



यूको बैंक
सम्मान आपके विश्वास का



UCO BANK
Honours Your Trust



**POLICY ON
EXPORT AND IMPORT OF GOODS AND
SERVICES
(2026-28)**

**INTERNATIONAL BANKING DEPARTMENT
HEAD OFFICE**



INDEX		
SECTION 1 – INTRODUCTION		
SECTION 2 – EXPORTS		
PART -General Guidelines for Export of Goods & Services		
2.A.1	Introduction	6
2.A.2	Time period for realization of exports	7
2.A.3	Manner of receipt and payment	7
2.A.4	International Trade Invoicing and Settlement in Indian Rupees (INR)	8
2.A.5	Processing of export related receipts through Online Payment Gateways	8
2.A.6	Foreign Currency Account	8
2.A.7	Counter-Trade Arrangement	8
2.A.8	Export of Goods and Services against Repayment of State Credit	9
2.A.9	Project Exports and Service Exports	9
2.A.10	Export of goods on lease, hire, etc.	9
2.A.11	Export on elongated credit terms	10
PART B – EDF PROCEDURE		
2.B.1	Declaration of exports	10
2.B.2	Mid-Sea trans-shipment of catch by deep sea fishing vessels	11
2.B.3	Third party receipts	11
2.B.4	Short Shipments and Shut out Shipments	12
2.B.5	Consolidation of Air cargo / Sea cargo	12
PART C – GENERAL OPERATIONAL GUIDELINES		
2.C.1	Receipt of advance against exports	13
2.C.2	Long term advance against export	13
2.C.3	Direct dispatch of documents	15
2.C.4	Consignment Exports	16
2.C.5	Opening / hiring of warehouses abroad	16
2.C.6	Reduction in Export Invoice Value	16
2.C.7	Reduction in invoice value on account of prepayment of usance bills	17

2.C.8	Part Drawings/ Undrawn Balances	17
2.C.9	"Write-off" of unrealized export bills	18
2.C.10	Write off in cases of payment of claims by ECGC and private insurance	19
2.C.11	Write-off – Relaxation	19
2.C.12	Set-off of export receivables against import payables	20
2.C.13	Extension of time period for Realization of Exports	21
2.C.14	Refund of export proceeds	21
2.C.15	Unrealized Exports	22
2.C.16	Shipments lost in transit	22
2.C.17	Export claims	22
2.C.18	Agency commission on Exports	23
2.C.19	Netting-off of export receivables against import payments – Units in Special Economic Zones (SEZs)	23
2.C.20	Change of buyer/consignee	24
2.C.21	Export of goods by Special Economic Zones (SEZs)	24
2.C.22	Follow-up and Monitoring	24
2.C.23	"Export Data Processing and Monitoring System (EDPMS) – reconciliation of export entries	25
2.C.24	Regulatory Reporting	26
SECTION 3 – IMPORTS		
PART A – GENERAL		
3.A.1	Introduction	27
PART B – GENERAL GUIDELINES FOR IMPORTS		
3.B.1	General guidelines	27
3.B.2	Remittances for Import Payments	28
3.B.3	Import Licences	28
3.B.4	Obligation of Purchaser of Foreign Exchange	29
3.B.5	Time Limit for Settlement of Import Payments	29
3.B.6	Third-Party Payment for Import Transactions	30

3.B.7	Issue of Guarantees by an Authorised Dealer	31
PART C – OPERATIONAL GUIDELINES FOR IMPORTS		
3.C.1	Advance Remittance for Imports	31
3.C.2	Interest on Import Bills	36
3.C.3	Remittances Against Replacement Imports	36
3.C.4	Guarantee for Replacement Import	36
3.C.5	Import of Equipment by Business Process Outsourcing (BPO) Companies for Overseas Sites	36
3.C.6	Receipt of Import Bills / Documents	37
3.C.7	Evidence of Import	38
3.C.8	Reporting – Import Data Processing and Monitoring System (IDPMS)	39
3.C.9	Verification and Preservation	41
3.C.10	Follow-up for Import Evidence	42
3.C.11	Import of Gold and Silver	42
3.C.12	Import of Other Precious Metals	44
3.C.13	Merchanting Trade Transactions (MTT)	44
3.C.14	Processing of Import-Related Payments through Online Payment Gateway Service Providers (OPGSPS)	48
3.C.15	Settlement of Import Transactions in Currencies Without a Direct Exchange Rate	48
3.C.16	Export Factoring and Import Factoring	49
3.C.17	Handling of DoE and STR cases (For both Export & Import)	49
Timelines/Grievances		50

POLICY ON EXPORT AND IMPORT OF GOODS AND SERVICES (2026-28)

Section 1 - Introduction

1. Introduction

The Reserve Bank of India (RBI) has introduced revised regulatory directions governing Export and Import transactions under the Foreign Exchange Management (Export and Import of Goods and Services) Regulation vide Notification No. FEMA23 (R) 2026- RB dt 13.01.2026 which will be effective from 1st October 2026.

As per under Regulation 19 of the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, AD Bank shall put in place a separate, comprehensive, well document internal policy and SOP for handling transactions (including the reporting thereof) related to export and import of goods and services as we as MTT, in accordance with Act, and Rules, Regulations and Directions issued thereunder. As per the said Regulation the policy will include the following:

- a. List of documents, timelines and charges for each process and approval.
- b. Extension of the time-period for export realisation and repatriation/import payments.
- c. Adjustment (under, over and non -realisation) of export proceeds to be realised and repatriated.
- d. Advance receipts for export and advance payments of imports.
- e. Delegation of powers for internal approvals for each process.
- f. Export factoring and import factoring.

1.1 Objective

The primary objective of this policy is to formulate and adopt the Bank's internal policy under Regulation 19 of the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026. The Bank is required to put in place a separate, comprehensive and well-documented internal policy and SOP for handling transactions, including reporting, relating to export and import of goods and services and Merchanting Trade Transactions (MTT) while ensuring compliance with the applicable regulatory requirements.

1.2 Know Your Customer and Due Diligence

Know Your Customer (KYC) standards in line with the directions issued by RBI from time to time, risk-based due diligence and monitoring mechanisms shall be applied while undertaking any trade transactions to mitigate risks of trade-based money laundering, over- or under-invoicing and other irregularities.

1.3 Scope

The policy establishes the framework for handling export and import of goods and services by the Bank in accordance with FEMA 23(R)/2026-RB dated January 13, 2026, the Foreign Exchange Management Act, 1999, Foreign Trade Policy and the Rules framed by the Government of India.

- This Policy shall apply to all branches, treasury/operations units and other functions of the Bank handling export, import and Merchanting Trade Transactions (MTT) transactions.
- This policy covers transactions in goods, services and software, project exports, export/import advances, third-party receipts/payments, set-off, reduction/non-realisation, delayed import payments, import advances, factoring, INR trade settlement and MTT, as applicable.
- The policy covers the reporting monitoring, reconciliation and closure of EDPMS/IDPMS entries.
- This policy seeks to ensure uniformity in handling such transactions across the Bank and clearly defines delegation of power at various levels for approving the transactions.
- Any amendments or changes to the applicable provisions of FEMA, RBI directions or other statutory or regulatory requirements, as amended from time to time, shall prevail over the provisions of this policy.
- As per directions issued under the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, come into force the directions issued by RBI Master Direction –Export of Goods and Services and Master Direction – Import of Goods and Services shall stand superseded.

1.4 Regulatory Framework and Directions

The aspects covered in the Bank's Internal Policy and Standard Operating Procedure shall be governed and will in conjunction of the following guidelines.

1.4.1 FEMA 1999

Foreign Exchange Management Act, 1999 (42 of 1999), the Rules framed thereunder, and all Regulations, Master Directions, A.P. (DIR Series) Circulars and other directions issued by the RBI thereunder, and amended from time to time.

The policy shall, inter alia, be governed by the following FEMA Regulations and related legal framework:

- (a) Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 – FEMA 23(R)/2026-RB.
- (b) Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 – FEMA 14(R)/2023-RB.
- (c) Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2015 – FEMA 9(R)/2015-RB.
- (d) Foreign Exchange Management (Guarantees) Regulations, 2026 – FEMA 8(R)/2026-RB.
- (e) Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 – FEMA 3(R)/2018-RB.
- (f) Foreign Exchange Management (Deposit) Regulations, 2016 – FEMA 5(R)/2016-RB.

(g) Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015- FEMA 10 (R)/2015- RB.

SOP covering the documentation requirement and process flow for various type of export and import transactions shall be formulated by the Department and shall be an integral part of this Policy.

1.4.2 Foreign Trade Policy

The Foreign Trade Policy incorporating provisions relating to export and import of goods and services are governed under Foreign Trade Policy (FTP). The FTP is amended time to time as per the Handbook of Procedure, as well as notifications and guidelines issued by Directorate General of Foreign Trade (DGFT), Government of India.

1.5 Definitions

For the purposes of this policy, unless the context otherwise requires, the following terms shall bear the following meaning. Expressions not defined here shall carry the meaning assigned to them under FEMA, 1999, the Regulations and Master Directions issued thereunder, and the Foreign Trade Policy.

Act	"Act" means the Foreign Exchange Management Act, 1999 (42 of 1999).
Authorized Dealer	"Authorized Dealer" means a person authorized as an authorized dealer under sub-section (1) of Section 10 of the Act.
Export Declaration Form	"Export Declaration Form" (EDF) means the form given at Annexure.
Project Export	"Project Export" shall have the same meaning as defined in the Foreign Trade Policy.
Software	"Software" means any computer programme, database, drawing, design, audio/video signals, any information by whatever name called in or on any medium other than in or on any physical medium.
Specific Authority	Specified Authority means: (i) Commissioner of customs in Domestic Tariff Area (DTA) and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for goods; (ii) An Authorized Dealer in DTA and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for services other than software; and (iii) An Authorized Dealer or Software Technology Parks of India (STPI) in DTA, and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for software.

	Explanation: For the purpose of these regulations, "services" shall also include "software".
AD Bank/ AD Branches	An "Authorised Dealer" – a person, bank, or branch specifically authorised by RBI under Section 10 of FEMA to deal in foreign exchange, including for the purpose of import remittances.
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism – the regulatory framework and internal controls aimed at preventing the banking channel for money laundering or terrorist financing.
BoE	Bill of Entry – the customs document filed by an importer (or their agent) declaring the details of goods imported into India, used as primary evidence of physical import.
CDF	Currency Declaration Form – the form to be filed with Customs authorities on arrival in India where the value of foreign exchange brought in exceeds the prescribed threshold.
DGCA	Directorate General of Civil Aviation – the regulator granting permission to operate scheduled or non-scheduled air transport services in India
EDPMS	Export Data Processing and Monitoring System – the RBI system used by AD Banks to track and reconcile export transactions.
FATF	Financial Action Task Force – the inter-governmental body setting international AML/CFT standards, including the list of high-risk and non-cooperative jurisdictions referenced in this policy.
IDPMS	The Import Data Processing and Monitoring System – the RBI system used by AD Banks to track and reconcile import remittances against evidence of import (BoE).
IFSCA	International Financial Services Centres Authority – the unified regulator for financial products and services in International Financial Services Centres, including IBX.
IIBX	India International Bullion Exchange (IFSC) Limited – the exchange authorised for import of gold and silver by nominated agencies, qualified jewelers, and TRQ holders.
ORM	Outward Remittance Message – the entry created in IDPMS for every outward remittance made against an import, pending closure against evidence of import
SBLC	Standby Letter of Credit – an unconditional, irrevocable undertaking issued as a

	substitute for a bank guarantee to secure an advance remittance
TRQ	Tariff Rate Quota – a quota-based concessional import entitlement, referenced herein in the context of gold import under the India-UAE CEPA.
Services	"Services" include all tradable services covered under General Agreement on Trade in Services (GATS) and earning foreign exchange.
Status Holder	"Status Holder" means an exporter recognized for export performance by an Regional Authority as per para 1.25 of the FTP.

