



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2013-14/14  
Master Circular No.14/2013-14  
(Updated as on June 18, 2014)

July 01, 2013

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

### **Master Circular on Exports of Goods and Services**

Export of Goods and Services from India is allowed in terms of clause (a) of sub-section (1) and sub-section (3) of Section 7 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000 viz. Foreign Exchange Management (Current Account) Rules, 2000, as amended from time to time.

2. This Master Circular consolidates the existing instructions on the subject of "Export of Goods and Services from India" at one place. The list of underlying circulars/notifications consolidated in this Master Circular is furnished in Appendix.

3. This Master Circular may be referred to for general guidance. The Authorised Dealer Category – I banks and Authorised banks may refer to respective circulars / notifications for detailed information, if so needed.

4. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 01, 2014 and be replaced by an updated Master Circular on the subject.

Yours faithfully,

(C. D. Srinivasan)  
Chief General Manager

<b>INDEX</b>	
<b>PART-1</b>	
A.	Introduction
<b>PART 2</b>	
B.	General guidelines for Exports
B.1	Exemption from Declarations
B.2	Manner of Receipt and Payment
B.3	Realisation and Repatriation of export proceeds
B.4	Foreign Currency Account
B.5	Diamond Dollar Account (DDA)
B.6	Exchange Earners' Foreign Currency (EEFC) Account
B.7	Setting up of Offices Abroad and Acquisition of Immovable Property for Overseas Office
B.8	Advance Payments against Exports
B.9	EDF/SDF Approval for Trade Fair/Exhibitions abroad
B.10	EDF/SDF approval for Export of Goods for re-imports
B.11	Part Drawings /Undrawn Balances
B.12	Consignment Exports
B.13	Opening / Hiring of Ware houses abroad
B.14	Direct dispatch of documents by the exporter
B.15	Invoicing of Software Exports
B.16	Short Shipments and Shut out Shipments
B.17	Counter-Trade Arrangement
B.18	Export of Goods on Lease, Hire, etc.
B.19	Export on Elongated Credit Terms
B.20	Export of goods by Special Economic Zones (SEZs)
B.21	Project Exports and Service Exports
B.22	Export of Currency
B.23	Forfeiting
B.24	Exports to neighbouring countries by Road, Rail or River
B.25	Border Trade with Myanmar
B.26	Repayment of State Credits
B.27	Counter –Trade Arrangements with Romania
<b>PART – 3</b>	
C.	Operational Guidelines for AD Category – I banks
C.1	Citing of Specific Identification Numbers
C.2	EDF/SDF/SOFTEX procedure
C.3.1.	EDF Form (Erstwhile GR and PP Form)
C.3.2.	Mid-Sea Trans-Shipment of catch by Deep Sea Fishing Vessels
C.4	SDF
C.5	SOFTEX Forms
C.6	Random verification

C.7	Certification for EEFC Credits
C.8	Consolidation of Air Cargo/ Sea Cargo
C.9	Delay in submission of shipping documents by exporters
C.10	Check-list for Scrutiny of Forms
C.11	Return of Documents to Exporters
C.12	Handing Over Negotiable Copy of Bill of Lading to Master of Vessel/Trade Representative
C.13	Export Bills Register
C.14	Follow-up of Overdue Bills
C.15	Reduction in Invoice Value on Account of Prepayment of Usance Bills
C.16	Reduction in Invoice Value in other cases
C.17	Export Claims
C.18	Change of buyer/consignee
C.19	Extension of Time
C.20	Write-off of export bills
C.21	Write off in cases of Payment of Claims by ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA)
C.22	Write-off - Relaxation
C.23	Shipment Lost in Transit
C.24	'Netting off' of export receivables against import payments – Units in Special Economic Zones (SEZs)
C.25	Set-off of export receivables against import payables
C.26	Agency Commission on Exports
C.27	Refund of Export Proceeds
C.28	Exporters' Caution List
<b>PART – 4</b>	
Annex-1 - Current Account Transaction Rules	
Annex-2 – Form EFC	
Annex- 3 – Common SOFTEX Form	
Annex- 4 – Revised SOFTEX Procedure	
Appendix	

## **PART-1**

### **A. Introduction**

(i) Export trade is regulated by the Directorate General of Foreign Trade (DGFT) and its regional offices, functioning under the Ministry of Commerce and Industry, Department of Commerce, Government of India. Policies and procedures required to be followed for exports from India are announced by the DGFT, from time to time.

(ii) AD Category – I banks may 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. In exercise of the powers conferred by clause (a) of sub-section (1) and sub-section (3) of Section 7 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank has notified the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 relating to export of goods and services from India, hereinafter referred to as the 'Export Regulations'. These Regulations have been notified vide [Notification No. FEMA 23/2000-RB dated May 3, 2000](#), as amended from time to time.

(iii) The Directions contained in this Circular should be read with the Rules notified by the Government of India, Ministry of Finance, vide Notification No.G.S.R.381 (E) dated May 3, 2000, (Annex - 1) as also Regulations notified by Reserve Bank vide its [Notification No. FEMA 23/2000-RB dated May 3, 2000](#), as amended from time to time

(iv) In terms of Regulation 4 of the Foreign Exchange Management (Guarantees) Regulations, 2000, notified vide [Notification No. FEMA 8/2000-RB dated May 3, 2000](#), AD Category – I banks have been permitted to issue guarantees on behalf of exporter clients on account of exports out of India subject to specified conditions.

(v) 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. Further, in terms of Para 2.40 of the Foreign Trade Policy (August 27, 2009 - March 31, 2014), "All export contracts and invoices shall be denominated either in freely convertible currency or in Indian Rupees but export proceeds shall be realised in freely convertible currency. However, export proceeds against specific exports may also be realised in rupees provided it is through a freely convertible Vostro account of a non-resident bank situated in any country, other than a member country of the ACU or Nepal or Bhutan". Indian Rupee is not a freely convertible currency, as yet.

(vi) Any reference to the Reserve Bank should first be made to the Regional Office of the Foreign Exchange Department situated in the jurisdiction where the applicant person resides, or the firm / company functions, unless otherwise indicated. If, for any particular reason, they desire to deal with a different office of the Foreign Exchange Department, they may approach the Regional Office of its jurisdiction for necessary approval.

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

## **PART 2**

### **B. General guidelines for Exports**

#### **B.1 Exemption from Declarations**

##### **(i) EDF/SDF Exemption**

The requirement of declaration of export of goods and software in the prescribed form will not apply to the cases indicated in Regulation 4 of [Notification No. FEMA 23/2000-RB dated May 3, 2000](#). The exporters shall, however, be liable to realise and repatriate export proceeds as per FEMA Regulations.

##### **(ii) Grant of EDF/SDF waiver**

AD Category – I banks may consider requests for grant of EDF/SDF waiver from exporters for export of goods free of cost, for export promotion up to 2 per cent of the average annual exports of the applicant during the preceding three financial years subject to a ceiling of Rs.5 lakhs. For status holder exporters, the limit as per the present Foreign Trade Policy is Rs.10 lakhs or 2 per cent of the average annual export realization during the preceding three licensing years (April-March), whichever is higher.

(iii) Export of goods not involving any foreign exchange transaction directly or indirectly requires the waiver of EDF/SDF procedure from the Reserve Bank.

#### **B.2 Manner of Receipt and Payment**

(i) The amount representing the full export value of the goods exported shall be received through an AD Bank in the manner specified in the Foreign Exchange Management (Manner of Receipt & Payment) Regulations, 2000 notified vide [Notification No. FEMA.14/2000-RB dated May 3, 2000](#) in the following manner:

- a. Bank draft, pay order, banker's or personal cheques.
- b. Foreign currency notes/foreign currency travellers' cheques from the buyer during his visit to India.
- c. Payment out of funds held in the FCNR/NRE account maintained by the buyer
- d. International Credit Cards of the buyer.

