Master Direction – Export of Goods and Services

FED Master Direction No. 16/2015-16 Dated 1st January, 2016 amended up to 12th January, 2018

Export trade is regulated by the DGFT.

Banks may conduct export transactions in conformity with the FTP and the Rules framed by the Government of India and the Directions issued by RBI.

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The Foreign Exchange Management Act, 1999.

The Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 (Export Regulations).

“Financial Year” (April to March) is reckoned as the time base for all transactions pertaining to trade related issues.

The exporters shall be **liable** to realize and repatriate export proceeds as per FEMA Regulations.

Banks may consider requests for grant of EDF waiver from status holder, the limit is Rs. 1 crore or 2% of the average annual export realization during the preceding 3 licensing years, whichever is lower.

Pharma company = 2% of the average annual export realization during the preceding 3 licensing years. (8% for life saving drugs)

The amount representing the full export value of the goods exported should be received through a Bank in the specified manner.

a. Bank draft, pay order, banker's or personal cheques.

b. Foreign currency notes/foreign currency travelers' cheques from the buyer during his visit to India.

c. Payment out of funds held in the FCNR/NRE account maintained by the buyer.

d. Banks may also receive payment for exports made out of India by debit to the credit card of an importer where the reimbursement from the card issuing bank/ organization will be received in foreign exchange.

All transactions between a person resident in India and a person resident in Nepal or Bhutan may be settled in Indian Rupees.

3rd PARTY PAYMENTS

a) Firm irrevocable order backed by a tripartite agreement.

b) Bank should be satisfied with the bona-fides of the transaction.

c) Bank should consider the **Financial Action Task Force** – FATF- country.

d) Third party payment should be routed through the banking channel only;

e) The exporter should declare the third party remittance in the Export Declaration Form / shipping bill.

(i) The period of realization and repatriation of export proceeds shall be 9 months from the date of export for all exporters.

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(ii) Goods exported to a warehouse established outside India: As soon as it is realized and in any case within 15 months from the date of shipment of goods.

Participants in international exhibition have been granted general permission for opening a temporary foreign currency account abroad.

Exporters may deposit the foreign exchange obtained by sale of goods at the international exhibition and operate the account during their stay outside India.

The balance in the account is repatriated to India within a period of 1 month from the date of closure of the exhibition.

Goods can be sold overseas.

Goods can be given as a gift up to value of USD 5,000/- per exhibition, per exporter.

Remaining goods are to be re-imported in to India and to submit BE in one month to the bank.

Full details are to be submitted to the bank.

An Indian entity can also open, hold and maintain a foreign currency account with a bank outside India, in the name of its overseas office/branch, by making remittance for the purpose of normal business operations of the said office/branch or representative.

A unit located in a SEZ may open, hold and maintain a Foreign Currency Account with a bank in India.

<u>EEFC Account</u>

(i) A person resident in India may open EEFC account with a bank in India.

(ii) It will be **non-interest** bearing current account.

(iii) No credit facilities shall be permitted.

(iv) 100%.

(v) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month.

Banks may permit exporters to repay packing credit advances whether availed in Rupee or in foreign currency from balances in their EEFC account and / or Rupee resources to the extent exports have actually taken place.

Setting up of Offices Abroad

At the time of setting up of the office, banks may allow remittances towards initial expenses up to 15% of the average annual sales/income or turnover during the last 2 financial years or

up to 25% of the net worth, whichever is **higher**.

For **recurring** expenses, remittances up to 10% of the average annual sales/income or turnover during the last 2 financial years may be sent for the purpose of normal business operations of the office (trading/non-trading)/branch or representative office outside India.

a. The overseas branch/office/representative shall not enter into any contract or agreement in contravention of the Act, Rules or Regulations.

b. The overseas office (trading / non-trading) / branch / representative should not create any financial liabilities, contingent or otherwise, for the head office in India and also not invest surplus funds abroad without prior approval of the RBI.

Any funds rendered surplus should be repatriated to India.

The details of bank accounts opened in the overseas country should be promptly reported to the Bank.

Banks may also allow remittances by a company incorporated in India having overseas offices, within the above limits for initial and recurring expenses, to acquire immovable property outside India for its business and for **residential purpose of its staff**.

Receipt of Advance against Exports

where an exporter receives advance payment (with or without interest), from a buyer outside India, the exporter shall be under an obligation to ensure that the shipment of goods is made within **1 year** from the date of receipt of advance payment;

the rate of interest, if any, payable on the advance payment does not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points;

and the documents covering the shipment are routed through the bank through whom the advance payment is received.