Section 2- Export of Goods & Services

Part A: General Guidelines for Export of Goods & Services

2.A.1: Introduction

Export: It means "Taking or sending of goods and services from India to a place outside India and includes the export of software and the provision of services from India to a person resident outside India" in accordance with the provisions of the Foreign Trade (Development and Regulation) Act (1992), the Foreign Exchange Management Act 1999 and the regulations issued thereunder governing export and import of goods and services and the Foreign Trade policy, as amended from time to time.

Export trade in India is regulated by the Directorate General of Foreign Trade (DGFT) functioning under the Ministry of Commerce & Industry, Department of Commerce, and Government of India. The DGFT formulates the Foreign Trade Policy and related procedures governing export from India as amended from time to time.

Reserve Bank of India, in exercise of the powers conferred by Section 7, Section 8, sub-section (6) of Section 10 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in supersession of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 (Notification No. FEMA 23(R)/2015-RB dated January 12, 2016), except in respect of things done or omitted to be done before such supersession, Reserve Bank of India, vide its Notification No. FEMA 23(R)/2026-RB dated January 13, 2026 issue Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026.

AD Bank are permitted to conduct export transactions in conformity with the Foreign Trade Policy in vogue and the Rules framed by the Government of India and the Directions issued by Reserve Bank from time to time and the internal policies framed by the Bank.

There is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act 1999. Accordingly, all export contracts and invoices may be denominated either in freely convertible foreign currency or Indian rupees and export proceeds shall be realised in the manner prescribed under the Foreign Trade Policy, the Foreign Exchange Management Act, 1999, the rules and regulations framed thereunder and the directions issued by the RBI from time to time, including framework governing settlement of international Trade in Indian Rupees through Special Rupee Vostro Account (SRVA).

The issuance of guarantees in relation to export transactions shall be governed by the provisions of Foreign Exchange Management (Guarantees) Regulation 2026, as amended from time to time.

2.A.2 Time period for realization of exports

The amount representing the full export value or reduced export value of goods and services shall be realized (including by way of set off) and repatriated by the exporter within the period specified below:

- (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;
- (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 AD Branches 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 AD Branches is satisfied of the reasons cited. For allowing extension of time for realization of export proceeds beyond stipulated period of realization, the guidelines illustrated at point no. C.11 shall be adhered to.

AD branches shall permit realization and repatriation of the full export value of goods exported to 'Bharat Mart' within nine months from the date of sale of the goods from the warehouse, in accordance with the provisions of A.P. (DIR Series) Circular No. 03 dated April 23, 2025.

2. A.3 Manner of receipt and payment

- i) The receipts and payments for export 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.
- ii) AD Branches shall make a credit or debit to the account of an exporter, for receipt of export, 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).

Provided that in the case of export where the shipping bill (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in EDPMS may be closed based on a declaration from the exporter to the effect that the payment against the shipping bill / invoice has been realised either in full or otherwise. Alternatively, such declaration may be submitted by an exporter to the Authorised Dealer on a quarterly basis for bulk closure of entries in EDPMS.

2. A.4 International Trade Invoicing and Settlement in Indian Rupee (INR)

AD Branches shall be guided by the extant guidelines on International Trade settlement in Indian Rupees (INR) issued by the Reserve Bank, from time to time.

2.A.5 Processing of export related receipts through Online Payment Gateways

Processing of export related receipts through online payment gateways shall be in terms of Notification No. **CO.DPSS.POLC.No.S-633/02-14-008/2025-26** dated 15 Nov 2025.

2.A.6 Foreign Currency Account

The opening, holding and maintenance of foreign currency accounts by exporters shall be governed by the provisions of the Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations 2015 notified vide Notification No. FEMA 10(R)/2015-RB dated January 21, 2016, as amended from time to time and the directions/instructions issued by the Reserve Bank of India thereunder.

2.A.7 Counter-Trade Arrangement

Counter trade proposals involving adjustment of value of goods imported into India against value of goods exported from India in terms of an arrangement voluntarily entered into between the Indian party and the overseas party through an Escrow Account with the Bank in India in US Dollar subject to following conditions

- i) All imports and exports under the arrangement should be at international prices in conformity with the Foreign Trade Policy and Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under.
- ii) No interest will be payable on balances standing to the credit of the Escrow Account but the funds temporarily rendered surplus may be held in a short-term deposit up to a total period of three months in a year (i.e., in a block of 12 months) and the banks may pay interest at the applicable rate.
- iii) No fund based/or non-fund based facilities would be permitted against the balances in the Escrow Account.
- iv) Application for permission for opening an Escrow Account is required to be made by the overseas exporter / organization to the AD bank. The delegation of powers applicable for approval of counter Trade Arrangements is specified in Table 7 to this policy.
- v) Counter Trade Arrangement involving specific countries shall be governed by the directions, if any, issued by the Reserve Bank of India from time to time. AD Branches shall comply with such country-specific directions issued by RBI.

2.A.8 Export of goods and services against repayment of State credits

For the handling of export of goods and services against repayment of State credit, AD Branches will continue to be governed by the extant directions issued by the Reserve Bank from time to time on export of goods and services against repayment of State credits granted by the erstwhile Soviet Union.

2.A.9 Project Exports and Service Exports

i) Exporters who have secured orders of engineering goods for undertaking supply contracts on deferred payment terms, those who have secured turnkey/civil construction contracts abroad for export of service where execution of the contracts involves grant of fund-based and/or non-fund based facilities from the Indian banking system or where deferred payment terms are to be offered are collectively referred as Project Exports.

ii) Indian exporters are required to obtain the approval of the AD Branches at post-award stage before undertaking execution of such contract.

iii) AD Branches are permitted to consider awarding post-award approvals without any monetary limit and permit subsequent changes in the terms of post award approval within the relevant FEMA guidelines as per table 12.

iv) The respective AD Branches shall monitor the projects for which post-award approval has been granted by them.

v) An AD Branches shall permit receipts/ payments for project exports as per the underlying contract, after satisfying themselves of the genuineness of the project.

vi) Subject to monitoring by the AD branch, project exporters are permitted to deploy temporary cash surplus, generated outside India, from such exports, for investments in short-term instruments (with original or residual maturity of one year or less) including in treasury bills and in deposits with branches/subsidiaries outside India.

vii) AD Branches shall ensure that the Project approval awarded to the exporters shall mandatorily capture the transaction-specific approvals viz., opening and maintaining of foreign currency account abroad, inter project transfer of machinery / funds, repatriation of funds in case of onsite software contracts etc.

viii) Repatriation of funds in case of On-site Software Contracts - The requirement of repatriation of 30 per cent of contract value in respect of on-site contracts by software Exporter Company / firm has been dispensed with. They should, however, repatriate the profits of on-site contracts after completion of the contracts.

2.A.10 Export of goods on lease, hire

AD Branches are permitted to approve export of machinery, equipment, etc., on lease, hire basis under agreement with the overseas lessee against collection of lease rentals/hire charges

and ultimate re-import. Exporters are required to apply to AD Branches for necessary permission, giving full particulars of the goods to be exported. The delegations of powers applicable for approval of export of goods on lease, hire or similar arrangements is specified in Table 8 to this policy.

2.A.11 Export on elongated credit terms

- i) Exporters intending to export goods on elongated credit terms are required to submit their proposal giving full particulars of the transaction to their designated AD Branches.
- ii) The delegation of Powers for approval of requests related to the export of goods on elongated credit terms is specified in Table 9 to this Policy.

Part B: EDF Procedure

2.B.1 Declaration of exports

- i) An exporter of goods shall furnish to the specified authority, a declaration in the Export Declaration Form (EDF) specifying the amount representing the full export value of goods, at the time of export.

Provided that the EDF will be deemed to be submitted as part of shipping bill for goods exported through Electronic Data Interchange (EDI) port;

Provided further that a traveller moving personal effects (which are either accompanied or unaccompanied) from India shall not be treated as exporter for the purpose of these Regulations.

An exporter to submit EDF/Shipping documents and Invoice and Bill of lading to the AD named in the EDF/shipping bill, within 30 days from the date of exports of goods. Beyond 30 days, AD Branch on the basis of request from the exporter citing reasons for delay, extend the period for submission of EDF after satisfying itself about the reasonableness of the request. The delegations of powers applicable for extension of submission of EDF are specified in Table 1 to this policy.

- ii) 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:

- (a) 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;
- (b) the exporter of services other than software, may submit an EDF on or before the date of receipt of payment;
- (c) AD Branches 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.

- iii) In the case of a non-EDI port for export of goods; or where the specified authority for export of services is other than AD Branches, the duly authenticated EDF, shall be forwarded by the

specified authority to the respective AD Branch. The AD Branches shall accordingly enter the details of the EDF as per the guidelines illustrated under point no. 2.C.19 — Export Data Processing and Monitoring System (EDPMS) — Reconciliation of Export Entries.

2.B.2. Mid-sea trans-shipment of catch by deep sea fishing vessels

i) Since deep sea fishing involves continuous sailing outside the territorial limit, trans-shipment of catches takes place in the high sea leading to procedural constraints in regulatory reporting requirement viz. the Declaration of Export in terms of Notification No. FEMA.23(R)/2026-RB dated January 13, 2026.

ii) For mid-sea trans-shipment of catches by Indian owned vessels, as per the norms prescribed by the Ministry of agriculture, Government of India, the EDF declaration procedure in this regard has been rationalised in consultation with the Government of India, as outlined below, should be followed by the exporter in conformity with Regulation 3 of Notification No.FEMA.23 (R)/2026-RB dated January 13, 2026.

a) The exporters shall submit the EDF, duly signed by the Master of the vessel in lieu of Custom certification, indicating the composition of the catch, quantity, export value, date of shipment (date of transfer of catch), etc. duly supported by a certificate from an international cargo surveyor.

b) Bill of Lading / receipt of trans-shipment issued by the carrier vessel should include the EDF Number.

c) The prescribed period of realization and repatriation should be reckoned with reference to the date of transfer of catch as certified by the Master of the vessel or the date of the invoice, whichever is earlier.

d) The EDF, both original and duplicate, should indicate the number and date of Letter of Permit issued by Ministry of Agriculture for operation of the vessel.

e) The exporter will complete the EDF in duplicate and both the copies may be submitted to the Customs at the registered port of the vessel or any other port as approved by Ministry of Agriculture.

f) Rules, Regulations and Directions issued in respect of the procedure for submission of EDF by the exporter to the AD branch, and the disposal of these forms by the AD Branch shall be the same as applicable to the other exporters.