Note: When payment for goods sold to overseas buyers during their visits is received in this manner, EDF/SDF (duplicate) should be released by the AD Category – I banks only on receipt of funds in their Nostro account or if the AD Category – I bank concerned is not the Credit Card servicing bank, on production of a certificate by the

exporter from the Credit Card servicing bank in India to the effect that it has received the equivalent amount in foreign exchange, AD Category – I banks may also receive payment for exports made out of India by debit to the credit card of an importer where the reimbursement from the card issuing bank/ organisation will be received in foreign exchange.

(ii) Trade transactions can also be settled in the following manner:

a. All transactions between a person resident in India and a person resident in Nepal or Bhutan may be settled in Indian Rupees. However, in case of export of goods to Nepal, where the importer has been permitted by the Nepal Rashtra Bank to make payment in free foreign exchange, such payments shall be routed through the ACU mechanism.

b. In precious metals i.e. Gold / Silver / Platinum by the Gem & Jewellery units in SEZs and EOUs, equivalent to value of jewellery exported on the condition that the sale contract provides for the same and the approximate value of the precious metals is indicated in the relevant EDF/SDF Forms.

(iii) Processing of export related receipts through Online Payment Gateway Service Providers (OPGSPs)

Authorised Dealer Category – I (AD Category – I) banks have been allowed to offer the facility of repatriation of export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs) subject to the following conditions –

a. The AD Category-I banks offering this facility shall carry out the due diligence of the OPGSP.

b. This facility shall only be available for export of goods and services of value not exceeding USD 10,000 (US Dollar ten thousand).

c. AD Category-I banks providing such facilities shall open a NOSTRO collection account for receipt of the export related payments facilitated through such arrangements. Where the exporters availing of this facility are required to open notional accounts with the OPGSP, it shall be ensured that no funds are allowed to be retained in such accounts and all receipts should be automatically swept and pooled into the NOSTRO collection account opened by the AD Category-I bank.

d. A separate NOSTRO collection account may be maintained for each OPGSP or the bank should be able to delineate the transactions in the NOSTRO account of each OPGSP.

e. Under this arrangement, the permissible debits to the NOSTRO collection account are for repatriation of funds representing export proceeds to India for credit to the exporters' account, payment of fee/commission to the OPGSP as per the predetermined rates / frequency/ arrangement; and charge back to the importer where the exporter has failed in discharging his obligations under the sale contract.

f. The balances held in the NOSTRO collection account shall be repatriated and credited to the respective exporter's account with a bank in India immediately on receipt of the confirmation from the importer and, in no case, later than seven days from the date of credit to the NOSTRO collection account.

g. AD Category -I banks shall satisfy themselves as to the bona-fides of the transactions and ensure that the purpose codes reported to the Reserve Bank in the online payment gateways are appropriate.

h. AD Category -I banks shall submit all the relevant information relating to any transaction under this arrangement to the Reserve Bank, as and when advised to do so.

i. Each NOSTRO collection account should be subject to reconciliation and audit on a quarterly basis.

j. Resolution of all payment related complaints of exporters in India shall remain the responsibility of the OPGSP concerned.

k. OPGSPs who are already providing such services as per the specific holding-on approvals issued by the Reserve Bank shall open a liaison office in India within three months from November 16, 2010, after duly finalizing their arrangement with the AD-Category-I banks and obtaining approval from the Reserve Bank for this purpose. In respect of all new arrangements, the OPGSP shall open a liaison office with the approval of the Reserve Bank before operationalising the arrangement. AD Category-I banks desirous of entering into such an arrangement/s should approach the Reserve Bank for obtaining one time permission in this regard and thereafter report the details of each such arrangement as and when entered into.

#### (iv) Settlement System under ACU Mechanism

a) In order to facilitate transactions / settlements, effective January 01, 2009, participants in the Asian Clearing Union will have the option to settle their transactions either in ACU Dollar or in ACU Euro. Accordingly, the Asian Monetary Unit (AMU) shall be denominated as 'ACU Dollar' and 'ACU Euro' which shall be equivalent in value to one US Dollar and one Euro, respectively.

b) Further, AD Category – I banks are allowed to open and maintain ACU Dollar and ACU Euro accounts with their correspondent banks in other participating countries. All eligible payments are required to be settled by the concerned banks through these accounts.

c) Relaxation from ACU Mechanism- Indo-Myanmar Trade - Trade transactions with Myanmar can be settled in any freely convertible currency in addition to the ACU mechanism.

d) In view of the difficulties being experienced by importers/exporters in payments to / receipts from Iran, it has been decided that with effect from December 27, 2010, all eligible current account transactions including trade transactions with Iran should be settled in any permitted currency outside the ACU mechanism, until further notice.

## **(v) Third party payments for export / import transactions**

Taking into account the evolving international trade practices, it has been decided to permit third party payments for export / import transactions can be made subject to conditions as under:

a) 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 has been produced subject to:

(i) AD bank should be satisfied with the bona-fides of the transaction and export documents, such as, invoice / FIRC.

(ii) AD bank should consider the FATF statements while handling such transaction.

b. Third party payment should be routed through the banking channel only;

c. The exporter should declare the third party remittance in the Export Declaration Form and it would be responsibility of the Exporter to realize and repatriate the export proceeds from such third party named in the EDF;

d. It would be responsibility of the Exporter to realize and repatriate the export proceeds from such third party named in the EDF;

e. Reporting of outstanding, if any, in the XOS would 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 XOS;

f. 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; and

g. In case of imports, the Invoice should contain a narration that the related payment has to be made to the (named) third party, the 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 and the importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

### **B.3 Realisation and Repatriation of export proceeds**

It is obligatory on the part of the exporter to realise and repatriate the full value of goods or software to India within a stipulated period from the date of export, as under:

(i) Units located in SEZs shall realize and repatriate the full value of goods / software / services, to India within a period of twelve months from the date of export. Any extension of time beyond the above stipulated period may be granted by Reserve Bank of India, on case to case basis.

(ii) By Status Holder Exporters as defined in the Foreign Trade Policy : Within a period of twelve months from the date of export;

(iii) By 100 % Export Oriented Units (EOUs) and units set up under Electronic Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Biotechnology Parks (BTPs) schemes : Within a period of twelve months from the date of export on or after September 1, 2004;

(iv) Goods exported to a warehouse established outside India: As soon as it is realised and in any case within fifteen months from the date of shipment of goods; and

(v) In all other cases: With effect from April 01, 2013 this period of realization and repatriation to India has been brought down to nine months from the date of export, till September 30, 2013.

#### **B.4 Foreign Currency Account**

(i) Participants in international exhibition/trade fair have been granted general permission vide Regulation 7(7) of the Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations, 2000 notified vide [Notification No. FEMA 10/2000-RB dated May 3, 2000](#) for opening a temporary foreign currency account abroad. Exporters may deposit the foreign exchange obtained by sale of goods at the international exhibition/trade fair and operate the account during their stay outside India provided that the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibition/trade fair and full details are submitted to the AD Category – I banks concerned.

(ii) Reserve Bank may consider applications in Form EFC (Annex 2) from exporters having good track record for opening a foreign currency account with banks in India and outside India subject to certain terms and conditions. Applications for opening the account with a branch of an AD Category – I bank in India may be submitted through the branch at which the account is to be maintained. If the account is to be maintained abroad the application should be made by the exporter giving details of the bank with which the account will be maintained.

(iii) An Indian entity can also open, hold and maintain a foreign currency account with a bank outside India, in the name of its overseas office/branch, by making remittance for the purpose of normal business operations of the said office/branch or representative subject to conditions stipulated in Regulation 7 of [Notification No. FEMA 10/2000-RB dated May 3, 2000](#) and as amended from time to time.

(iv) A unit located in a Special Economic Zone (SEZ) may open, hold and maintain a Foreign Currency Account with an AD Category – I bank in India subject to conditions stipulated in Regulation 6 (A) of [Notification No. FEMA 10/2000-RB dated May 3, 2000](#) and as amended from time to time.

(v) A person resident in India being a project / service exporter may open, hold and maintain foreign currency account with a bank outside or in India, subject to the standard terms and conditions in the Memorandum PEM.