Provided that in the event of the exporter's inability to make the shipment, partly or fully, within 1 year from the date of receipt of advance payment,

no remittance towards **refund** of unutilized portion of advance payment or towards payment of interest,

shall be made after the **expiry** of the said period of 1 year, **without** the prior approval of the RBI.

- EDPMS will capture the details of advance remittances received for exports in EDPMS.
- Banks will have to report all the inward remittances including advance as well as old outstanding inward remittances received for export of goods/ software to EDPMS.
- Banks need to report the electronic FIRC to EDPMS wherever such FIRCs are issued against inward remittances. (Amendment dt.26.05.16)

Banks can also allow exporters having a minimum of 3 years' satisfactory track record to receive long term export advance up to a maximum period of 10 years to be utilized for execution of long term supply contracts for export of goods subject to certain conditions.

Banks may allow the purchase of foreign exchange from the market for refunding advance payment credited to EEFC account only after utilizing the entire balances held in the exporter’s EEFC accounts maintained at different branches/banks.

Banks may allow exporters to receive advance payment for export of goods which would take more than one year to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of 1 year from the date of receipt of advance payment subject to the following conditions:-

- The KYC and due diligence exercise has been done by the bank for the overseas buyer;

- Compliance with the Anti-Money Laundering standards has been ensured;

- The bank should ensure that export advance received by the exporter should be utilized to execute export and not for any other purpose i.e., the transaction is a bona-fide transaction;

- Progress payment, if any, should be received directly from the overseas buyer strictly in terms of the contract;

- The rate of interest, if any, payable on the advance payment shall not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points;

- There should be no instance of refund exceeding 10% of the advance payment received in the last 3 years;

- The documents covering the shipment should be routed through the same bank; and

In the event of the exporter's inability to make the shipment, partly or fully, no remittance towards refund of unutilized portion of advance payment or towards payment of interest should be made without the prior approval of the RBI.

It is further reiterated that banks should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only bonafide export advances flow into India.

EDF approval for Export of Goods for re-imports

(i) Banks may consider request 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.

(ii) Where the goods being exported for testing are destroyed during testing, banks may obtain a certificate issued by the testing agency that the goods have been destroyed during testing, in lieu of Bill of Entry for import.

Consignment Exports

(i) When goods have been exported on consignment basis, the bank, while forwarding shipping documents to his overseas branch/ correspondent, should instruct the latter to deliver them only against **trust receipt** /undertaking to deliver sale proceeds by a specified date within the period prescribed for realization of proceeds of the export.

(ii) The agents/consignees may deduct from sale proceeds of the goods expenses normally incurred towards receipt, storage and sale of the goods, such as landing charges, warehouse rent, handling charges, etc. and remit the net proceeds to the exporter.

(iii) The account sales received from the Agent/Consignee should be **verified** by the banks. Deductions in Account Sales should be supported by bills/receipts in original except in case of petty items like postage/cable charges, stamp duty, etc.

(iv) In case the goods are exported on consignment basis, freight and marine insurance **must** be arranged in India.

Opening / Hiring of Ware houses abroad

Banks may consider the applications received from exporters and grant permission for opening / hiring warehouses abroad subject to the following conditions:

(i) Applicant's export outstanding does not exceed 5% of exports made during the previous financial year.

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

(iii) Period of realization should be as applicable.

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

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

Direct dispatch of documents by the exporter

1. Banks should normally dispatch shipping documents to their overseas branches/correspondents expeditiously.

   However, they may dispatch shipping documents direct to the consignees or their agents resident in the country of final destination of goods in cases where:

(i) Advance payment or an irrevocable letter of credit has been received for the full value of the export shipment and the underlying sale contract/letter of credit provides for dispatch of documents direct to the consignee or his agent resident in the country of final destination of goods.

(ii) The banks may also accede to the request of the exporter provided the exporter is a regular customer and the bank is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realization of export proceeds.

2. Banks may also permit 'Status Holder Exporters' and units in SEZ to dispatch the export documents to the consignees outside India subject to:

(i) The export proceeds are repatriated through the banks named in the EDF

(ii) The duplicate copy of the EDF is submitted to the banks for monitoring purposes, by the exporters within 21 days from the date of shipment of export.

Banks may regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent, per export shipment, subject to:

(i) The export proceeds have been realized in full.

(ii) The exporter is a regular customer of bank for a period of at least 6months.

(iii) The exporter’s account with the bank is fully compliant with the RBI’s extant KYC / AML guidelines.

(iv) The bank is satisfied about the bona-fides of the transaction.

Short Shipments and Shut out Shipments

(i) When part of a shipment covered by an EDF already filed with Customs is short-shipped, the exporter must give notice of short-shipment to the Customs in the form and manner prescribed.