2.B.3 Third Party Receipts

AD branches are allowed to permit third party (other than the parties undertaking export) receipts for export transactions, subject to compliance of any of the below given conditions:

- i) Firm irrevocable order backed by a tripartite agreement should be in place. However, it may not be insisted upon in cases where documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order/ invoice.
- ii) The exporter should declare the third party remittance in the Export Declaration Form and it would be responsibility of the Exporter to realise and repatriate the export proceeds from such third party named in the EDF. Exporter should be responsible to realise and repatriate the export proceeds from such third party named in the EDF.
- iii) In case of shipments being made to a country in Group II of Restricted Cover Countries, (e.g. Sudan, Somalia, etc.), payments for the same may be received from an Open Cover Country.
- iv) Reporting of outstanding, shall continue to be shown against the name of the exporter. However, instead of the name of the overseas buyer from where the proceeds have to be realised, the name of the declared third party should appear in the outstanding report.

Further, AD Branches shall ensure the following conditions are to be invariably adhered to while allowing third party receipts under any of the above-mentioned cases:

- a) AD branch should be satisfied with the bona-fides of the transaction and export documents, such as, invoice / FIRC.
- b) AD Branch should consider the FATF statements while handling such transaction.
- c) Third party payment should be routed through the banking channel.

2.B.4 Short Shipments and Shut out Shipments

- i) When part of a shipment covered by an EDF is short-shipped, the exporter must give notice of short-shipment to the Customs in the form and manner prescribed by Customs. In case of delay in obtaining certified Short-shipment notice from the Customs, the exporter should give an undertaking to the AD branch 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.
- ii) 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 by Customs. Customs will verify that the shipment was actually shut out and transmit the EDF details as per the manner specified in Regulation 3 of Notification No. FEMA.23(R)/2026-RB dated January 13, 2026. The original EDF will be cancelled and if the shipment is made subsequently, a fresh set of EDF should be completed.

2.B.5 Consolidation of Air cargo / Sea cargo

- i) AD branch may handle House Airway Bills (HAWBs) only if the relative letter of credit specifically provides for these documents in lieu of Airway Bills issued by the airline company.
- ii) AD branch 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 letter of credit Specifically provides for 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.

iii) AD branch may also accept FCR issued by Shipping companies of repute/IATA approved agents (in lieu of bill of lading), for collection of shipping documents even in Cases, where export transactions are not backed by letters of credit. AD Branches to ensure due diligence on the overseas buyer, in such cases.

Part C: General Operational Guidelines

2.C.1: Receipt of advance against exports

i) An exporter shall, in case of advance receipt for export, route the advance amount and realization of export proceeds, if any, through the same Authorized Dealer. However, an exporter may route the transactions through any other Authorized Dealer provided the exporter has intimated the change to both the Authorized Dealers.

ii) Where an exporter receives advance payment (with or without interest), from a buyer outside India, the shipment of goods/rendering of services shall be made within three years from the date of receipt of advance payment. However, the exporter must ensure that the shipment of goods/rendering of services takes place within the contracted period.

iii) In case, the shipment of goods or rendering of services has not been completed within three years from the date of receipt of advance, AD branch may, on the request of the exporter and after satisfying itself of the genuineness of the reason for delay in the shipment of goods/rendering of services, allow extension in the shipment of goods/rendering of services in accordance with delegation of powers prescribed in Table 10 of this policy. Accordingly, the extension of the outstanding Inward Remittance Message shall be reported in EDPMS.

iv) In the event of the exporter's inability to make the shipment or render services, partly or fully, within three years 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 three years, without the prior approval of the competent authority as specified in the delegation of powers prescribed in Table 11 to this Policy.

v) AD Branches shall ensure that interest payable, if any, on advance payment received for export, 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.

2.C.2: Long term advance against export

AD branches may allow exporters to receive advance against long-term export for a tenor of up to 10 years to be utilized for execution of long-term supply contracts for export of goods/services or to receive advance payment for export of goods which would take more than three years to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of three years from the date of receipt of advance payment subject to the following conditions:

- a) The exporters shall have a minimum of three years satisfactory track record.
- b) Firm irrevocable supply orders and contracts should be in place.
- c) AD Branch shall verify the contracts / orders for genuineness. The contract with the overseas party / buyer shall clearly specify the nature, amount and delivery timelines of the products over the years and penalty in case of non-performance or contract cancellation. Product pricing should be in consonance with prevailing international prices.
- d) The company should have capacity, systems and processes in place to ensure that the orders over the duration of the said tenure can actually be executed.
- e) The facility is to be provided only to those entities, which have not come under the adverse notice of Enforcement Directorate or any such regulatory agency.
- f) Such advances should be adjusted through future exports.
- g) The export advance received by the exporter should be utilized to execute export and not for any other purpose.
- h) The interest payable, if any, on the long-term advance payment received for export, 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.
- i) The documents should be routed through only one AD Branch.
- j) AD branch should ensure compliance with AML / KYC guidelines.
- k) Such export advances shall not be permitted to be used to liquidate Rupee loans classified as NPA.
- l) Double financing for working capital shall not be permitted for execution of export orders.
- m) AD Branches are required to issue bank guarantee (BG) / Stand by Letter of Credit (SBLC) for export performance, keeping in view the prudential requirements based on the Credit Risk Management Policy of the Bank. AD Branches shall comply with the following guidelines:
 - (i) BG / SBLC may be issued for a term not exceeding two years at a time and further rollover of not more than two years at a time may be allowed subject to satisfaction with relative export performance as per the contract.
 - (ii) BG / SBLC should cover only the advance on reducing balance basis.
 - (iii) BG / SBLC issued from India in favour of overseas buyer should not be discounted by the overseas branch / subsidiary of bank in India.
- n) AD branch 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.
- o) 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 shall be made without the prior approval of the competent authority as specified in the delegation of powers prescribed in Table 12 to this Policy.
- p) The regulatory reporting in respect of long-term advances receipt by the exporters for future exports shall be carried out in accordance with the Master Direction — Reporting

under the Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Export and Import of Goods and Services) regulations 2026 as amended from time to time.

2.C.3: Direct dispatch of documents

i) AD Branch should normally dispatch shipping documents to their overseas Branches/correspondents expeditiously. However, they may dispatch shipping documents direct to the consignees or their agent's resident in the country of final destination of goods in cases where:

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

(b) The exporter is a regular customer of the Bank and the AD Branch is satisfied with the standing and track record of the exporter and arrangements have been made for realization of export proceeds. In case of newly opened accounts, the AD Branch shall undertake enhanced due diligence and accordingly handle the case as per AD Branch Satisfaction.

ii) AD Branch may regularize cases of dispatch of shipping documents by the exporter directly to the consignee or his agent resident in the country of the final destination of goods, irrespective of the value of export shipment, subject to the following conditions:

(a) The export proceeds have been realised in full except for the amount written off, if any, in accordance with the extant provisions for write off.

(b) The exporter is a regular customer of the Bank.

(c) The exporter's account is fully compliant with the Reserve Bank's extant KYC / AML guidelines. d) The AD branch is satisfied about the bona fides of the transaction.

(d) In case of newly opened accounts, the AD Branch shall undertake enhanced due diligence and accordingly handle the case as per AD Branch Satisfaction.

iii) AD Branch may permit 'Status Holder Exporters' (as defined in the Foreign Trade Policy), and units in Special Economic Zones (SEZ) to dispatch the export documents to the consignees outside India subject to the terms and the export proceeds are repatriated through the AD branch named in the EDF declaration.

Further, in cases where an exporter approaches the AD branch for lodgement of export documents pending realization, the AD branch shall ensure that arrangements for realization and repatriation of export proceeds have been made through the AD bank designated in the Export Declaration Form (EDF) subject to compliance of the above points (i,ii & iii)

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

2.C.4. Consignment Exports

- i) When goods have been exported on consignment basis, AD Branches 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. This procedure should be followed even if, according to the practice in certain trades, a bill for part of the estimated value is drawn in advance against the exports.
- 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 AD branches. 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.

2.C.5 Opening / hiring of warehouses abroad

- i) AD Branches are permitted to consider proposals received from exporters and grant permission for opening / hiring warehouses abroad subject to the following conditions:
 - a) Applicant's export outstanding does not exceed 5 per cent of exports made during the previous financial year.
 - b) Applicant has a minimum export turnover of USD 100,000/- during the last financial year.
 - c) Period of realization should be as applicable.
 - d) All transactions should be routed through the designated AD Branch.
 - e) 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 requirements above.
 - f) AD branch should maintain a proper record of the approvals granted.

Any deviation from the aforesaid conditions shall require prior approval in accordance with the delegation of powers specified in Table 13 to this Policy.
- ii) In terms of A.P. (DIR Series) Circular No 03 dated April 23, 2025, AD branches may allow Opening/hiring of a warehouse in 'Bharat Mart' by an Indian exporter with a valid Importer Exporter Code, without any pre-conditions, after verifying the reasonableness of the same.

2.C.6 Reduction in Export Invoice Value

AD Branches may allow reduction in the invoice value of exports only in genuine cases of under realization or non-realization of export proceeds, after being satisfied of the reason cited by the exporters as per the delegated in Table 3 and subject to the conditions specified-

i. Reduction in invoice value not exceeding Rs. 10 lakhs (or its equivalent in foreign currency)

Where the export value does not exceed Rs. 10 lakhs (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), the reduction of export value (including non-realization of full export value) may be permitted by the AD Branches based on a declaration from the exporter.

ii. Reduction in invoice value more than Rs 10 lakh (or its equivalent in foreign currency)

AD Branches may permit reduction in the invoice value of exports (goods or services) on account of quality or quantity disputes, commercial discounts or rebates, or administrative and regulatory factors, subject to satisfaction regarding the genuineness of the request, the conditions specified below and the applicable delegation of powers prescribed in Table 3 to this Policy.

- a) It does not relate to export of commodities subject to floor price stipulations.
- b) The exporter is not under investigation by Directorate of Enforcement/Central Bureau of Investigation or other investigating agencies.
- c) The exporter shall surrender proportionate export incentives availed of, if any.

2. C.7 Reduction in invoice value on account of prepayment of usance bills

AD Branches are permitted to allow reduction in invoice value on account of cash discount to overseas buyers for prepayment of the usance bills. The cash discount may be allowed 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/or any other widely accepted /Alternative reference rate of the currency of invoice where rate of interest is not stipulated in the contract.

2.C.8 Part Drawings/ Undrawn Balances

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

- a) The amount of undrawn balance is considered normal in the particular line of export trade, subject to a maximum of 10 per cent of the full export value.
- b) An undertaking is obtained from the exporter on EDF forms that he will surrender/account for the balance proceeds of the shipment within the period prescribed for realization.

(ii) In cases where the exporter has not been able to arrange for repatriation of the undrawn balance in spite of best efforts, AD branches, on being satisfied with the bona fides of the case,

should ensure that the exporter has realised at least the value for which the bill was initially drawn (excluding undrawn balances) or 90 per cent of the value declared on EDF form, whichever is more and a period of one year has elapsed from the date of shipment.