### **B.5 Diamond Dollar Account (DDA)**

(i) Under the scheme of Government of India, firms and companies dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and / or other stones, with a track record of at least 2 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery / plain gold jewellery and having an average annual turnover of Rs. 3 crores or above during the preceding three licensing years (licensing year is from April to March) are permitted to transact their business through Diamond Dollar Accounts.

(ii) They may be allowed to open not more than five Diamond Dollar Accounts with their banks.

(iii) Eligible firms and companies may apply for permission to their AD Category – I banks in the format prescribed.

(iv) AD Category-I banks are required to submit quarterly reports to the Foreign Exchange Department, Reserve Bank of India, Central Office, Trade Division, Mumbai, giving details of name and address of the firm / company in whose name the Diamond Dollar Account is opened, along with the date of opening / closing the Diamond Dollar Account, by the 10th of the month following the quarter to which it relates.

(v) AD Category - I banks are required to submit a statement giving the data on the DDA balances maintained by them on a fortnightly basis within seven days of close of the fortnight to which it relates, to the Foreign Exchange Department, Reserve Bank of India, Central Office, Trade Division, Mumbai.

(vi) Condition mentioned at Para B.6 (iv) shall also apply.

### **B.6 Exchange Earners' Foreign Currency (EEFC) Account**

(i) A person resident in India may open with, an AD Category – I bank in India, an account in foreign currency called the Exchange Earners' Foreign Currency (EEFC) Account, in terms of Regulation 4 of the Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations, 2000 notified under [Notification No. FEMA 10/2000-RB dated May 3, 2000](#) as amended from time to time.

(ii) Resident individuals are permitted to include resident close relative(s) as defined in the Companies Act 1956 as a joint holder(s) in their EEFC bank accounts on former or survivor basis. However, such resident Indian close relative, being made eligible to become joint account holder, shall not be eligible to operate the account during the life time of the resident account holder

(iii) This account shall be maintained only in the form of non-interest bearing current account. No credit facilities, either fund-based or non-fund based, shall be permitted against the security of balances held in EEFC accounts by the AD Category – I banks.

(iv) All categories of foreign exchange earners are allowed to credit 100% of their foreign exchange earnings to their EEFC Accounts subject to the condition that

a) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments. Further, in case of requirements, EEFC account holders are permitted to access the forex market for purchasing foreign exchange.

b) The facility of EEFC scheme is intended to enable exchange earners to save on conversion/transaction costs while undertaking forex transactions. This facility is not intended to enable exchange earners to maintain assets in foreign currency, as India is still not fully convertible on Capital Account.

(iv) It may be noted that the provisions at paragraph (iv) a) and (iv) b) above will apply, mutatis mutandis, also to holder of either a Resident Foreign Currency Account (Domestic) or a Diamond Dollar Account (DDA).

(v) The eligible credits represent –

a. inward remittance received through normal banking channel, other than the remittance received pursuant to any undertaking given to the Reserve Bank or which represents foreign currency loan raised or investment received from outside India or those received for meeting specific obligations by the account holder.

b. Payments received in foreign exchange by a unit in Domestic Tariff Area (DTA) for supplying goods to a unit in Special Economic Zone out of its foreign currency account.

(vi) AD Category – I banks may permit their exporter constituents to extend trade related loans / advances to overseas importers out of their EEFC balances without any ceiling subject to compliance of provisions of Notification No. FEMA 3/2000-RB dated May 3, 2000 as amended from time to time.

(vii) AD Category – I banks may permit exporters to repay packing credit advances whether availed in Rupee or in foreign currency from balances in their EEFC account and / or Rupee resources to the extent exports have actually taken place.

## **B.7 Setting up of Offices Abroad and Acquisition of Immovable Property for Overseas Offices**

(i) At the time of setting up of the office, AD Category – I banks may allow remittances towards initial expenses up to fifteen per cent of the average annual sales/income or turnover during the last two financial years or up to twenty-five per cent of the net worth, whichever is higher.

(ii) For recurring expenses, remittances up to ten per cent of the average annual sales/income or turnover during the last two financial years may be sent for the purpose of normal business operations of the office (trading / non-trading) / branch or representative office outside India subject to the following terms and conditions:

a. The overseas branch/office has been set up or representative is posted overseas for conducting normal business activities of the Indian entity;

b. The overseas branch/office/representative shall not enter into any contract or agreement in contravention of the Act, Rules or Regulations made there under;

c. The overseas office (trading / non-trading) / branch / representative should not create any financial liabilities, contingent or otherwise, for the head office in India and also not invest surplus funds abroad without prior approval of the Reserve Bank. Any funds rendered surplus should be repatriated to India.

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

(iv) AD Category – I banks may also allow remittances by a company incorporated in India having overseas offices, within the above limits for initial and recurring expenses, to acquire immovable property outside India for its business and for residential purpose of its staff.

(v) The overseas office / branch of software exporter company/firm may repatriate to India 100 per cent of the contract value of each 'off-site' contract.

(vi) In case of companies taking up 'on site' contracts, they should repatriate the profits of such 'on site' contracts after the completion of the said contracts.

(vii) An audited yearly statement showing receipts under 'off-site' and 'on-site' contracts undertaken by the overseas office, expenses and repatriation thereon may be sent to the AD Category – I banks.

## **B.8 Advance Payments against Exports**

(1) In terms of Regulation 16 of [Notification No. FEMA 23/2000-RB dated May 3, 2000](#), where an exporter receives advance payment (with or without interest), from a buyer outside India, the exporter shall be under an obligation to ensure that the shipment of goods is made within one year from the date of receipt of advance payment; the rate of interest, if any, payable on the advance payment does not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points; and the documents covering the shipment are routed through the AD Category – I bank through whom the advance payment is received.

Provided that in the event of the exporter's inability to make the shipment, partly or fully, within one year from the date of receipt of advance payment, no remittance towards refund of unutilized portion of advance payment or towards payment of interest, shall be made after the expiry of the said period of one year, without the prior approval of the Reserve Bank.

(2) AD Category- I banks can also allow exporters having a minimum of three years' satisfactory track record to receive long term export advance up to a maximum tenor of 10 years to be utilized for execution of long term supply contracts for export of goods subject to the conditions as under:

(i) Firm irrevocable supply orders and contracts should be in place. Product pricing should be in consonance with prevailing international prices.

(ii) 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.

(iii) The facility is to be provided only to those entities, who have not come under the adverse notice of Enforcement Directorate or any such regulatory agency or have not been caution listed.

(iv) Such advances should be adjusted through future exports.

(v) The rate of interest payable, if any, should not exceed LIBOR plus 200 basis points.

(vi) The documents should be routed through one Authorized Dealer bank only.

(vii) Authorised Dealer bank should ensure compliance with AML / KYC guidelines

(viii) Such export advances shall not be permitted to be used to liquidate Rupee loans classified as NPA.

(ix) Double financing for working capital for execution of export orders should be avoided.

(x) Receipt of such advance of USD 100 million or more should be immediately reported to the Trade Division, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai.

(xi) a. In case Authorized Dealer banks are required to issue bank guarantee (BG) / Stand by Letter of Credit (SBLC) for export performance, then the issuance should be rigorously evaluated as any other credit proposal keeping in view, among others, prudential requirements based on board approved policy.

b. 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.

c. BG / SBLC should cover only the advance on reducing balance basis.

d. BG / SBLC issued from India in favour of overseas buyer should not be discounted by the overseas branch / subsidiary of bank in India.

(xii) AD Category – I banks may allow the purchase of foreign exchange from the market for refunding advance payment credited to EEFC account only after utilizing

the entire balances held in the exporter's EEFC accounts maintained at different branches/banks.

Note: AD Category – I banks may also be guided by the Master Circular on Guarantees and Co-acceptances issued by DBOD.