In case of delay in obtaining certified short-shipment notice from the Customs, the exporter should give an undertaking to the banks to the effect that he has filed the short-shipment notice with the Customs and that he will furnish it as soon as it is obtained.

Where a shipment has been entirely shut out and there is delay in making arrangements to re-ship, the exporter will give notice in duplicate to the Customs in the form and manner prescribed, attaching thereto the unused duplicate copy of EDF and the shipping bill.

The Customs will verify that the shipment was actually shut out, certify the copy of the notice as correct and forward it to the RBI together with unused duplicate copy of the EDF. In this case, the original EDF received earlier from Customs will be cancelled. If the shipment is made subsequently, a fresh set of EDF should be completed.

Export of goods by Special Economic Zones (SEZs)

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

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

b. The exporter has made satisfactory arrangements for realization of full export proceeds.

Banks may permit units in DTAs to purchase foreign exchange for making payment for goods supplied to them by units in SEZs.

(ii) Export of Services by SEZs to DTA Unit. Banks are permitted to sell foreign exchange to a unit in the DTA for making payment in foreign exchange to a unit in the SEZ for the services rendered by it.

It must be ensured that in the Letter of Approval (LoA) issued to the SEZ unit by the DC of the SEZ, the provisions pertaining to the goods / services supplied by the SEZ unit to the DTA unit and for payment in foreign exchange for the same should be mentioned.

Issue of Guarantees by Bank

1. Bank may give guarantee in respect of any debt, obligation or other liability incurred by a person resident in India and owned to a person resident outside India, where the debt, obligation or other liability is incurred by the person resident in India as an exporter, on account of exports from India.

(i) The procedure relating to the exports of goods through EDI ports will remain the same.

(ii) However, the requirement of declaring the exports of goods / software in the SDF in case of exports taking place through the EDI ports has been dispensed with as the mandatory statutory requirements contained in the erstwhile SDF have been subsumed in the Shipping Bill format.

In case of export of goods / software done through EDI ports

(i) The relative shipping bill should be submitted in duplicate to the Commissioner of Customs concerned.

(ii) After verifying and authenticating, the Commissioner of Customs will hand over to the exporter, one copy of the shipping bill marked 'Exchange Control Copy' for being submitted to the bank within 21 days from the date of export.

However, in cases where EC copy of shipping bill is not printed in terms of CBEC's Circular No. 55/2016-Customs dated November 23,2016 and data of shipping bill is integrated with EDPMS, requirement of submission of EC copy of shipping bill with the AD bank would not be there.

(iii) In cases where ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA) initially settles the claims of exporters in respect of exports insured with them and subsequently receives the export proceeds from the buyer/buyer's country through the efforts made by them, the share of exporters in the amount so received is disbursed through the bank which had handled the shipping documents.

In such cases, ECGC and private insurance companies regulated by IRDA will issue a certificate to the bank, which had handled the relevant shipping documents after full proceeds have been received.

The certificate will indicate the number of declaration form, name of the exporter, name of the bank, date of negotiation, bill number, invoice value and the amount actually received by ECGC and private insurance companies regulated by IRDA.

SOFTEX Forms

(i) All software exporters can now file single as well as bulk SOFTEX form in the form of a statement in excel format to the competent authority for certification. Since the SOFTEX data from STPI/SEZ are being transmitted in electronic format to RBI, the exporters now have to submit the SOFTEX form in duplicate as per the revised procedure.

STPI/SEZ will retain one copy and handover duplicate copy to exporters after due certification. As hitherto, the exporters have to provide information about all the invoices in the bulk statement in excel format.

(ii) A common “SOFTEX Form” has been devised to declare single as well as bulk software exports.

(iii) RBI has extended the facility for online generation of the EDF Form Number and the SOFTEX Form Number (Single as well as Bulk for use in off-site software exports).

Consolidation of Air Cargo/Sea Cargo

(i) Consolidation of Air Cargo

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

(b) Banks may negotiate HAWBs only if the relative letter of credit specifically provides for negotiation of these documents in lieu of Airway Bills issued by the airline company.

(ii) Consolidation of Sea Cargo

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

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

(b) Further bank may, at their discretion, also accept FCR issued by Shipping companies of repute/IATA approved agents for purchase/discount/collection of shipping documents even in cases, where export transactions are not backed by LC, provided their 'relative sale contract' with overseas buyer provides for acceptance of FCR as a shipping document.

Delay in submission of shipping documents by exporters

In cases where exporters' present documents pertaining to exports after the prescribed period of 21 days from date of export, bank **may** handle them without prior approval of the RBI, provided they are satisfied with the reasons for the delay.