2.C.9 "Write-off" of unrealised export bills

AD Branches may on request from the exporter citing reasons for under realization or non-realization of full export value allow write off of the export bills, subject to the conditions specified under the respective categories below:

i) Write off of export bills upto Rs 10 lakh (or its equivalent in foreign currency)

For the export value up to Rs10 lakh (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), non-realization of export value may be permitted based on a declaration from the exporter as per the delegation power described in Table 4 to this policy.

ii) Write off of export bills above Rs10 lakh (or its equivalent in foreign currency)

The AD Branch that handled the relevant EDF of the exporter may permit write-off of unrealized export bills where the exporter has not been able to realize the outstanding export dues despite best efforts and the dues are considered unrecoverable, subject to compliance of the following conditions and the applicable delegation of powers prescribed in Table 5 to this Policy:

- The relevant amount has remained outstanding for more than one year.
- Satisfactory documentary evidence is furnished indicating that the exporter had made all efforts to realize the export proceeds.
- The exporter is a regular customer of the Bank and is fully compliant with KYC/AML guidelines and AD branch is satisfied with the bona fides of the transaction.
- The AD Branches shall ensure that the exporter seeking write-off has submitted documentary evidence towards surrendering of proportionate export incentives if any, availed of in respect of the relative export bill.
- Upon approval of the write-off, AD branch shall report write-off of export bills in Export Data Processing and Monitoring System (EDPMS).

iii) Write-off without Monetary Limit for Specified Categories

AD Branches may, on request of the exporter, write-off unrealized export bills without any limit in respect of cases falling under any of the categories mentioned below, provided AD Branches are satisfied with the documentary evidence produced as per the delegated power refer in Table 05 and subject compliance of the conditions specified under point (ii) - Write off of export bills above Rs.10 lakh:

- 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 unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization.
- c. The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
- d. The overseas buyer is not traceable over a reasonably long period of time.
- e. The unrealised amount represents the undrawn balance of an export bill 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 unrealised amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control.
- 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 unrealised consequent on dishonour of the bills by the overseas buyer and there are no prospects of realization.

iv) The following cases shall not qualify for the "write-off" facility:

- a) Exports made to countries with externalization problem i.e. where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the Central Bank/ authorities of the country concerned.
- b) EDF which are under investigation by agencies like, Enforcement Directorate of Revenue Intelligence, Central Bureau of Investigation as also the outstanding bills which are subject matter of civil / criminal suit.

2.C.10 Write off in cases of payment of claims by ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA)

AD Branch 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 subject to the following conditions:

- (a) Such write-off will not be restricted to the limit prescribed in Table 5 to this policy.
- (b) Surrender of incentives, if any, in such cases will be as provided in the Foreign Trade Policy.
- (c) The claims settled in rupees by ECGC and private insurance companies regulated by IRDA should not be construed as export realization in foreign exchange.

2.C.11 Write-off – relaxation

As per guidelines of Foreign Trade Policy (FTP), 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 AD Branch 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.

2.C.12 Set-off of export receivables against import payables

AD Branch are allowed to permit set-off of export receivables against import payables from/to the same overseas buyer or supplier or with their overseas group or associated companies provided such set off is affected within the stipulated period for realization of export proceeds or within the extended period, if any, permitted by the AD Branch and subject to the following conditions:

- a) The arrangement shall be operationalized /supervised through/by AD Branch only and AD branch is satisfied with the bona fides of the transactions and ensures that there are no KYC/AML/CFT concerns.
- b) The invoices under the transaction are not under investigation by Directorate of Enforcement/Central Bureau of Investigation or any other investigative agency.
- c) Export/ import of goods/services has been undertaken as per the extant Foreign Trade policy.
- d) The export / import transactions with ACU countries are kept outside the arrangement.
- e) Set-off of export receivables against goods shall not be allowed 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.
- i) 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.
- j) Set-off shall not result in tax evasion/avoidance by any of the entities involved in such arrangement.
- k) Third party guidelines shall be adhered to by the concerned entities, wherever applicable
- l) AD branches may seek Auditors/CA certificate wherever felt necessary.
- m) AD Branch bank shall ensure compliance with the entire regulatory requirement relating to the transactions.

- n) Each of the export and import transactions shall be reported separately (gross basis) in FETERS/EDPMS/IDPMS, as applicable.
- o) AD Branch shall settle the transaction in EDPMS by utilizing the 'set-off indicator' and mentioning the details of shipping bills details being settled in the remark column (including details of entities involved).

Any relaxation(s) vis-à-vis the aforesaid conditions shall require prior approval in accordance to the delegation of power prescribed in Table 6 to this policy.

2.C.13 Extension of time period for Realization of Exports

An AD Branch may, upon receipt of a request from an exporter citing reasons for the delay, allow extension of the time period for realization of export proceeds beyond the stipulated realization period, provided it is satisfied with the reasons furnished by the exporter and subject to the conditions specified below and the applicable delegation of powers prescribed in Table 2 to this Policy.

- i) The export transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies.
- ii) The AD branch is satisfied that the exporter has not been able to realize export proceeds for reasons beyond his control.
- iii) The exporter submits a declaration that the export proceeds will be realized during the extended period.
- iv) In cases where the exporter has filed suits abroad against the buyer, extension may be granted irrespective of the amount involved / outstanding.
- v) AD Branches shall ensure accurate distinction between normal export transactions and receipts of long-term advances against exports while considering requests for extension.
- vi) Reporting should be done in EDPMS.

2.C.14 Refund of export proceeds

i) AD Branches, through whom the export proceeds were originally realized may consider requests for refund of export proceeds on account of short-shipment, poor quality etc. as per the delegated power refer in Table 11, subject to the adherence of the following conditions:

- a) Appropriate due diligence on the track record of the exporter is carried out and AD Branches is satisfied with the bona fides of the request.
- b) 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
- c) AD Branches may not insist on the requirement of re-import of goods, where exported goods have been auctioned or destroyed by the Port / Customs / Health authorities/ any other accredited agency in the importing country subject to submission of satisfactory documentary evidence.

ii. Where the exporter proposes to re-import the goods into India, AD Branches shall ensure compliance with the procedures applicable to normal imports and obtain an undertaking from the exporter to re-import the goods after the refund of the export proceeds.

2.C.15 Unrealized Exports

If the export proceeds of an exporter remain unrealized from a particular overseas buyer for a period beyond one year from the due date of realization or extended period, if any, allowed by an AD Branch, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit issued/confirmed by an approved counterparty bank.

2.C.16 Shipments lost in transit

- i) When shipments from India for which payment has not been received either by negotiation of bills under letters of credit or otherwise are lost in transit, the AD Branch must ensure that insurance claim is made as soon as the loss is known.
- ii) In cases where the claim is payable abroad, the AD Branch must arrange to collect the full amount of claim due on the lost shipment, through the medium of their overseas branch/correspondent and release the duplicate copy of EDF only after the amount has been collected.
- iii) AD Branch should ensure that amounts of claims on shipments lost in transit which are partially settled directly by shipping companies/airlines under carrier's liability abroad are also repatriated to India by exporters.

2.C.17 Export claims

AD Branches are permitted to allow remittance of export claims as per the delegated power refer in Table 27 at the request of an exporter, on account of settlement of disputes, damage claims, or similar claims, subject to compliance with the following conditions:

- a) The relative export proceeds have already been realized and repatriated to India.
- b) Appropriate due diligence on the track record of the exporter is carried out and AD Branch is satisfied with the bona fides of the request.
- c) 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) The exporter is not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies.

2.C.18 Agency commission on Exports

(i) AD branches are permitted to 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 as per the delegated power refer in Table 27 subject to conditions as under:

a) Amount of commission has been declared on EDF and accepted by the Customs authorities or Ministry of Information Technology, Government of India / EPZ authorities as the case may be. In cases where the commission has not been declared on EDF, 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 relative shipment has already been made

(ii) AD Branches are permitted to allow payment of commission by Indian exporters, in respect of their exports covered under counter trade arrangement through Escrow Accounts designated in US dollar, subject to the following conditions:

a) The payment of commission satisfies the conditions as at (a) and (b) stipulated in paragraph (i) above.

b) The commission is not payable to Escrow Account holders themselves.

c) The commission should not be allowed by deduction from the invoice value.

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

2.C.19 Netting-off of export receivables against import payments – Units in Special Economic Zones (SEZs)

AD Branches may permit netting off of export receivables against import payables for units located in Special Economic Zones (SEZs) subject to the following conditions:

a) 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.

b) The details of export of goods/services are documented in the EDF as per SEZ rules while details of import of goods / services are recorded through A1 / A2 form as the case may be. The transaction will be treated as complete by the designated AD branches only after the entire proceeds are adjusted / received.

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

d) All the relevant documents are submitted to the concerned AD Branch who should comply with all the regulatory requirements relating to the transactions.

e) Both the transactions of sale and purchase in R- Returns under FETERS are reported separately.

2.C.20 Change of buyer/consignee

i) Change in buyer/consignee in exports refers to a situation where export documents have been prepared or goods have been shipped, the exporter request a change in the overseas buyer and/or consignee named in the export documents while the goods remain the same.

AD branches are permitted to approve the Change of buyer, provided they are satisfied with the documentary evidence and the bona fides of the transaction.

ii) Where the goods are transferred to a buyer other than the original buyer in the event of default by the latter, any reduction in the invoice value and any extension of the period for realization of export proceeds beyond the prescribed timeline shall be subject to the applicable delegation of power for reduction in invoice value and extension of the realization period, as specified in Table to 2 and 3 to this Policy.

2.C.21 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 the full export proceeds subject to compliance with the EDF procedure prescribed under Regulation 3 of Notification No. FEMA.23(R)/2026-RB dated January 13, 2026.

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

iii. The exporters operating from Special Economic Zones (SEZs) shall comply with the applicable provisions of the Special Economic Zones Act, 2005, the Special Economic Zones Rules, 2006, and the directions issued thereunder, as amended from time to time.

2.C.22 Follow- up and Monitoring

i) Follow-up and Monitoring of Overdue Bills

a) AD Branches should closely monitor realization of bills and in cases where bills remain outstanding, beyond the due date for payment from the date of export, the matter should be promptly taken up with the exporter concerned.

b) AD Branches to monitor and follow up with an exporter to realize export proceeds within the period stipulated in Regulation 5 of FEMA 23R/2026-RB. If the exporter fails to arrange for realization of export proceeds within the stipulated period, exporter should be advised to seek extension from the AD Branch.

c) AD Branches should follow up with exporters systematically and vigorously and communication issued to the exporter in respect of an unrealized export shall draw attention to the consequence under Regulation 13 of FEMA 23R /2026-RB, which provides that if the export proceeds of an exporter remain unrealized for a period beyond one year from the due date of realization or the extended period, for a particular buyer, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit issued/confirmed by an approved counterparty bank.

ii) Follow-up and Monitoring of Advance against Exports

a) AD branches are advised to efficiently follow up with the exporters concerned in order to ensure that export performance (shipments in case of export of goods) is completed within the stipulated time period of the contract.

b) It is further reiterated that 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

2.C.23 "Export Data Processing and Monitoring System (EDPMS) - reconciliation of export entries

AD Branches:

i. Shall report the transaction through Export Data Processing and Monitoring System (EDPMS) and retain the documents at their end after the documents being negotiated/sent for collection or lodged.

ii. 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.

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

iv. Shall enter details of inward remittances for all exports transactions in EDPMS.