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

(i) The KYC and due diligence exercise has been done by the AD Category –I bank for the overseas buyer;

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

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

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

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

(vi) There should be no instance of refund exceeding 10% of the advance payment received in the last three years;

(vii) The documents covering the shipment should be routed through the same authorised dealer bank; and

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

## **B.9 EDF/SDF Approval for Trade Fair/Exhibitions abroad**

1. Firms / Companies and other organizations participating in Trade Fair/Exhibition abroad can take/export goods for exhibition and sale outside India without the prior approval of the Reserve Bank. Unsold exhibit items may be sold outside the exhibition/trade fair in the same country or in a third country. Such sales at discounted value are also permissible. It would also be permissible to 'gift' unsold goods up to the value of USD 5000 per exporter, per exhibition/trade fair. AD Category – I banks may approve EDF/SDF Form of export items for display or display-cum-sale in trade fairs/exhibitions outside India subject to the following:

(i) The exporter shall produce relative Bill of Entry within one month of re-import into India of the unsold items.

(ii) The sale proceeds of the items sold are repatriated to India in accordance with the Foreign Exchange Management (Realisation, Repatriation, and Surrender of Foreign Exchange) Regulations, 2000.

(iii) The exporter shall report to the AD Category – I banks the method of disposal of all items exported, as well as the repatriation of proceeds to India.

(iv) Such transactions approved by the AD Category – I banks will be subject to 100 per cent audit by their internal inspectors/auditors.

#### **B.10 EDF/SDF approval for Export of Goods for re-imports**

(i) AD Category – I banks may consider request from exporters for granting EDF/SDF approval in cases where goods are being exported for re-import after repairs / maintenance / testing / calibration, etc., subject to the condition that the exporter shall produce relative Bill of Entry within one month of re-import of the exported item from India.

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

#### **B.11 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 Category – I banks 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 the duplicate of EDF/SDF 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 Category – I banks, 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/SDF form, whichever is more and a period of one year has elapsed from the date of shipment.

#### **B.12 Consignment Exports**

(i) When goods have been exported on consignment basis, the AD Category-I bank, while forwarding shipping documents to his overseas branch/ correspondent, should instruct the latter to deliver them only against trust receipt/undertaking to deliver sale

proceeds by a specified date within the period prescribed for realization of proceeds of the export. 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 Category – I banks. Deductions in Account Sales should be supported by bills/receipts in original except in case of petty items like postage/cable charges, stamp duty, etc.

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

(v) AD Category – I banks may allow the exporters to abandon the books, which remain unsold at the expiry of the period of the sale contract. Accordingly, the exporters may show the value of the unsold books as deduction from the export proceeds in the Account Sales.

### **B.13 Opening / Hiring of Ware houses abroad**

AD Category – I banks may consider the applications received from exporters and grant permission for opening / hiring warehouses abroad subject to the following conditions:

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

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

(iii) Period of realisation should be as applicable.

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

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

(vi) AD Category – I banks granting such permission/approvals should maintain a proper record of the approvals granted.

## **B.14 Direct dispatch of documents by the exporter**

1. AD Category – I banks should normally dispatch shipping documents to their overseas branches/correspondents expeditiously. However, they may dispatch shipping documents direct to the consignees or their agents resident in the country of final destination of goods in cases where:

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

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

2. AD Category – I banks may also 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 conditions that:

(i) The export proceeds are repatriated through the AD banks named in the EDF/SDF Form.

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

3. AD Category – I banks may regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent, per export shipment, subject to the following conditions:

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

(ii) The exporter is a regular customer of AD Category – I bank for a period of at least six months.

(iii) The exporter's account with the AD Category – I bank is fully compliant with the Reserve Bank's extant KYC / AML guidelines.

(iv) The AD Category – I bank is satisfied about the bona-fides of the transaction.

(v) In case of doubt, the AD Category – I bank may consider filing Suspicious Transaction Report (STR) with FIU\_IND (Financial Intelligence Unit in India).

## **B.15 Invoicing of Software Exports**

(i) For long duration contracts involving series of transmissions, the exporters should bill their overseas clients periodically, i.e., at least once a month or on reaching the 'milestone' as provided in the contract entered into with the overseas client and the last invoice / bill should be raised not later than 15 days from the date of completion of the contract. It would be in order for the exporters to submit a combined SOFTEX form for all the invoices raised on a particular overseas client, including advance remittances received in a month.

(ii) Contracts involving only 'one-shot operation', the invoice/bill should be raised within 15 days from the date of transmission.

(iii) The exporter should submit declaration in Form SOFTEX in quadruplicate in respect of export of computer software and audio / video / television software to the designated official concerned of the Government of India at STPI / EPZ /FTZ /SEZ for valuation / certification not later than 30 days from the date of invoice / the date of last invoice raised in a month, as indicated above. The designated officials may also certify the SOFTEX Forms of EOUs, which are registered with them.

(iv) The invoices raised on overseas clients as at (i) and (ii) above will be subject to valuation of export declared on SOFTEX form by the designated official concerned of the Government of India and consequent amendment made in the invoice value, if necessary.

## **B.16 Short Shipments and Shut out Shipments**

(i) When part of a shipment covered by a EDF/SDF form already filed with Customs is short-shipped, the exporter must give notice of short-shipment to the Customs in the form and manner prescribed. In case of delay in obtaining certified short-shipment notice from the Customs, the exporter should give an undertaking to the AD banks to the effect that he has filed the short-shipment notice with the Customs and that he will furnish it as soon as it is obtained.

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

## **B.17 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 opened in India in US Dollar will be considered by the Reserve Bank 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 may be made by the overseas exporter / organisation through his / their AD Category – I bank to the Regional Office concerned of the Reserve Bank.

#### **B.18 Export of Goods on Lease, Hire, etc.**

Prior approval of the Reserve Bank is required for 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 should apply for necessary permission, through an AD Category – I banks, to the Regional Office concerned of the Reserve Bank, giving full particulars of the goods to be exported.

#### **B.19 Export on Elongated Credit Terms**

Exporters intending to export goods on elongated credit terms may submit their proposals giving full particulars through their banks for consideration to the Regional Office concerned of the Reserve Bank.

#### **B.20 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 realisation of full export proceeds subject to the usual EDF/SDF procedure.

AD Category – I banks may permit units in DTAs to purchase foreign exchange for making payment for goods supplied to them by units in SEZs.

(ii) Export of Services by Special Economic Zones (SEZs) to DTA Unit

Authorised Dealer Banks are permitted to sell foreign exchange to a unit in the DTA for making payment in foreign exchange to a unit in the SEZ for the services

rendered by it (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.

## **B.21 Project Exports and Service Exports**

(i) Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'. Indian exporters offering deferred payment terms to overseas buyers and those participating in global tenders for undertaking turnkey/civil construction contracts abroad are required to obtain the approval of the AD Category – I banks/ EXIM Bank/ Working Group at post-award stage before undertaking execution of such contracts. Regulations relating to 'Project Exports' and 'Service Exports' are laid down in the revised Memorandum of Instructions on Project and Service Exports (PEM- October 2003 as amended from time to time).

(ii) In order to provide greater flexibility to project exporters and exporters of services in conducting their overseas transactions, the guidelines stipulated vide paragraphs B.10 (i) (f), C 1(ii), D.1 (i), D.3 and D.4(iv) of the PEM have been modified. Project/Service exporters have also been extended the facility of deployment of temporary cash balance as set out here under;

### **(a) Inter-Project Transfer of Machinery [B 10 (i) (f) & D 4 (iv)]**

The stipulation regarding recovery of market value (not less than book value) of the machinery, etc., from the transferee project has been withdrawn. Further, exporters may use the machinery / equipment for performing any other contract secured by them in any country subject to the satisfaction of the sponsoring AD Category – I bank(s) / EXIM Bank / Working Group and also subject to the reporting requirement and would be monitored by the AD Category – I bank(s) / EXIM Bank / Working Group.

### **(b) Inter-Project Transfer of Funds [D 1 (i) & D 3]**

AD Category – I bank(s) / EXIM Bank / Working Group may permit exporters to open, maintain and operate one or more foreign currency account/s in a currency(ies) of their choice with inter-project transferability of funds in any currency or country. The Inter-project transfer of funds will be monitored by the AD Category – I bank(s) / EXIM Bank / Working Group.