Reduction in Invoice Value on Account of Prepayment of Usance Bills

Occasionally, exporters may approach bank for reduction in invoice value on account of cash discount to overseas buyers for prepayment of the usance bills.

Bank may allow cash discount to the extent of amount of proportionate interest on the unexpired period of usance, calculated at the rate of interest stipulated in the export contract or at the prime rate/LIBOR of the currency of invoice where rate of interest is not stipulated in the contract.

Reduction in Invoice Value in other cases (C.17)

(i) If, after a bill has been negotiated or sent for collection, its amount is to be reduced for any reason, bank may approve such reduction, if satisfied about genuineness of the request, provided:

(a) The reduction does not exceed 25% of invoice value:

(b) It does not relate to export of commodities subject to floor price.

(c) The exporter is not on the exporters' caution list of the RBI.

(d) The exporter is advised to surrender proportionate export incentives availed of.

(ii) In the case of exporters who have been in the export business for more than **3 years**, reduction in invoice value may be allowed, **without** any percentage ceiling, subject to the above conditions as also subject to their track record being satisfactory, i.e., the export outstanding do not exceed 5% of the average annual export realization during the preceding 3 financial years.

C.17

(iii) For the purpose of reckoning the percentage of export bills outstanding to the average export realizations during the preceding 3 financial years, outstanding of exports made to countries facing externalization problems may be ignored provided the payments have been made by the buyers in the local currency.

C.17

Export Claims

(i) Bank may remit export claims on application, provided the relative export proceeds have already been realized and repatriated to India and the exporter is not on the caution list of the RBI.

(ii) In all such cases of remittances, the exporter should be advised to surrender proportionate export incentives, if any, received by him.

Change of buyer/consignee

Prior approval of the RBI is **not** required if, after goods have been shipped, they are to be transferred to a buyer other than the original buyer in the event of default by the latter, provided the reduction in value, if any, involved does not exceed 25% of the invoice value

and

the realization of export proceeds is not delayed beyond the period of 9 months from the date of export.

Extension of Time

(i) The RBI has permitted the banks to extend the period of realization of export proceeds beyond stipulated period of realization from the date of export, up to a period of 6 months, at a time, irrespective of the invoice value of the export subject to the following conditions:

(a) The export transactions covered by the invoices are not under investigation by Directorate of Enforcement / CBI or other investigating agencies,

(b) The bank is satisfied that the exporter has not been able to realize export proceeds for reasons beyond his control,

(c) The exporter submits a declaration that the export proceeds will be realized during the extended period,

(d) While considering extension beyond one year from the date of export, the total outstanding of the exporter does not exceed USD 1 million or 10% of the average export realizations during the preceding three financial years, whichever is **higher**.

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

(ii) Cases which are not covered by the above instructions would require prior approval from the concerned Regional Office of the Reserve Bank.

(iii) Reporting should be done in EDPMS.

Write off of export bills

(i) An exporter who has not been able to realize the outstanding export dues despite best efforts, may either self-write off or approach the bank, who had handled the relevant shipping documents, with appropriate supporting documentary evidence with a request for write off of the unrealized portion subject to the fulfillment of stipulations regarding surrender of incentives prior to" write-off".

The limits prescribed for write off are as follow:

- Self “write-off” by an exporter (Other than Status Holder Exporter)- 5%*
- Self “write-off” by Status Holder Exporters- 10%*
- ‘Write-off” by bank- 10%*

*of the total export proceeds realized during the previous calendar year.

(ii) The above limits will be related to total export proceeds realized during the previous calendar year and will be **cumulatively** available in a year.

(iii) The above “write-off” will be subject to conditions that the relevant amount has remained outstanding for more than 1 year.

Satisfactory documentary evidence is furnished in support of the exporter having made all efforts to realize the dues, and the case falls under any of the undernoted categories:

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

(b) The overseas buyer is not traceable over a reasonably long period of time.

(c) The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.

(d) The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;

(e) The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter;

(f) The cost of resorting to legal action would be disproportionate to the unrealized 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;

(g) 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 unrealized consequent on dishonor of the bills by the overseas buyer and there are no prospects of realization.

(iv) The exporter has surrendered proportionate export incentives

The bank should obtain documents evidencing surrender of export incentives availed of before permitting the relevant bills to be written off.

(v) In case of self-write-off, the exporter should submit to the concerned bank, a Chartered Accountant’s certificate, indicating the export realization in the preceding calendar year and also the amount of write-off already availed of during the year, if any, the relevant EDF to be written off, Bill No., invoice value, commodity exported, country of export.