AD branches shall report the electronic FIRC to EDPMS wherever such FIRCs are issued against inward remittances (export of goods/services/software),

v. Reporting of extension of EDF/shipping bill should be done in EDPMS.

vi. Reporting of write-off of EDF/shipping bill should be done in EDPMS.

vii) AD Branch shall monitor all transactions in EDPMS for closure of outstanding entries and follow-up with an exporter for submission of documents for the same.

Mark-off/closure of entries:

- i. Shall in the case of an export, mark-off the entry in EDPMS after ensuring that the export value has been realised.
- ii. May on request by an exporter citing reasons and providing documentary evidence in this regard, 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.

Closure of Shipping Bills not exceeding Rs. 10 lakh (or its equivalent in foreign currency)

- i. AD branches shall adopt the procedure, specified below, for closing entries (including outstanding entries) in EDPMS of value equivalent to Rs 10 lakh per shipping bill or less:
 - a) Such entries shall be reconciled and closed based on a declaration provided by the exporter concerned that the amount has been realized.
 - 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 to 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.

2.C.24 Regulatory Reporting

- i) AD Branches shall report all foreign trade transactions in Foreign exchange Transaction Electronic Reporting System (FETERS) in terms of the extant guidelines issued by the Reserve bank of India from time to time.
- ii) AD Branches shall ensure compliance with all other regulatory reporting requirements prescribed by the Reserve Bank of India from time to time.

Section 3- Import of Goods & Services

PART A – General

3.A.1, Introduction

i) **Import:** It means "To bring in goods and services by a resident entity in India from another country for sale or use". It involves cross-border movement of goods/services and a corresponding foreign exchange outflow. It is a critical component of a country's international trade framework and directly impacts foreign exchange reserves, the trade balance, and economic growth.

Import trade in India is regulated by the Directorate General of Foreign Trade (DGFT) under the Ministry of Commerce & Industry, Department of Commerce, and Government of India. AD branches should ensure that imports into India are in conformity with the Foreign Trade Policy (FTP) in force and the Foreign Exchange Management (Current Account Transactions) Rules 2000 framed by the Government of India vide Notification No G.S.R 381 (E) dated 3 May 2020, and the Directions issued by the Reserve Bank of India under FEMA, 1999 from time to time.

ii) AD Branches should follow normal banking procedures and adhere to the provisions of the Uniform Customs and Practices for Documentary Credits (UCPDC), while opening letters of credit and Uniform Rules for Collection (URC) while handling documents under collection for import into India on behalf of their constituents.

iii) Compliance with the provisions of Research & Development Cess Act, 1986 may be ensured for import of drawings and designs.

iv) AD Branches may also advise importers to ensure compliance with the provisions of Income Tax Act, wherever applicable.

PART B - General Guidelines for imports

3.B.1 General Guidelines

Rules and regulations to be followed by the AD branches from the foreign exchange angle while undertaking import payment transactions on behalf of their clients are set out in the following paragraphs. Where specific regulations do not exist, AD branches shall be governed by normal trade practices. AD branches may particularly note to adhere to "Know Your Customer" (KYC) guidelines issued by the Reserve Bank (Department of Banking Regulation) in all their dealings.

3.B.2 Remittances for Import Payments

Before allowing remittance for making payments for imports into India, AD Branches must ensure that all the requisite details pertaining to proposed transactions are made available by the importer and the remittance is for bona fide trade transactions as per applicable laws in force.

i. Manner of Payments

The payments for Import of goods and services shall be in the manner specified in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 [Notification No FEMA 14(R)/2023-RB dated December 21, 2023, as amended up to February 12, 2025] and as amended from time to time.

AD Branches shall debit the account of an importer for making payment for import, only after having satisfied itself of the genuineness of the transaction and shall simultaneously update or close the respective entry in Import Data Processing and Monitoring System (IDPMS).

Provided that in the case of import where the Bill of Entry (for goods) or invoice (for services) is up to Rs. 10 lakhs (or its equivalent in foreign currency), entry in IDPMS may be closed based on a declaration from the importer to the effect that the payment for import has been made either in full or otherwise. Alternatively, such declaration may be submitted by an importer to the AD branches on a quarterly basis for bulk closure of entries in IDPMS.

3.B.3 Import License

There are number of goods, which can only be imported under an Import license issued by DGFT. This category comprises precious and semi -precious stones, products related to safety and security, consumer goods, seeds, plants and animals, etc. Import license are valid for 24 months for capital goods and 18 months for raw materials components, consumable and spares with the license term renewable.

Goods are categorized under policy conditions such as "Free", "Restricted", "Prohibited" or "State Trading," and the policy status prevailing on the date of import governs the permissibility of the transaction.

Except for goods included in the negative list which require licence under Foreign Trade Policy in force, AD Branches are permitted to open Letters of Credit and allow remittances for import. While opening a Letter of Credit, the 'For Exchange Control purposes' copy of the licence should be called for and adherence to any special conditions attached to the licences should be ensured. After effecting remittances under the license, AD Branches may preserve the copies of utilized license/s till they are verified by the Bank's internal auditors/officials engaged for this purpose.

3.B.4 Obligation of Purchaser of Foreign Exchange

i) In terms of Section 10(6) of FEMA, any person acquiring foreign exchange is permitted to use it either for the purpose mentioned in the declaration made by him to an AD branch under Section 10(5) of the act or for any other purpose for which acquisition of foreign exchange is permissible under FEMA, the Rules, or the Regulations framed there under.

ii) Where foreign exchange acquired has been utilized for import of goods into India, AD Branches should ensure that the importer furnishes evidence of import as explained in the para 3.C.7. "Evidence of Import" of this policy and should satisfy themselves that goods equivalent to the value of the remittance have actually been imported. AD Branches should ensure that all import remittances outstanding as on the notified date of the IDPMS are uploaded in IDPMS.

3.B.5. Time Limit for Settlement of Import Payments:

(i) Time limit for Normal Imports:

AD Branches shall monitor IDPMS entries and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract, subject to the following conditions:

- As per the extant guidelines goods other than capital goods: remittance against import should be within six months from the date of shipment and for short term services from the date of invoice as per the period specified in the underlying contract whichever is earlier.
- As per the extant guidelines for capital goods, remittance against import should be within three years from the date of shipment and for services which are part of CAPEX imports from the date of invoice or as per the period specified in the underlying contract whichever is earlier.

AD Branches may permit settlement of import dues delayed due to disputes, financial Difficulties, etc. However, interest if any, on such delayed payments, usance bills or overdue interest is payable and may be permitted in terms of the directions under para 3.C.2 "Interest on Import Bills" of this Policy.

(ii) Time limit for Deferred Payment Arrangements

Deferred payment arrangements (including suppliers' and buyers' credit) up to three years, in case of import of capital goods and up to one year or the operating cycle, whichever is less in case of import of non-capital goods, shall be treated as trade credits, for which the procedural guidelines as laid down in the Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dt March 26, 2019 (Updated as on September 08, 2026) shall be applied.

(iii) Time Limit for Import of Books

Remittances against import of books may be allowed without restriction as to the time limit, provided, interest payment, if any, is as per the instructions in para 3.C.2 of this Policy.

(iv) Extension of Time

(i) AD Branches 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 satisfied of the reasons cited.

(ii) AD Branches may grant extension of time for settlement of import dues up to a period of six months at a time (maximum up to the period of three years) irrespective of the invoice value for delays on account of disputes about quantity or quality or non-fulfilment of terms of contract; financial difficulties and cases where importer has filed suit against the seller. The relaxation excludes import of platinum, palladium, rhodium, silver and rough, cut and polished diamonds, precious and semi-precious stones which are separately governed under para 3.C.11 & 3.C.12 of this policy.

(iii) At the time of granting extension of time, AD Branches must ensure that the import transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies. Any extensions should be reported in IDPMS as per message "Bill of Entry Extension" and the date up to which extension is granted will be indicated in "Extension Date" column.

(iv) Any extension of time period for settlement of import bills shall be strictly in accordance with the bank's internal delegation of powers set out in Table 17.

3.B.6 Third-Party Payment for Import Transactions

AD Branches may permit third-party payments (i.e., payments to a party other than the parties undertaking the import) for import transactions, subject to compliance of following conditions as per delegated power in Table 26:

i) Firm irrevocable purchase order / tripartite agreement should be in place, However this requirement may not be insisted upon in case where documentary evidence for circumstances

leading to third party payments / name of the third party being mentioned in the irrevocable order / invoice has been produced.

ii) AD branches should be satisfied with the bona fides of the transactions and should consider the Financial Action Task Force (FATF) Statement before handling the transactions.

- iii) The Invoice should contain a narration that the related payment has to be made to the (named) third party.
- iv) Bill of Entry should mention the name of the shipper as also the narration that the related payment has to be made to the (named) third party.
- v) Importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

3.B.7 Issue of Guarantees by AD Branches

For issuance of guarantees, AD Branches shall be guided by Foreign Exchange Management (Guarantees) Regulations, 2026 as updated from time to time as per delegation power specified in Credit Risk Management Policy.

PART C- Operational Guidelines for Imports

3.C.1 Advance Remittance for Imports

- i) In case of advance payment for imports, an importer shall route the advance payment and its subsequent payments, if any, through the same AD Bank. However, an importer may route the transactions through any other AD Bank provided the importer has intimated the change to both the AD Bank.
- ii) An AD Bank may permit advance remittance for import after satisfying itself of the genuineness of the requirement for advance remittance. The AD Bank may consider specifying thresholds for advance payment, beyond which, the payment may require a standby Letter of Credit or a guarantee.
- iii) 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.
- iv) When Import is not materialized
 - a) Where an importer is unable to import within the contract period, or the extended period, the importer shall repatriate the advance payment made, if any.
 - b) If the advance payment is not repatriated by the importer within the contract period or extended period, if any, allowed by AD Branch or where the IDPMS entry has not been marked-off on request by an importer citing reasons, AD branches may close the entry relating to import advance transaction 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 reason cited by the importer (refer 3.C.8.2 "Reduction/ Non realization of ORM/BoE of this policy).

- c) Further, any future advance payment for imports by the importer shall require an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute or a guarantee of an AD Bank in India, which is issued against a counter-guarantee of an international bank of repute.

3.C.1.1 Advance Remittance for Imports of Goods

AD Branches are permitted to allow advance remittance for import of goods without any ceiling subject to the following conditions:

- A. If the amount of advance remittance exceeds USD 200,000/- or its equivalent, an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute situated outside India or a guarantee of an AD bank in India, if such a guarantee is issued against the counter-guarantee of an international bank of repute situated outside India, is obtained.
- B. In cases where the importer (other than a Public Sector Company or a Department/ Undertaking of the Government of India/State Governments/s) is unable to obtain bank guarantee from an international bank of repute situated outside India or a guarantee of an AD Bank in India, if such a guarantee is issued against the counter-guarantee of an international bank of repute situated outside India and the AD branch is satisfied about the track record and bona fides of the importer, the requirement of the bank guarantee/ standby Letter of Credit may not be insisted upon for advance remittances up to USD 5,000,000/- (US dollar five million).
- C. A public sector company or a Department/ Undertaking of the Government of India / State Government/s which is not in a position to obtain a guarantee from an international bank of repute against an advance payment, is required to obtain a specific waiver for the bank guarantee from the Ministry of Finance, Government of India before making advance remittance exceeding USD 100,000/-.