### **(c) Deployment of Temporary Cash Surpluses**

Subject to monitoring by the AD Category – I bank(s) / EXIM Bank / Working Group, Project / Service exporters may deploy their temporary cash surpluses, generated outside India investments in short-term paper abroad including treasury bills and other monetary instruments with a maturity or remaining maturity of one year or less and the rating of which should be at least A-1/AAA by Standard & Poor or P-1/Aaa by Moody's or F1/AAA by Fitch IBCA etc., and as deposits with branches / subsidiaries outside India of AD Category – I banks in India.

#### (d) Repatriation of Funds in case of On-site Software Contracts [C 1 (ii)]

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 as per para B.7 (vii), *ibid*.

### **B.22 Export of Currency**

In terms of Foreign Exchange Management (Export and Import of Currency) Regulations, 2000 notified vide Notification No. FEMA 6/ 2000-RB dated 3rd May 2000, as amended from time to time, any export of Indian currency of value exceeding Rs.10,000/- except to the extent permitted under any general permission granted under the Regulations, will require prior permission of the Reserve Bank.

### **B.23 Forfeiting**

Export-Import Bank of India (EXIM Bank) and AD Category – I banks have been permitted to undertake forfeiting, for financing of export receivables. Remittance of commitment fee / service charges, etc., payable by the exporter as approved by the EXIM Bank / AD Category – I banks concerned may be done through an AD bank. Such remittances may be made in advance in one lump sum or at monthly intervals as approved by the authority concerned.

### **B.24 Exports to neighbouring countries by Road, Rail or River**

The following procedure should be adopted by exporters for filing original copies of EDF/SDF forms where exports are made to neighbouring countries by road, rail or river transport:

(i) In case of exports by barges/country craft/road transport, the form should be presented by exporter or his agent at the Customs station at the border through which the vessel or vehicle has to pass before crossing over to the foreign territory. For this purpose, exporter may arrange either to give the form to the person in charge of the vessel or vehicle or forward it to his agent at the border for submission to Customs.

(ii) As regards exports by rail, Customs staff has been posted at certain designated railway stations for attending to Customs formalities. They will collect the EDF/SDF forms for goods loaded at these stations so that the goods may move straight on to the foreign country without further formalities at the border. The list of designated railway stations can be obtained from the Railways. For goods loaded at stations other than the designated stations, exporters must arrange to present EDF/SDF forms to the Customs Officer at the Border Land Customs Station where Customs formalities are completed.

## **B.25 Border Trade with Myanmar**

This is governed by the Agreement on Border Trade between India and Myanmar. People living along both sides of the India-Myanmar border are permitted to exchange certain specified locally produced commodities (Annex 5) under the barter trade arrangement. They can also trade in freely convertible currency. AD banks should follow the guidelines stipulated in A.P.(DIR Series) Circular No.17 dated October 16, 2000.

## **B.26 Repayment of State Credits**

Export of goods and services against repayment of state credits granted by erstwhile USSR will continue to be governed by the extant directions issued by the Reserve Bank, as amended from time to time.

## **B.27 Counter –Trade Arrangements with Romania**

The Reserve Bank will consider counter trade proposals from Indian exporters with Romania involving adjustment of value of exports from India against value of imports made into India in terms of a voluntarily entered arrangement between the concerned parties, subject to the condition, among others that the Indian exporter should utilize the funds for import of goods from Romania into India within six months from the date of credit to Escrow Accounts allowed to be opened.

## **PART – 3**

### **C. Operational Guidelines for AD Category – I banks**

#### **C.1 Citing of Specific Identification Numbers**

(i) In all applications / correspondence with the Reserve Bank, the specific identification number as available on the EDF/SDF and SOFTEX forms should invariably be cited.

(ii) In the case of declarations made on SDF form, the port code number and shipping bill number should be cited.

#### **C.2 EDF/SDF/SOFTEX procedure**

In terms of Regulation 6 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 notified vide [Notification No. FEMA.23/2000-RB dated 3rd May 2000](#), as amended from time to time export declaration forms should be disposed of as under:

##### **C.3.1. EDF Form (Erstwhile GR and PP Form)**

(i) The EDF will replace the existing GR form used for declaration of export of Goods at Non-EDI ports. The procedure relating to the exports of goods through EDI ports will remain the same and SDF form will be applicable as hitherto.

(ii) EDF forms should be completed by the exporter in duplicate and both the copies submitted to the Customs at the port of shipment along with the shipping bill.

(iii) Customs will give their running serial number on both the copies after admitting the corresponding shipping bill. The Customs serial number will have ten numerals denoting the code number of the port of shipment, the calendar year and a six-digit running serial number.

(iv) Customs will certify the value declared by the exporter on both the copies of the EDF form at the space earmarked and will also record the assessed value.

(v) They will then return the duplicate copy of the form to the exporter and retain the original for transmission to the Reserve Bank.

(vi) Exporters should submit the duplicate copy of the EDF form again to Customs along with the cargo to be shipped.

(vii) After examination of the goods and certifying the quantity passed for shipment on the duplicate copy, Customs will return it to the exporter for submission to the AD Category – I banks for negotiation or collection of export bills.

(viii) Within 21 days from the date of export, exporter should lodge the duplicate copy together with relative shipping documents and an extra copy of the invoice with the AD Category – I banks named in the EDF form.

(ix) After the documents have been negotiated / sent for collection, the AD Category – I banks should report the transaction to the Reserve Bank in statement ENC under cover of appropriate R-Supplementary Return.

(x) The duplicate copy of the form together with a copy of invoice etc. shall be retained by the AD Category – I banks and may not be submitted to the Reserve Bank.

(xi) In the case of exports made under deferred credit arrangement or to joint ventures abroad against equity participation or under rupee credit agreement, the number and date of the Reserve Bank approval and/or number and date of the relative RBI circular should be recorded at the appropriate place on the EDF form.

(xii) Where Duplicate copy of EDF form is misplaced or lost, AD Category – I banks may accept another copy of duplicate EDF form duly certified by Customs.

Note: EDF Form numbers are now made available on-line on the Reserve Bank's website [www.rbi.org.in](http://www.rbi.org.in).

(Link :- Notification → FEMA → Forms → Foreign Exchange Management Act Forms → For Printing of EDF/Softex Form No)

### **(Erstwhile PP Form)**

(xiii) Postal Authorities will allow export of goods by post only if the original copy of the form has been countersigned by an AD Category – I bank. Therefore, EDF forms

which involve sending goods by post should be first presented by the exporter to an AD Category – I bank for countersignature. The procedure is as under:

(a) The AD Category – I banks will countersign the forms after ensuring that the parcel is being addressed to their branch or correspondent bank in the country of import and return the original copy to the exporter, who should submit the form to the post office with the parcel.

(b) The duplicate copy of the EDF form will be retained by the AD banks to whom the exporter should submit relevant documents together with an extra copy of invoice for negotiation/collection, within the prescribed period of 21 days.

(c) The concerned overseas branch or correspondent should be instructed to deliver the parcel to consignee against payment or acceptance of relative bill.

(d) AD Category – I banks may, however, countersign EDF forms covering parcels addressed direct to the consignees, provided:

(e) An irrevocable letter of credit for the full value of the export has been opened in favour of the exporter and has been advised through the AD Category – I banks concerned.

Or

The full value of the shipment has been received in advance by the exporter through an AD Category – I banks.

Or

The AD Category – I bank is satisfied, on the basis of the standing and track record of the exporter and the arrangements made for realization of the export proceeds, that he could do so.

(f) In such cases, particulars of advance payment/letter of credit / AD Category – I bank's certification of standing, etc., of the exporter should be furnished on the form under proper authentication.

(g) Any alteration in the name and address of consignee on the EDF form should also be authenticated by the AD Category – I banks under his stamp and signature.

