchange department.

52.00 Detailed Operational Procedures for IDPMS

The operational guidelines are summarised as below

- a. AD branches are required to create Outward Remittance Message (ORM) for all outward remittance/s for import payments on behalf of their importer customer for which the prescribed documents for evidence of import have not been submitted.

Settlement of ORM with BoE

- i. Based on the AD code declared by the importer, the banks shall download the Bill of Entry (BoE) issued by EDI ports shall be downloaded from "BOE Master" in IDPMS. For non- EDI ports, shall be uploaded as per message format "Manual BOE reporting" on daily basis on receipt of BoE from the customer/Customs office.
- ii. In order to enhance the ease of doing business and reduce transaction costs, 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. The revised procedure is as under:
 - a. AD branch shall enter BoE details (BoE number, port code and date) for ORM associated with the advance payments for import transactions as per the message format "BOE settlement".
 - b. In case of payment after receipt of BoE, the AD branch shall generate ORM for import payments made by its importer customer as per the message format "BOE settlement".

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- c. Multiple ORMs can be settled against single BoE and also multiple BoE can be settled against one ORM.
- d. The importer needs to preserve the printed 'Importer copy' of BoE as evidence of import and acknowledgement slip for future use.

53.0 Import Data Processing and Monitoring System (IDPMS) – reconciliation of import entries

AD branches shall adopt the following procedure while closing entries (including outstanding entries) in IDPMS of value equivalent to ₹10 lakh per entry/bill or less:

- a. Such entries shall be reconciled and closed based on a declaration provided by the concerned importer that the amount has been paid.
- b. Any reduction in declared value or invoice value of the bills of entry shall also be accepted, based on the declaration by the concerned importer.
- c. The declarations referred above may also be received on a quarterly basis from the importers in a consolidated manner (by combining several bills in one declaration) for bulk reconciliation and closing of IDPMS entries.

54.0 Schedule of Charges

The specific charges applicable to the Bank shall be as per the Bank's prevailing Schedule of Charges approved by the competent authority and available through the Bank's official channels.

Website: [https://punjabandsind.bank.in/content/Miscellaneous Charges](https://punjabandsind.bank.in/content/Miscellaneous%20Charges)

55.00 Grievances Management

Bank understands complaints are an opportunity for us to learn from our mistakes. We deal with all complaints fairly, with integrity, and with rigorous standards and timescales. Customer complaints are part of the business life in any corporate entity. As a service organization, customer service and customer satisfaction are our prime focus. We believe that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones.

1. Our Bank has come up with a lot of initiatives and already has in place a mechanism for complaints redressal, the details can be obtained by clicking on the below link.
<https://punjabandsind.bank.in/content/recomp>.

56.00 Reporting:- All branches of the bank shall ensure reporting of export and import transactions in accordance with the provisions prescribed by the reserve bank of India under Master direction no.18

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dated 01.01.2016, as updated up to June 24, 2026 and amendments/instructions issued by RBI from time to time.

EDPMS (Export Data Processing and Monitoring System) and IDPMS (Import Data Processing and Monitoring System) -

An AD branch:

(a) shall enter details of EDF (of its customers) as received from non-EDI (Electronic Data Interchange) port in EDPMS within five working days of receipt of EDF.

(b) shall enter details of EDF of service (of its customers) in EDPMS within five working days of receipt of EDF from an exporter.

(c) shall enter details of import (of its customers) as received from non-EDI port in IDPMS within five working days of receipt of documents.

(d) shall enter details of import of service, in IDPMS, as declared and submitted by the importer, within five working days of receipt of documents.

(e) shall enter details of inward and outward remittances for all exports, imports and Merchanting Trade Transactions (MTT) in EDPMS and/ or IDPMS.

(f) shall monitor all transactions in EDPMS and IDPMS for closure of outstanding entries and follow-up with an exporter, an importer and person undertaking MTT for submission of documents for the same.

Mark-off/closure of entries:

(g) shall in the case of an export, mark-off the entry in EDPMS after ensuring that the export value has been realised.

(h) shall in the case of an import, mark-off the entry in IDPMS after ensuring that the payment for the import has been made.

(i) may on request by an exporter citing reasons, close the entry relating to export advance transactions in EDPMS, where no export has been made and where refund of such advance is not possible, after having been satisfied of the genuineness of the reasons cited.

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(j) may on request by an importer citing reasons, close the entry relating to import advance transactions in IDPMS, where no import has taken place and where repatriation of such advance is not possible, after having been satisfied of the genuineness of the reasons cited.

(k) may on the request of importer, close the entry in IDPMS where import transaction has been settled at reduced value, after having been satisfied of the genuineness of the reasons cited.

(l) shall in the case of an MTT, close or update the respective entry in EDPMS and IDPMS after making the receipt and payment for both legs of the MTT.

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



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57. Relevant Circulars

Any clarification on regulatory or operational part should be ensured from the Master Direction on Export and Import of Goods and Services, and other guidelines issued by the bank from time to time. Some Important circulars under reference are as under:

Reference has been drawn from existing Master Direction on Export and Import of Goods and Services, and other guidelines issued by the bank from time to time.

Sl. No.	Master Direction no.	Subject	Date
1.	16/2015-16	Master Direction on Export of Goods and Services	01.01.2016 (Last updated on 17.07.2026)
2.	17/2016-17	Master Direction on Import of Goods and Services	01.01.2016 (Last updated on 12.01.2026)
3.	18/2015-16	Master Direction – Reporting under Foreign Exchange Management Act, 1999	01.01.2016 (Last updated on 24.06.2026)

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ANNEXURE:I

EXPORTS: LIST OF DOCUMENTS:

Please obtain following documents:

- (a) Commercial Invoice
- (b) Packing List
- (c) Bill of Lading or Air-Way Bill (as the case maybe)
- (d) Insurance Policy
- (e) Certificate of Origin
- (f) Shipping Bill number, Date and Port Code details
- (g) EDF
- (h) IEC

In case the exporter has availed pre-shipment and/or post-shipment credit facilities from the Bank, appropriate security documents, as applicable, should be obtained.

IMPORT:LIST OF DOCUMENTS:

Please obtain following documents:

- (a) Commercial Invoice
- (b) Packing List
- (c) Bill of Lading or Air-Way Bill (as the case maybe)
- (d) Insurance Policy
- (e) Certificate of Origin
- (f) Bill of Entry number, Date and Port Code details
- (g) IEC



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