In view of the foregoing,

- i. Advance remittance for imports of goods without irrevocable Standby Letter of Credit or a Guarantee from an international bank that can be allowed by AD Branches is capped at USD 200,000/- (US dollar two hundred thousand) or its equivalent where the importer is an entity other than a Public Sector Company or a Department/Undertaking of the Government of India/State Governments.
- ii. Advance remittances exceeding USD 2,00,000/- but less or equal to USD 5,000,000/- without irrevocable Stand by Letter of Credit or a Guarantee from an international bank is permitted as per the provisions of this Policy where the importer is an entity other than a Public Sector Company or a Department/Undertaking of the Government of India/State Governments.
- iii. Advance remittances exceeding USD 5,000,000/- or its equivalent shall mandatorily require an unconditional, irrevocable Stand by Letter of Credit or a Guarantee from an international bank of repute situated outside India or a Guarantee from an Authorized

Dealer in India, if such a Guarantee is issued against a counter guarantee from an international bank of repute situated outside India.

- iv. Advance remittance for imports of goods without irrevocable Standby Letter of Credit or a Guarantee from an international bank that can be allowed by AD Branches is capped at USD 100,000/- (US dollar one hundred thousand) or its equivalent where the importer is a Public Sector Company or a Department/Undertaking of the Government of India/State Governments.
- v. Advance remittances exceeding US\$ 100,000/- or its equivalent for import of goods by a public sector company or a Department/ Undertaking of the Government of India / State Government/s which is not in a position to obtain a irrevocable Standby Letter of Credit or a Guarantee from an international bank of repute shall be allowed after taking a specific waiver for the bank guarantee from the Ministry of Finance, Government of India.

The delegation power for allowing waiver of the requirement of irrevocable Standby Letter of Credit or a Guarantee from an international bank of repute in the case of advance remittance for Import of goods above USD 200000/- but not exceeding USD 2 million has been specified in Table 15 and 16 .

In all cases of advance remittance for import of goods the AD Branches shall create Outward Remittance Message (ORM) in IDPMS and comply with other extant IDPMS guidelines.

Following criteria are to be applied for permitting advance remittance for Import of goods above USD 200000/- but not exceeding USD 5 million or its equivalent without irrevocable Standby Letter of Credit or a Guarantee from an international bank of repute;

a) Eligibility Criteria(for all advance remittances):

- i. The importer should be a customer of the Bank. The importer account should be fully compliant with 'Know Your Customer (KYC)/ Anti Money Laundering (AML) Policy of the Bank.
- ii. The branch should carry out KYC and due diligence exercise for the importer as well as overseas manufacturer/supplier.
- iii. The importer must have business dealings with the Bank for a period of not less than one year, where the importer is not having any credit facility with the Bank. The dealings with Bank all through must be satisfactory
- iv. For customer with credit facilities provided by the Bank, the account should be a standard account (as per CIBIL/CRILC, especially where disbursement is awaited against sanction and credit history is not available).

b) Track record of importer

- i. The importer should have a satisfactory track record with the Bank.
- ii. The importer should not be under any investigation by the RBI, Enforcement Directorate or any other authorities.

- iii. In previous cases of imports by the importer/other group concerns, if any, there should not be any default in submission of Bill of Entry form/Certificate as prescribed in the extant FEMA guidelines.
- iv. In case the importer is an exporter, it should not be on the 'caution list' of ECGC.
- v. The importer should not be on the RBI's 'caution list' of importers and exporters.
- vi. The importer/other group concerns, if any, should not be in the RBI's list of wilful defaulters.
- vii. Credit Information Report (CIR) for the importer, its Directors/Guarantors, if any, should be obtained from CIBIL/CRIF. The sanctioning Authority is required to be satisfied about the credentials and the financial standing of the importer as revealed in the CIR.
- viii. The importer should produce a verifiable statement of source of funds for making advance remittance.

c) Track record of Overseas Suppliers

- i. AD Branches should obtain credit report on the overseas seller and verify that the report is satisfactory and the supplier is in business of trading/manufacturing the items of goods, which are sought to be procured by the Indian importer and has capacity to supply the quantities being imported.
- ii. The overseas supplier should not appear on the 'caution list' circulated by the ECGC.

d) Compliance with FEMA/Trade Policy

- i. The overseas supplier should have insisted for the advance remittance and suitable agreement in this regard must have been entered into between the importer in India and the overseas supplier. The agreement should contain provision for refund of the amount (together with customary penalties, such as interest etc. if desired), in case any delay or non-delivery of goods being imported.
- ii. AD Branches shall acquaint themselves about the trade involved and generally accepted practice for settlements, so as to satisfy itself about the advance remittance insisted by the overseas supplier and the genuineness of the transaction.
- iii. The item of import should be permitted to be imported in India either under Open General License or a Specific License already obtained by the importer in India for the purpose and is valid up to the period the import will be concluded (the advance remittance must be endorsed on the license).
- iv. The amount of remittance should not in any way breach any stipulations in the relevant OGL/specific license.
- v. The importer should give declaration that it will comply with all the regulations under FEMA and Foreign Trade Policy.
- vi. AD Branches are required to satisfy themselves about the bona fides of the import transaction undertaken by the customer.
- vii. Advance payments should be made strictly as per the terms of the sale contract and should be made strictly to the account of the manufacturer/supplier concerned.
- viii. The importer should undertake to ensure that the goods are imported within the time period prescribed by the Reserve Bank of India (i.e., within 6 months and for capital goods within 3 years from the remittance) and will submit the documentary evidence of import to the Bank at the latest within fifteen days from close of the relevant period.
- ix. AD Branches are required to follow up with the importer for submission of any documentary evidence regarding the import within 3 months from the date of

remittance made. For the next 3 months, branches should vigorously follow up for the same if not submitted, including by issuing registered letters the importer to avoid the default in submission of appropriate documentary evidence within 6 months from the date of remittance.

- x. All other provisions of FEMA/Foreign Trade Policy, as applicable, in the subject transaction should be complied with.
- xi. AD Branches should ensure that in the event of import of goods not happening within the time limit, as specified in (viii) above, the amount of advance remittance is repatriated into India or utilized for any other purpose for which the release of exchange is permissible under FEMA 1999, rules or regulations made there under.

e) Items of import

The advance remittance should strictly be for the items of goods, which are in line with the business activities of the importer. **Import order will be defined as "Purchase Contract".**

f) Countries to which advance remittance to be avoided

Advance Remittance should not made to High Risk, Very High Risk and Off-credit countries, as published by ECGC from time to time and countries, which are facing or are likely to face externalization problems.

However, advance remittance as per this Policy in such cases can be permitted by the delegated power in Table 14 and 15 authorities in the policy after checking Risk Profile of the Customer, Credit Opinion on overseas seller, experience of previous trade between Indian importer and Overseas seller.

For countries under any bilateral/multilateral arrangement, compliance with the procedure prescribed, if any, must be ensured.

g) Credit facility for advance remittance

In case any credit facility is required for the advance remittance, AD Branches should have sanctioned limit from the competent authority available for the purpose or it should get it approved from the authority in whose powers the subject facility including all other credit limits fall, before making any advance payment.

h) Maintenance of records

AD Branches shall maintain separate record of advance remittances and ensure timely follow up for verifying that the import has actually taken place and documentary evidence in this regard has been submitted to them.

AD Branches shall preserve documents evidencing imports into India for a period of one year from the date of its verification by internal inspectors or auditors (including external auditors). However, in respect of cases, which are under investigation by the investigating agencies, the documents may be destroyed only after obtaining clearance from the investigating concerned.

3.C.2 Interest on Import Bills

(i) An importer shall ensure that Interest payable, if any, on delayed payment for imports, shall not exceed the all-in-cost ceiling for trade credit in terms of Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

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

(iii) In case of change in value due to (i) or (ii) above, the respective AD branch shall ensure that proper remark/indicator is entered for ORM mark off in IDPMS etc. as per extant IDPMS guidelines.

3.C.3 Remittances against Replacement Imports

Where goods are short-supplied, damaged, short-landed or lost in transit and the Exchange Control Copy of the import licence has already been utilised to cover the opening of a letter of credit against the original goods which have been lost, the original endorsement to the extent of the value of the lost goods may be cancelled by the AD branch and fresh remittance for replacement imports may be permitted, provided, the insurance claim relating to the lost goods has been settled in favour of the importer. AD Branches shall verify that the consignment being replaced is shipped within the validity period of the license. AD Branches shall ensure that proper remark/indicator is entered for ORM mark off/closure of Bills in IDPMS etc. as per extant IDPMS guidelines.

3.C.4 Guarantee for Replacement Import

In case replacement goods for defective import are being sent by the overseas supplier before the defective goods imported earlier are reshipped out of India, AD Branch may issue guarantees at the request of importer client for dispatch/return of the defective goods, according to their commercial judgment. For issuance of guarantees, AD branches shall be guided by the Foreign Exchange Management (Guarantee) Regulations, 2026 and amendments issued from time to time.

3.C.5. Import of Equipment by Business Process Outsourcing (BPO) Companies for their Overseas Sites

AD Branches may allow BPO companies in India to make remittances towards the cost of equipment to be imported and installed at their overseas sites in connection with the setting up of their International Call Centres (ICCs) subject to the following conditions:

(i) The BPO company should have obtained necessary approval from the Ministry of Communications and Information Technology, Government of India and other authorities concerned for setting up of the ICC.

- (ii) The remittance should be allowed based on the AD Branches commercial judgment, the bona fides of the transactions and strictly in terms of the contract.
- (iii) The remittance is made directly to the account of the overseas supplier.
- (iv) AD Branches should also obtain a certificate as evidence of import from the Chief Executive Officer (CEO) or auditor of the importer company that the goods for which remittance was made have actually been imported and installed at overseas sites.
- (v) AD Branches should ensure compliance with IDPMS guidelines as applicable.

3.C.6. Receipt of Import Bills/Documents

3.C.6.1 Receipt of import documents by the importer directly from overseas suppliers

Import bills and documents are required to be received from the banker of the supplier by the banker of the importer in India. Therefore, AD branches should not make remittances where import bills have been received directly by the importers from the overseas supplier, except in the following cases:

- (i) Where the value of import bill does not exceed USD 300,000.
- (ii) Import bills received by wholly-owned Indian subsidiaries of foreign companies from their principals.
- (iii) Import bills received by Status Holder Exporters as defined in the Foreign Trade Policy, 100% Export Oriented Units / Units in Special Economic Zones, Public Sector Undertakings and Limited Companies.
- (iv) Import bills received by all limited companies viz. public limited, deemed public limited and private limited companies.
- (v) Import bills received other than those listed above, refer Table 20.

3.C.6.2. Receipt of import documents by the importer directly from overseas suppliers in case of specified sectors

As a sector specific measure, AD Branches are permitted to allow remittance for imports by non-status holder importers up to USD 300,000/- (US dollars three hundred thousand only) where the importer of rough diamonds, rough precious and semi-precious stones has received the import bills / documents directly from the overseas supplier and the documentary evidence for import is submitted by the importer at the time of remittance.

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 may undertake such transactions subject to the following conditions:

- (i) The import would be subject to the prevailing Foreign Trade Policy.
- (ii) The transactions are based on their commercial judgment and they are satisfied about the bona fides of the transactions.