### **C.3.2. 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.23/2000/RB dated May 3, 2000](#).

(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/SDF declaration procedure in this regard has been rationalized 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.23/2000-RB dated May 3, 2000](#).

(a) The exporters may submit the EDF/SDF form, duly signed by the Master of the Vessel in lieu of Custom Certification, indicating the composition of the catch, quantity, export value, date of transfer of catch, etc.

(b) The date of transfer of catch may be indicated in the column for 'Date of Shipment' with suitable remarks.

(c) In SDF form, Bill of Lading No. and date shall be mentioned in lieu of the Shipping Bill No. and date.

(d) Bill of Lading / Receipt of Trans-shipment issued by the carrier vessel should include the EDF/SDF Form Number.

(e) The EDF/SDF Forms should be duly supported by a certificate from an international cargo surveyor.

(f) 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.

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

(h) The exporter will complete the EDF/SDF Form 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. EDF/SDF (Original) will be retained by the Customs for capturing of data in Customs' Electronic Data Interchange.

(i) Customs will give their running serial number on both the copies of EDF/SDF Form and will return the duplicate copy to the exporter as the value certification of the export has already been done as mentioned above.

(j) Rules, Regulations and Directions issued in respect of the procedure for submission of the EDF/SDF form by exporter to the AD Category-I banks, and the disposal of these forms by these banks will be same as applicable to the other exporters.

#### **C.4 SDF**

The following system may be followed in case of SDF:

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

(ii) After verifying and authenticating the declaration in SDF, the Commissioner of Customs will hand over to the exporter, one copy of the shipping bill marked 'Exchange Control Copy' to which form SDF has been appended for being submitted to the AD Category – I banks within 21 days from the date of export.

(iii) The AD Category – I banks should accept the Exchange Control (EC) copy of the shipping bill and SDF appended thereto, submitted by the exporter for collection/negotiation of shipping documents.

(iv) The manner of disposal of EC copy of Shipping Bill (and form SDF appended thereto) is the same as that for EDF/SDF forms. The duplicate copy of the form together with a copy of invoice etc. shall be retained by the AD Category – I banks and may not be submitted to the Reserve Bank.

(v) In cases where ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA) initially settles the claims of exporters in respect of exports insured with them and subsequently receives the export proceeds from the buyer/buyer's country through the efforts made by them, the share of exporters in the amount so received is disbursed through the bank which had handled the shipping documents. In such cases, ECGC and private insurance companies regulated by IRDA will issue a certificate to the bank, which had handled the relevant shipping documents after full proceeds have been received. The certificate will indicate the number of declaration form, name of the exporter, name of the AD Category – I banks, date of negotiation, bill number, invoice value and the amount actually received by ECGC and private insurance companies regulated by IRDA.

## **C.5 SOFTEX Forms**

(i) A software exporter, whose annual turnover is at least Rs. 1000 crore or who files at least 600 SOFTEX forms annually, will be eligible to submit a statement in excel format as per Annexure A, giving all particulars along with quadruplicate set of SOFTEX form to the nearest STPI. STPI will then verify the details and decide on a percentage sample check of the documents in details. Software companies will submit all the documents on demand to STPI within 30 days of their advice or any reasonable/extended time at the discretion of the Director, STPI, at the request from the exporter. STPI will thus certify the statement and SOFTEX forms in bulk on the "Top Sheet" regarding the values etc. and will thereafter forward the first copy of the revised SOFTEX format to the concerned Regional Office of RBI, the duplicate copy along with bulk statement in excel format to Authorised Dealers for negotiation / collection / settlement, the third copy to the exporter and the last copy will be retained by STPI for its own record. Under the revised procedure, the exporters, however, will have to provide information about all the invoices including the ones lesser than US\$25000, in the bulk statement in excel format. [The revised procedure for submission of the SOFTEX form and other relevant documents are detailed in the Annex 4]

The procedure has been effective at all STPIs and SEZs / EPZs / 100%EOU / DTA since 1.1.2013.

(ii) A common "SOFTEX Form" (Annex 3) has been devised to declare single as well as bulk software exports.

(iii) Reserve Bank of India has extended the facility for online generation of the EDF Form Number and the SOFTEX Form Number (Single as well as Bulk for use in off-

site software exports). The facility of manual allotment of single as well bulk SOFTEX form number by Regional Offices of RBI has been dispensed with accordingly.

### **C.6 Random verification**

(iv) In all the above procedures, AD Category – I bank should ensure, by random check of the relevant duplicate forms by their internal / concurrent auditors, that non-realization or short realization allowed, if any, is within the powers delegated to them or has been duly approved by the Reserve Bank, wherever necessary.

### **C.7 Certification for EEFC Credits**

Where a part of the export proceeds are credited to an EEFC account, the export declaration (duplicate) form may be certified as under:

“Proceeds amounting to ..... representing ..... percent of the export realisation credited to the EEFC account maintained by the exporter with.....”

### **C.8 Consolidation of Air Cargo/Sea Cargo**

#### **(i) Consolidation of Air Cargo**

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

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

#### **(ii) Consolidation of Sea Cargo**

(a) AD Category – I banks may accept Forwarder's Cargo Receipts (FCR) issued by IATA approved agents, in lieu of bills of lading, for negotiation / collection of shipping documents, in respect of export transactions backed by letters of credit, if the relative letter of credit specifically provides for negotiation of this document, in lieu of bill of lading even if the relative sale contract with the overseas buyer does not provide for acceptance of FCR as a shipping document, in lieu of bill of lading

(b) Further, Authorized Dealers may, at their discretion, also accept FCR issued by Shipping companies of repute/IATA approved agents (in lieu of bill of lading), for purchase/discount/collection of shipping documents even in cases, where export transactions are not backed by letters of credit, provided their 'relative sale contract' with overseas buyer provides for acceptance of FCR as a shipping document in lieu of bill of lading. However, the acceptance of such FCR for purchase/discount would purely be the credit decision of the bank concerned who, among others, should satisfy itself about the bona fides of the transaction and the track record of the overseas buyer and the Indian supplier since FCRs are not negotiable documents. It would be advisable for the exporters to ensure due diligence on the overseas buyer, in such cases.

## **C.9 Delay in submission of shipping documents by exporters**

In cases where exporters present documents pertaining to exports after the prescribed period of 21 days from date of export, AD Category – I banks may handle them without prior approval of the Reserve Bank, provided they are satisfied with the reasons for the delay.

## **C.10 Check-list for Scrutiny of Forms**

AD Category – I banks may ensure:

(i) The number on the duplicate copy of the EDF/SDF form presented to them is the same as that of the original which is usually recorded on the Bill of Lading/Shipping Bill and the duplicate has been duly verified and authenticated by appropriate Customs authorities.

(ii) The Shipping Bill No. on the SDF form should be the same as that appearing on the Bill of Lading.

(iii) In the case of c.i.f., c.& f. etc. contracts where the freight is sought to be paid at destination, that the deduction made is only to the extent of freight declared on EDF/SDF form or the actual amount of freight indicated on the Bill of Lading/Airway Bill, whichever is less.

(iv) The documents submitted do not reveal any material inter se discrepancies in regard to description of goods exported; export value or country of destination.

(v) Where the marine insurance is taken by the exporters on buyer's account to verify, that the actual amount paid is received from the buyer through invoice and the bill.

(vi) To accept the Bill of Lading/Airway Bill issued on 'freight prepaid' basis where the sale contract is on f.o.b., f.a.s. etc. basis provided the amount of freight has been included in the invoice and the bill.

(vii) To negotiate the documents, in cases where the documents are being negotiated by a person other than the exporter who has signed EDF/SDF//SOFTEX Form for the export consignment concerned, after ensuring compliance with Regulation 12 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2000.