The CA certificate may also indicate that the export benefits, if any, availed of by the exporter have been surrendered.

(vi) However, the following would not qualify for the "write off" facility:

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

(b) EDF which are under investigation by agencies like, Enforcement Directorate, DRI , CBI, etc.

as also the outstanding bills which are subject matter of civil / criminal suit.

vii) Banks should report write off of export bills through **EDPMS** to the Reserve Bank.

Viii) Banks are advised to put in place a system under which their internal inspectors or auditors should carry out random sample check / percentage check of write-off outs.

ix) Cases not covered by the above instructions / beyond the above limits, may be referred to the concerned Regional Office of RBI.

Write off in cases of Payment of Claims by ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA)

(i) Banks shall, on an application received from the exporter supported by documentary evidence from the ECGC and private insurance companies regulated by IRDA confirming that the claim in respect of the outstanding bills has been settled by them, write off the relative export bills in EDPMS.

(ii) Such write-off will not be restricted to the limit of 10% indicated above.

(iii) Surrender of incentives, if any, in such cases will be as provided in the FTP.

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

Write-off – Relaxation

As announced in the FTP 2015-20, realization of export proceeds shall not be insisted upon under any of the Export Promotion Schemes under the said FTP, subject to the following conditions:

(a) The write off on the basis of merits is allowed by the RBI or by bank on behalf of the RBI, as per extant guidelines;

(b) The exporter produces a certificate from the Foreign Mission of India concerned, about the fact of non-recovery of export proceeds from the buyer; and

(c) This would not be applicable in self write off cases.

‘Netting off’ of export receivables against import payments – Units in SEZ

Banks may allow requests received from exporters for ‘netting off’ of export receivables against import payments for units located in SEZ subject to the following:

(i) The ‘netting off’ of export receivables against import payments is in respect of the **same** Indian entity and the overseas buyer / supplier (bilateral netting) and the netting may be done as on the **date of balance sheet** of the unit in SEZ.

(ii) The details of export of goods are documented in EDF (O) forms / DTR as the case may be while details of import of goods / services are recorded through A1 / A2 form as the case may be. The relative EDF will be treated as complete by the designated bank only after the **entire** proceeds are adjusted / received.

(iii) Both the transactions of sale and purchase are to be reported separately.

(iv)The export / import transactions with ACU countries are kept outside the arrangement.

(v) All the relevant documents are submitted to the concerned bank who should comply with all the regulatory requirements relating to the transactions.

Set-off of export receivables against import payables

Bank may deal with the cases of set-off of export receivables against import payables, subject to following:

(i) The import is as per the FTP.

(ii) Invoices/BL/AWB and Exchange Control copies of BE for home consumption have been submitted by the importer to the bank.

(iii) Payment for the import is still outstanding in the books of the importer.

(iv) Both the transactions of sale and purchase are to be reported separately.

(v) The relative EDF will be released by the bank only after the **entire** export proceeds are adjusted / received.

(vi) The “set-off” of export receivables against import payments should be in respect of the same overseas buyer and supplier and that **<u>consent</u>** for ”set-off” has been obtained from him.

(vii) The export / import transactions with ACU countries should be kept outside the arrangement.

(viii) All the relevant documents are submitted to the concerned bank who should comply with all the regulatory requirements relating to the transactions.

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Agency Commission on Exports

(i) Bank may allow payment of commission, either by remittance or by deduction from invoice value, on application submitted by the exporter. The remittance on agency commission may be allowed subject to:

(a) Amount of commission has been declared on EDF/SOFTEX form and accepted by the Customs authorities.

In cases where the commission has not been declared on EDF/SOFTEX form, remittance **may** be allowed after satisfying the reasons adduced by the exporter for not declaring commission on Export Declaration Form, provided a valid agreement/**written** understanding between the exporters and/or beneficiary for payment of commission exists.

(b) The shipment has already been made.

Refund of Export Proceeds

Bank, through whom the export proceeds were originally realized may consider requests for refund of export proceeds of goods exported from India and being re-imported into India on account of poor quality. While permitting such transactions, bank are required to:

(i) Exercise due diligence regarding the track record of the exporter .

(ii) Verify the bona-fides of the transactions.

(iii) Obtain from the exporter a certificate issued by DGFT / Custom authorities that no incentives have been availed by the exporter against the relevant export or the proportionate incentives availed, if any, for the relevant export have been surrendered

(iv) Obtain an undertaking from the exporter that the goods will be re-imported within 3 months from the date of remittance and

(v) Ensure that all procedures as applicable to normal imports are adhered to.

Mr. Ajit Shah
Mob: 9004663068
Email: ajitshah@universalconnections.in