(iii) AD Branches should do the KYC and due diligence exercise and should be fully satisfied about the financial standing / status and track record of the importer customer. Before extending the facility, they should also obtain a report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency.

(iv) Import bills received other than those listed refer Table 20.

3.C.6.3. Receipt of import documents by the AD Branches directly from overseas suppliers

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

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

3.C.7. Evidence of Import

3.C.7.1. Physical Imports

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

(a) BoE number, port code and date for marking evidence of import under IDPMS as detailed in clause 3.C.8. "Reporting- Import Data Processing and Monitoring System (IDPMS)".

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

(c) For goods imported and stored in Free Trade Warehousing Zone (FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, etc., the Exchange Control Copy of the Ex-Bond Bill of Entry or Bill of Entry issued by Customs Authorities by any other similar nomenclature the importer shall submit applicable BoE number, port code and date for marking evidence of import under IDPMS as detailed in clause 3.C.8. "Reporting- Import Data Processing and Monitoring System (IDPMS)".

(ii) In respect of imports on Delivery against acceptance basis, AD Branch shall verify the evidence of import from IDPMS at the time of effecting remittance of import bill. However, if importers fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery/ customs clearance of consignment, etc., AD branch may, if satisfied with the genuineness of request, allow reasonable time, not exceeding three months from the date of remittance, to the importer to submit the evidence of import.

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

3.C.7.2. Evidence of Import in Lieu of Bill of Entry

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

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

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

(ii) The above facility may also be extended to autonomous bodies, including scientific bodies/academic institutions, such as Indian Institute of Science / Indian Institute of Technology, etc. whose accounts are audited by the Comptroller and Auditor General of India (CAG). AD Branch may insist on a declaration from the auditor/CEO of such institutions that their accounts are audited by CAG.

(iii) Outward Remittance Message has to be created & BoE has to be downloaded from "BoE Master" in IDPMS (in case of EDI ports). In case of Non-EDI ports duplicate copy/customs certified copy have to be submitted.

3.C.7.3. Non-physical Imports

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

(ii) AD Branches should advise importers to keep Customs Authorities informed of the imports made by them under this clause.

3.C.8. Reporting- Import Data Processing and Monitoring System (IDPMS) Reconciliation

3.C.8.1. Settlement of ORM with BoE

(i) Based on the AD code declared by the importer, the AD Branches shall download the Bill of Entry (BoE) issued by EDI ports from "BOE Master" in IDPMS.

(ii) AD Branches shall enter details of import (of its customers) as received from non-EDI (Electronic Data Interchange) port in IDPMS within five working days of receipt of document.

(iii) AD Branches shall enter details of import of service /software in IDPMS as declared by importer within five working days of receipt of document from importer.

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

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

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

(vii) AD Branch shall in the case of an MTT close or update the respective entry in EDMPS and IDPMS after marking the receipt and payment for both legs of the MTT.

The Procedure for knocking off the BoE is under:

- i. AD Branches 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".
- ii. In case of payment after receipt of BoE, the AD branches shall generate ORM for import payments made by its importer customer as per the message format "BOE settlement".
- iii. Multiple ORMs can be settled against single BoE and also multiple BoE can be settled against one ORM.

- AD Branches 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.

Processing and Monitoring System of Import Data Processing and Monitoring System (IDPMS)

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

- (i) Bill of Entry (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in IDPMS will be closed based on a declaration from the importer.
- (ii) Any reduction in the declared value or invoice value of the Bill of Entry shall also be accepted on the basis of a declaration by the concerned Importer.

Declaration under (i) and (ii) are required to be submitted by an importer to the AD Branch on a quarterly basis for bulk closure of entries in IDPMS.

AD Branches shall follow Circular No. CHO/IBD/14/2025-26 dated 24.09.2025 for reconciliation of import entries, and for the charges to be levied for handling such small-value import transactions

read together with the relaxations set out above. AD Branches shall not levy any penal charges for delays in adherence to any regulatory guidelines.

3.C.8.2. Extension and Write off ORM/BoE

(i) AD branches shall give extension for submission of BoE beyond the prescribed period in terms of the extant guidelines on the matter, and the same will be reported in IDPMS as per the message "Bill of Entry Extension" and the date up to which extension is granted will be indicated in "Extension Date" column.

(ii) AD branches are permitted to consider closure of BoE/ORM in IDPMS that involves write off to the extent of 5% of invoice value in cases where the amount declared in BoE varies from the actual remittance due to operational reasons and AD branch is satisfied with the reason/s submitted by the importer.

(iii) AD branches may close the BoE for such import transactions where write off is on account of quality issues; short shipment or destruction of goods by the port / Customs / health authorities in terms of extant guidelines on the matter subject to submission of satisfactory documentation by the importer irrespective of the amount involved. AD Bank shall settle and close ORM/BoE with appropriate "Adjustment Indicator" in IDPMS.

(iv) The above operational guidelines for extension and write off are mere a facilitation of closure of bills in IDPMS and will be subject to extant guidelines on the matter and not absolve the importer from remitting / receiving the amount in case of change in circumstances.

(v) AD Branches may, on request from the importer citing reasons, close the entry relating to an import advance transaction in IDPMS, where no import has taken place and repatriation of the advance is not possible and close the entry in IDPMS.

(vii) While allowing write off, AD Branches shall ensure that:

a. The case is not the subject matter of any pending civil or criminal suit.

b. The importer has not come under the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency.

The delegation for such reduction / non-realization is set out in Table 19).

3.C.9 Verification and Preservation

i) Internal inspectors and IS auditors (including external auditors appointed by the Bank) should carry out verification and IS audit/assurance of the "BoE Settlement" process in IDPMS. Data and the process followed by branch for "BoE settlement" should be preserved in terms of the Bank's Cyber Security Framework.

ii) Internal inspectors or auditors (including external auditors engaged by the Bank) should verify documents evidencing import that are not available in IDPMS — e.g., Exchange Control copies of Postal Appraisal Forms or Customs Assessment Certificates.

iii) Documents evidencing import into India should be preserved for a period of one year from the date of their verification. In respect of cases under investigation by an investigating agency, documents and/or data/process records may be destroyed only after obtaining clearance from the agency concerned.

3.C.10. Follow-Up for Import Evidence

- (i) In case an importer does not furnish documentary evidence of import as required under 3.C.7, within three months from the date of the contracted period, irrespective of value the AD Branch should rigorously follow up for a further three months using various modes of communication, ensuring that at least one communication is by registered letter.
- (ii) In IDPMS, all outstanding import remittances, irrespective of the amount involved, should be reported by the AD Branches.

3.C.11. Import of Gold and Silver

3.C.11.1 General

Save as otherwise provided in the FEMA, 1999, Rules, Regulations or Directions made thereunder, and notwithstanding the provisions of these Regulations, no advance remittance shall be permitted by AD Branches for the import of gold or silver, except as specifically provided in this Policy.

3.C.11.2 Import of Gold

- i. Nominated banks and nominated agencies, as notified by DGFT, are permitted to import gold on consignment basis. In addition to the above, qualified jewellers and Tariff Rate Quota Holders (TRQ Holders) under India-UAE CEPA, as notified by International Financial Services Centres Authority (IFSCA) will be permitted to import gold under specific ITC (HS) Codes through India International Bullion Exchange IFSC Limited (IIBX). All sale of gold domestically will, however, be against upfront payment. Nominated banks are free to grant gold metal loans.
- ii. The Status Holder Exporters shall adhere to the guidelines contained in extant Foreign Trade Policy, as amended from time to time.
- iii. The import of gold coins and medallions is permitted. However, prohibition on sale of gold coins and medallions by banks continues pending further review.
- iv AD Branches shall prepare and submit the report on Import of Gold to International Department for further submission to RBI on monthly basis by as per extant guidelines.

3. C.11.3. Import of Gold Jewellery Including Jewellery Made of Precious Metals or/and Studded with Diamonds / Precious Stones /Semi-precious stones.

Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form, including jewellery made of gold/precious metals or/and studded with diamonds/semi- precious/precious stones, should not exceed 90 days from the date of shipment.

3.C.11.4. Import of Gold by Qualified Jewellers as notified by IFSCA

- i. The following directions (under FEMA) 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 a period of up to 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. 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 any form for importing Gold worth more than the advance remittance made by the Qualified Jewellers. An undertaking will be required to be submitted by the Qualified Jewellers at the of advance remittance for import of gold.
 - c. In case the import of Gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialise, or where the advance remittance exceeds the amount required, the unutilized advance remittance shall be remitted back to the same AD branch within the specified time limit of eleven days. This should be complied by the Qualified Jewellers
 - d. For gold imported through IIBX, Qualified Jewellers 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. Any deviation from the extant guidelines for import of Gold through IIBX needs to be approved in advance by IFSCA and other applicable and appropriate authority.
- ii. IFSC Authority (IFSCA) will conduct all required due diligence on IIBX and all other entities involved in enabling import of Gold by Qualified Jewellers. IFSCA shall also put in place necessary system to ensure that the advance remittance received from Qualified Jewellers is solely for the purpose for import of gold through IIBX.
- iii. 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.

3.C.11.5 Import of gold by valid India-UAE CEPA Tariff Rate Quota Holders as notified by -The International Financial Services Centres Authority (IFSCA)

AD Branch may permit valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders to remit advance payment up to 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.

3.C.12. Import of Other Precious Metals

3.C.12.1. Import of Platinum/ Palladium/ Rhodium/ Silver/ Rough, Cut & Polished Diamonds/ Precious and Semi-precious Stones.

Suppliers' and Buyers' Credit, including the usance period of Letters of Credit opened for import of Platinum, Palladium, Rhodium and Silver and rough, cut and polished Diamonds, Precious and semi-precious stones should not exceed 90 days from the date of shipment.

However, for Clean Credit i.e. credit given by a foreign supplier to its Indian customer/ buyer, without any Letter of Credit (Suppliers' Credit)/ Letter of Undertaking (Buyers' Credit) or Fixed Deposits from any Indian financial institution for import of rough, cut and polished diamonds, precious and semi-precious stones, may be permitted for a period not exceeding 180 days from the date of shipment.

AD branches may allow extension of time in respect of such clean credit for import of rough, cut and polished diamonds, for a period exceeding 180 days from the date of shipment to a maximum period of 180 days beyond the prescribed period/ due date beyond which they shall be referred to International Department Head office. Such extension by AD branches may be subject to the conditions such as:

- (i) AD branches being satisfied of the genuineness of the reason and bona fides of the transaction and also that no interest payment is involved for the additional period;
- (ii) Reasons for such extension are due to financial difficulties and/ or quality disputes;
- (iii) Importer is not under investigation and is not a frequent offender.

AD Branches should ensure that due diligence is undertaken and Know Your Customer (KYC) norms and Anti-Money Laundering (AML) guidelines, issued by the RBI are adhered to while undertaking import of the precious metals and rough, cut and polished diamonds. Further, any large or abnormal increase in the volume of business should be closely examined to ensure that the transactions are bona fide and are not intended for interest / currency arbitrage.

3. C.12.2. Import of Platinum / Silver on Unfixed Price Basis

Bank may allow import of platinum and silver, on outright purchase basis subject to the condition that although ownership of the same shall be passed on to the importers at the time of import itself, the price shall be fixed later as and when the importer sells to the user.