(viii) To accept the variations in the value declared to the customs authorities and that is reflected on the export documents which stem from the terms of contract, on production of documentary evidence after verifying the arithmetical accuracy of the calculations and on conforming the terms of underlying contracts. Some such instances (where the values declared to the customs authorities and that shown on the documents may differ) are enumerated hereunder:

(ix) The export realizable value may be more than what was originally declared to/accepted by the Customs on the EDF/SDF form in certain circumstances such as

where in c.i.f. or c. & f. contracts, part or whole of any freight increase taking place after the contract was concluded is agreed to be borne by buyers or where as a result of subsequent devaluation of the currency of the contract, buyers have agreed to an increase in price.

(x) In certain lines of export trade, the final settlement of price may be dependent on the results of quality analysis of samples drawn at the time of shipment; but the results of such analysis will become available only after the shipment has been made. Sometimes, contracts may provide for payment of penalty for late shipment of goods in conformity with trade practice concerning the commodity. In these cases, while exporters declare to the Customs the full export value based on the contract price, invoices submitted along with shipping documents for negotiation/ collection may reflect a different value arrived at after taking into account the results of analysis of samples or late shipment penalty, as the case may be.

(xi) To accept for negotiation or collection the bills for exports by sea or air which fall short of the value declared on EDF/SDF forms on account of trade, only if the discount has been declared by the exporter on relative EDF/SDF form at the time of shipment and accepted by Customs.

### **C.11 Return of Documents to Exporters**

The duplicate copies of EDF/SDF forms and shipping documents, once submitted to the AD Category – I banks for negotiation, collection, etc., should not ordinarily be returned to exporters, except for rectification of errors and resubmission.

### **C.12 Handing Over Negotiable Copy of Bill of Lading to Master of Vessel/Trade Representative**

AD Category – I banks may deliver one negotiable copy of the Bill of Lading to the Master of the carrying vessel or trade representative for exports to certain landlocked countries if the shipment is covered by an irrevocable letter of credit and the documents conform strictly to the terms of the Letter of Credit which, inter alia, provides for such delivery.

### **C.13 Export Bills Register**

(i) AD Category – I banks should maintain Export Bills Register, in physical or electronic form. Details of EDF/SDF/SOFTEX form number, due date of payment, the fortnightly period of R Supplementary Return with which the ENC statement covering the transaction was sent to the Reserve Bank, should be available.

(ii) AD Category – I banks should ensure that all types of export transactions are entered in the Export Bills Register and are given bill numbers on a financial year basis (i.e. April to March).

(iii) The bill numbers should be recorded in ENC statement and other relevant returns submitted to the Reserve Bank.

### **C.14 Follow-up of Overdue Bills**

(i) AD Category – I banks should closely watch 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 concerned exporter. If the exporter fails to arrange for delivery of the proceeds within the stipulated period or seek extension of time beyond the stipulated period, the matter should be reported to the Regional Office concerned of the Reserve Bank stating, where possible, the reason for the delay in realizing the proceeds.

(ii) The duplicate copies of EDF / SDF / SOFTEX Forms should, continue to be held by AD Category – I banks until the full proceeds are realised, except in case of undrawn balances.

(iii) AD Category – I banks should follow up export outstanding with exporters systematically and vigorously so that action against defaulting exporters does not get delayed. Any laxity in the follow up of realization of export proceeds by AD Category – I banks will be viewed seriously by the Reserve Bank, leading to the invocation of the penal provision under FEMA, 1999.

(iv) With effect from the half year ending December 2013, half yearly XOS submission should be made online and Bank-wide instead of the present system of branch-wise submission through the respective Regional Offices of Reserve Bank of India

### **C.15 Reduction in Invoice Value on Account of Prepayment of Usance Bills**

Occasionally, exporters may approach AD Category – I banks for reduction in invoice value on account of cash discount to overseas buyers for prepayment of the usance bills. AD Category – I banks may allow cash discount to the extent of amount of proportionate interest on the unexpired period of usance, calculated at the rate of interest stipulated in the export contract or at the prime rate/LIBOR of the currency of invoice where rate of interest is not stipulated in the contract.

### **C.16 Reduction in Invoice Value in other cases**

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

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

(b) It does not relate to export of commodities subject to floor price stipulations  
The exporter is not on the exporters' caution list of the Reserve Bank, and

(c) The exporter is advised to surrender proportionate export incentives availed of, if any.

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

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

### **C.17 Export Claims**

(i) AD Category – I banks may remit export claims on application, provided the relative export proceeds have already been realised and repatriated to India and the exporter is not on the caution list of the Reserve Bank.

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

### **C.18 Change of buyer/consignee**

Prior approval of the Reserve Bank is not required if, after goods have been shipped, they are to be transferred to a buyer other than the original buyer in the event of default by the latter, provided the reduction in value, if any, involved does not exceed 25 per cent of the invoice value and the realization of export proceeds is not delayed beyond the period of 12 months from the date of export.

### **C.19 Extension of Time**

(i) The Reserve Bank of India has permitted the AD Category – I banks to extend the period of realization of export proceeds beyond 12 months from the date of export, up to a period of six months, at a time, irrespective of the invoice value of the export subject to the following conditions:

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

(b) The AD Category – I bank is satisfied that the exporter has not been able to realise export proceeds for reasons beyond his control,

© The exporter submits a declaration that the export proceeds will be realised during the extended period,

(d) While considering extension beyond one year from the date of export, the total outstanding of the exporter does not exceed USD one million or 10 per cent of the

average export realizations during the preceding three financial years, whichever is higher.

(e) All the export bills outstanding beyond six months from the date of export may be reported in XOS statement. However, where extension of time has been granted by the AD Category – I banks, the date up to which extension has been granted may be indicated in the 'Remarks' column.

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

(ii) In cases where an exporter has not been able to realise proceeds of a shipment made within the extended period for reasons beyond his control, but expects to be able to realise proceeds if further extension of the period is allowed to him, as well as in respect of cases not covered under Para (i) above necessary application (in duplicate) should be made to the Regional Office concerned of the Reserve Bank in form ETX through his AD Category – I bank with appropriate documentary evidence.

### **C.20 Write off of export bills**

(i) An exporter who has not been able to realise the outstanding export dues despite best efforts, may either self-write off or approach the AD Category – I banks, who had handled the relevant shipping documents, with appropriate supporting documentary evidence with a request for write off of the unrealised portion subject to the fulfilment of stipulations regarding surrender of incentives prior to "write-off" adduced in the A.P. (DIR Series) Circular No. 03 dated 22 July 2010. After liberalizing and simplifying the procedure, the limits prescribed for "write-offs" of unrealized export bills are as under:

Self "write-off" by an exporter (Other than Status Holder Exporter)	5%*
Self "write-off" by Status Holder Exporters	10%*
'Write-off" by Authorized Dealer Bank-	10%*

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

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

(iii) The above "write-off" will be subject to conditions that the relevant amount has remained outstanding for more than one year, satisfactory documentary evidence is furnished in support of the exporter having made all efforts to realize the dues, and the case falls under any of the undernoted categories :

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

- (b) The overseas buyer is not traceable over a reasonably long period of time.
- (c) The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
- (d) The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;
- (e) The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter;
- (f) The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control;
- (g) Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amounts have remained unrealized consequent on dishonour of the bills by the overseas buyer and there are no prospects of realization.
- (iv) The exporter has surrendered proportionate export incentives (for the cases not covered under [A. P. \(DIR. Series\) Circular No.03 dated July 22, 2010](#)), if any, availed of in respect of the relative shipments. The AD Category – I banks should obtain documents evidencing surrender of export incentives availed of before permitting the relevant bills to be written off.
- (v) In case of self-write-off, the exporter should submit to the concerned AD bank, a Chartered Accountant's certificate, indicating the export realization in the preceding calendar year and also the amount of write-off already availed of during the year, if any, the relevant EDF/SDF Nos. to be written off, Bill No., invoice value, commodity exported, country of export. The CA certificate may also indicate that the export benefits, if any, availed of by the exporter have been surrendered.
- (vi) However, the following would not qualify for the "write off" facility :
- (a) Exports made to countries with externalization problem i.e. where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the central banking authorities of the country.
- (b) EDF/SDF forms which are under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. as also the outstanding bills which are subject matter of civil / criminal suit.
- vii) The respective AD banks may forward a statement in form EBW, in the enclosed format, to the Regional Office of Reserve Bank under whose jurisdiction they are functioning, indicating details of write-offs allowed under this circular.

viii) AD banks are advised to put in place a system under which their internal inspectors or auditors (including external auditors appointed by authorised dealers) should carry out random sample check / percentage check of “write-off” outstanding export bills.