3.C.12.3 Import of Silver by Qualified Jewellers as notified by –The International Financial Services Centres Authority (IFSCA)

AD Branch may allow Qualified Jewellers to remit advance payment up to eleven days for import of silver through IIBX subject to the conditions as mentioned in A.P. (DIR Series) Circular No.04 dated May 25, 2022.

3.C.13. Merchanting Trade Transaction (MTT)

A person undertaking Merchanting Trade, in accordance with the Foreign Trade Policy, shall ensure that:

(i) The period between the outward remittance and inward remittance or vice versa does not exceed six months, provided that the AD Branch may allow extension of time, on the request citing reason for delay if the AD Branch is satisfied of the reasons cited as per the delegated power given in Table 22.

(ii) Outward remittances are sent only to the overseas seller and inward remittances are received only from the overseas buyer,

(iii) Documents evidencing the MTT are required to be provided to the AD Branches to establish the genuineness of the transactions.

(iv) AD Branches shall:

(a) credit or debit the account of its customer for any cross-border transaction related to MTT after having been satisfied with the genuineness of the same and shall, simultaneously close or update the respective entry in EDPMS and/or IDPMS.

(b) Monitor and follow-up with the person undertaking merchant trading to ensure that both the legs of the transaction are completed within the period and manner as specified in the Regulations.

(c) Ensure that the outstanding of merchanting traders do not exceed 5% of their annual export earnings. Any deviation from the aforesaid limit, where the AD Branches is satisfied with the reasons furnished, may be referred to the competent authority in accordance with the delegation provided in (Annex- I).

While handling the Merchanting Trade Transactions (MTT), AD Branches shall comply with 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 Branches being satisfied with the documentary evidence and bona fides 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 themselves with the bona fides of the transactions and KYC and AML guidelines shall be scrupulously adhered to by the AD Branch while handling such transactions.

- v. The entire merchanting trade is to be routed through the same AD Branch. Hence, AD Branches 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 themselves about the genuineness of the trade. AD Branches 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, AD Branches shall ensure that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions.
- vi. 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.
- vii. Short-term credit either by way of suppliers' credit or buyers' credit may be extended for MTT to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by the AD Branch, 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.
- viii. Any receipts for the export leg, prior to the payment for import leg, may be parked either in Exchange Earners Foreign Currency (EEFC) account or in an interest-bearing INR account till the import leg liability arises. It shall be strictly earmarked/ lien-marked for the payment of import leg and the liability of the import leg, as soon as it arises, shall be extinguished out of these funds without any delay. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed by AD Branches at the request of its customer, as per extant regulations. No fund/non-fund-based facilities shall be extended against these balances.
- ix. In case of discounting of export leg LC where payment for import leg is still to be made (even if partially), the proceeds shall be utilized in the manner prescribed at **point no. (viii)** above.
- x. Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.
- xi. 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. Overall prudential limits on allowing such advance payments by a customer may be fixed by the AD Branch.
- xii. 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.

3.C.13.1 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.

3.C.13.2 Write-off of unrealized amount of export leg in Merchanting Trade

i. AD Branch may write-off the unrealized amount of export leg, without any ceiling, on the request made by the Merchanting trade, 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.

d. AD branches shall satisfy themselves with the bona fides of the transactions and ensure that there are no KYC/AML concerns and the transaction shall not be under investigation under FEMA by any of the investigating agency.

e. 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.

3.C.13.3 Third Party payments

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

3.C.13.4 Payment of Agency Commission

Agency commission is not allowed in MTTs. However, 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 branch in this regard.

3.C.13.5 Reporting for merchanting trade transactions under FETERS shall be done on gross basis, against the under mentioned codes:

Trade	Purpose Code under FETERS	Description
Export	P0108	Goods sold under merchanting /receipt against export leg of merchanting trade
Import	S0108	Goods acquired under merchanting /payment against import leg of merchanting trade

3.C.14. Processing of import related payments through Online Payment Gateway Service Providers (OPGSPs)

AD Branches are permitted to offer facility of payment for imports of goods and software of value not exceeding USD 2,000/- by entering into standing arrangements with the OPGSPs subject to the following conditions:

(a) The balances held in the Import Collection account shall be remitted to the respective overseas exporter's account immediately on receipt of funds from the importer and, in no case, later than two days from the date of credit to the collection account.

(b) AD Branches shall obtain a copy of invoice and airway bill from the OPGSP containing the name and address of the beneficiary as evidence of import and report the transaction in R-Return under the foreign currency payment head.

(c) The permitted credits in the OPGSP Import Collection account are limited to:

(i) collection from Indian importers for online purchases from overseas exporters electronically through credit card, debit card and net banking and

(ii) charge back from the overseas exporters.

(d) The permitted debits in the OPGSP Import Collection account are limited to:

(i) payment to overseas exporters in permitted foreign currency.

(ii) payment to Indian importers for returns and refunds.

(iii) payment of commission at rates/frequencies as defined under the contract to the current account of the OPGSP;

(iv) bank charges

3.C.15. Settlement of Import transactions in currencies not having a direct exchange rate

In cases where the invoicing for import transactions is in a freely convertible currency and the settlement takes place in the currency of the beneficiary, which though convertible, does not

have a direct exchange rate, AD Branches may permit settlement of such import transactions (excluding those put through the ACU mechanism), subject to conditions as under:

- (a) Importer shall be a customer of the Bank,
- (b) Signed contract / invoice is in a freely convertible currency,
- (c) The beneficiary is willing to receive the payment in the currency of beneficiary instead of the original (freely convertible) currency of the invoice/ contract, Letter of Credit as full and final settlement,
- (d) AD Branches are satisfied with the bona fides of the transactions.
- (e) The counterparty to the importer of the AD Branch 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.

3.C.16 Export factoring and import factoring.

The bank shall undertake necessary amendments to the policy, as and when required, upon the Bank's decision to enter into export factoring/forfeiting and import factoring business.

3.C.17 Handling of DoE and STR cases (For both Export & Import)

- i. Where the AD Branch has reasonable grounds to suspect that a transaction is suspicious, it shall consider filing a Suspicious Transaction Report (STR) with the Financial Intelligence Unit – India (FIU-IND) in accordance with the applicable regulatory framework.
- ii. Doubtful cases, including instances of chronic defaulters, may be referred to the Directorate of Enforcement (DoE) for further investigation, in accordance with the applicable regulatory framework.
- iii. Bank will send all references to the RBI through PRAVAAH portal.

Timelines/Grievances

A.1. Transaction Processing — on Receipt of Complete Documents

The Bank's processing timelines, reckoned from the date on which the documents are complete, any queries raised by the Bank are appropriately responded to confirmation/regulatory requirements is complied, are as follows:

Category of Transaction	Processing Timeline (working days)
Inward remittance	Same business day, if received within market hours with complete documents or next business day, if received after market hours subject to submission of complete documents.
Outward remittance	2 banking days from receipt of complete documents
Export bill lodgement	2 banking days from receipt of complete documents
Import bill lodgement	2 banking days from receipt of complete documents
Export realisation	2 banking days from receipt of complete documents
Import payment	2 banking days from receipt of complete documents
Advance remittance for import	2 banking days from receipt of complete documents
MTT outward or inward remittance lodgement	2 banking days from receipt of complete documents
Third-party receipt or payment	3 banking days from receipt of complete documents
Set-off	7 banking days from receipt of complete documents

For the purpose of Foreign Exchange business, Saturday and other forex holidays will not be treated as a banking day. Also documents receipt after 3.00 pm will be processed on next banking day.

A.2. Escalation

An escalation within the delegation – where a matter exceeds the authority of the officer or committee to whom it is first presented – shall follow the tier-up sequence prescribed in the delegation tables. The escalation shall be formal, with the papers placed before the next tier, and the record of the escalation shall be maintained at each level.

A.3. Appeal and Grievances

This section sets out the framework for handling of customer grievances, and the appeal by a customer against a decision of the Bank under this Policy. The framework operates in conjunction with the Bank's Grievance Redressal Policy, which continues to apply to customers of the Bank in respect of all banking matters.

A.3.1. Appeal

The appeal shall lie to the authority one tier higher than the authority that took the decision appealed against:

A. 3.2. Grievances

Complaints received from customers in relation to the handling of transactions under this Policy, shall be acknowledged immediately on receipt and resolved within the following timelines:

□

Nature of Complaint	Timeline stipulated by Ministry of Finance	Timeline adopted by the Bank
General Complaints	30 days	21 days
Complaints forwarded by RBI / Ministry of Finance / Members of Parliament / VVIPs	21 days	15 days
Complaints forwarded by RBI (CMS Portal)	15 days	15 days
Complaints from the Prime Minister's Office	15 days	7 days
SPGR Complaints	21 days	21 days

Forex grievances shall be handled at the International Banking Department, Head Office, and at the EDPMS Section / EDPMS-IDPMS Section of the International Banking Department, Head Office, in coordination with the concerned Zonal Offices and Branches.

A. 3.3 Grievance Redressal

Grievance Redressal Procedure	
PHASE - 1	A customer, if not satisfied with services of our Bank may primarily approach concern Branch Head to resolve the matter at first place.
PHASE - 2 Channels for Lodging Grievances	If any customer is not satisfied with reply the customer may lodge a grievance through various modes as given below:- In Person: By submitting a written letter Online portal of the Bank: https://spgrs.ucoonline.bank.in/ M-Banking Plus App: Support > Grievance Redressal System Over Phone: Toll Free Number 1800 8910 - UCO SAMPARK accessible on 24/7 basis Through Mail: Email: hosp.cscell@uco.bank.in
PHASE - 3	Escalation and Review Matrix (Contact details available in Comprehensive Notice Board in all branches)
Level - 1	If customer has any grievances, the Complainant may approach - Branch Head For further branch details visit:

	https://www.uco.bank.in/web/guest/locate
Level - 2	In case the Complainant do not receive any response within 3 working days from Branch or if the response received is not satisfactory, the Complainant may escalate their grievance to - Zonal Head (Grievance Nodal Officer) Zonal Office For further Zonal Office details visit: https://www.uco.bank.in/corporate-address
Level - 3	If the complaint is unresolved at the Branch/Zonal Office level beyond 7 days or if the response received is not satisfactory, the Complainant may approach our Head Office - General Manager International Banking Department, UCO Bank, Head Office 10, BTM Sarani, Kolkata - 700001 Telephone: 033-2234-1551 Email: hoidiv.calcutta@uco.bank.in
PHASE - 4	In case the complaint is not resolved at the bank level within 30 days of lodging of complaint or in case the Complainant is not satisfied with the response received, the Complainant may approach the Banking Ombudsman under the Integrated Ombudsman Scheme, 2026 at - Centralised Receipt and Processing Centre, Reserve Bank of India Central Vista, Sector 17, Chandigarh – 160017 Email: crpc@rbi.org.in Complaint Portal: https://cms.rbi.org.in

A.4: Charges

Bank will refer to Circular no CHO/IBD/09/2025-26 dated 19.07.2026 and CHO/IBD/14/2025-26 dated 24.09.2026 issued by International Banking Department for Foreign Exchange Service charges in Domestic Branches. Link for charges are available on bank the website under service charges <https://www.uco.bank.in/en/web/guest/service-charges>.