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

### **C.21 Write off in cases of Payment of Claims by ECGC and private insurance companies regulated by Insurance Regulatory and Development Authority (IRDA)**

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

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

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

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

### **C.22 Write-off – Relaxation**

As announced in the Foreign Trade Policy (FTP), 2009-14, with effect from August 27, 2009, realisation of export proceeds shall not be insisted upon under any of the Export Promotion Schemes under the said FTP, subject to the following conditions:

(a) The write off on the basis of merits is allowed by the Reserve Bank or by AD Category – I bank on behalf of the Reserve Bank, 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.

(d) The AD Category – I banks are advised not to insist on the surrender of proportionate export incentives, other than under the Duty Drawback Scheme, if availed of, by the exporter under any of the Export Promotion Schemes under FTP 2009-14 , subject to fulfilment of conditions as stated above. The drawback amount has to be recovered even if the claim is settled by the Export Credit Guarantee Corporation of India Limited (ECGC) or the write –off is allowed by the Reserve Bank.

### **C.23 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 Category – I banks 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 Category - banks 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/SDF form only after the amount has been collected.

(iii) A certificate for the amount of claim received should be furnished on the reverse of the duplicate copy.

(iv) AD Category – I banks 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.

### **C.24 'Netting off' of export receivables against import payments – Units in Special Economic Zones (SEZs)**

AD Category - I banks may allow requests received from exporters for 'netting off' of export receivables against import payments for units located in Special Economic Zones subject to the following:

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

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

(iii) Both the transactions of sale and purchase in 'R' - Returns under FET-ERS are reported separately.

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

(v) All the relevant documents are submitted to the concerned AD Category – I banks who should comply with all the regulatory requirements relating to the transactions.

**C.25 – Set-off of export receivables against import payables: (effective from November 17, 2011).**

AD category – I banks may deal with the cases of set-off of export receivables against import payables, subject to following terms and conditions:

- (i) The import is as per the Foreign Trade Policy in force.
- (ii) Invoices/Bills of Lading/Airway Bills and Exchange Control copies of Bills of Entry for home consumption have been submitted by the importer to the Authorized Dealer bank.
- (iii) Payment for the import is still outstanding in the books of the importer.
- (iv) Both the transactions of sale and purchase may be reported separately in 'R' Returns.
- (v) The relative EDF/SDF forms will be released by the AD bank only after the entire export proceeds are adjusted / received.
- (vi) The " set-off" of export receivables against import payments should be in respect of the same overseas buyer and supplier and that consent for "set-off" has been obtained from him.
- (vii) The export / import transactions with ACU countries should be kept outside the arrangement.
- (viii) All the relevant documents are submitted to the concerned AD bank who should comply with all the regulatory requirements relating to the transactions.

**C.26 Agency Commission on Exports**

(i) AD Category – I banks may allow payment of commission, either by remittance or by deduction from invoice value, on application submitted by the exporter. The remittance on agency commission may be allowed subject to conditions as under:

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

(b) The relative shipment has already been made.

(ii) AD Category – I banks may 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.

### **C.27 Refund of Export Proceeds**

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

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

(ii) Verify the bona-fides of the transactions

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

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

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

### **C.28 Exporters' Caution List**

(i) AD Category – I banks will also be advised whenever exporters are cautioned in terms of provisions contained in Regulation 17 of "Export Regulations" (Annex 2). They may approve EDF/SDF forms of exporters who have been placed on caution list if the exporters concerned produce evidence of having received an advance payment or an irrevocable letter of credit in their favour covering the full value of the proposed exports.

(ii) Such approval may be given even in cases where usance bills are to be drawn for the shipment provided the relative letter of credit covers the full export value and also permits such drawings and the usance bill mature within twelve months from the date of shipment.

(iii) AD Category – I banks should obtain prior approval of the Reserve Bank for issuing guarantees for caution-listed exporters.

**Foreign Exchange Management (Current Account Transactions) Rules, 2000**

Notification No. G.S.R.381(E) dated 3rd May 2000 (as amended from time to time)\* : In exercise of the powers conferred by Section 5 and sub-section (1) and clause (a) of sub-section (2) of Section 46 of the Foreign Exchange Management Act, 1999, and in consultation with the Reserve Bank, the Central Government having considered it necessary in the public interest, makes the following rules, namely :--

**1. Short title and commencement.**---(1) These rules may be called the Foreign Exchange Management (Current Account Transactions) Rules, 2000;  
(2) They shall come into effect on the 1<sup>st</sup> day of June 2000.

**2. Definitions.**---In these rules, unless the context otherwise requires :

- (a) "Act" means the Foreign Exchange Management Act, 1999 (42 of 1999);
- (b) "Drawal" means drawal of foreign exchange from an authorised person and includes opening of Letter of Credit or use of International Credit Card or International Debit Card or ATM Card or any other thing by whatever name called which has the effect of creating foreign exchange liability;
- (c) "Schedule" means a schedule appended to these rules;
- (d) The words and expressions not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

**3. Prohibition on drawal of Foreign Exchange**---Drawal of foreign exchange by any person for the following purpose is prohibited, namely:

- a. a transaction specified in the Schedule I; or
- b. a travel to Nepal and/or Bhutan; or
- c. a transaction with a person resident in Nepal or Bhutan.

Provided that the prohibition in clause (c) may be exempted by RBI subject to such terms and conditions as it may consider necessary to stipulate by special or general order.

**4. Prior approval of Govt. of India.**---No person shall draw foreign exchange for a transaction included in the Schedule II without prior approval of the Government of India;  
Provided that this Rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.

## **5. Prior approval of Reserve Bank**

No person shall draw foreign exchange for a transaction included in the Schedule III without prior approval of the Reserve Bank;

Provided that this Rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.

6. (1) Nothing contained in Rule 4 or Rule 5 shall apply to drawal made out of funds held in Exchange Earners' Foreign Currency (EEFC) account of the remitter.

(2) Notwithstanding anything contained in sub-rule (1), restrictions imposed under rule 4 or rule 5 shall continue to apply where the drawal of foreign exchange from the Exchange Earners Foreign Currency (EEFC) Account is for the purpose specified in items 10 and 11 of Schedule II, or item 3, 4, 11, 16 & 17 of Schedule III as the case may be.

## **7. Use of International Credit Card while outside India**

Nothing contained in Rule 5 shall apply to the use of International Credit Card for making payment by a person towards meeting expenses while such person is on a visit outside India.

### **Schedule I Transactions which are Prohibited (see rule 3)**

1. Remittance out of lottery winnings.
2. Remittance of income from racing/riding etc. or any other hobby.
3. Remittance for purchase of lottery tickets, banned/proscribed magazines, football pools, sweepstakes, etc.
4. Payment of commission on exports made towards equity investment in Joint Ventures/ Wholly Owned Subsidiaries abroad of Indian companies.
5. Remittance of dividend by any company to which the requirement of dividend balancing is applicable.
6. Payment of commission on exports under Rupee State Credit Route, except commission upto 10% of invoice value of exports of tea and tobacco.
7. Payment related to "Call Back Services" of telephones.
8. Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme.

## Schedule II

### Transactions which require prior approval of the Central Government

(see Rule 4)

<b>Purpose of Remittance</b>	<b>Ministry/Department of Govt. of India whose approval is required</b>
1. Cultural Tours	Ministry of Human Resources Development, (Department of Education and Culture)
2. Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding USD 10,000) by a State Government and its Public Sector Undertakings	Ministry of Finance, (Department of Economic Affairs)
3. Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport, (Chartering Wing)
4. Payment of import by a Govt. Department or a PSU on c.i.f. basis (i.e. other than f.o.b. and f.a.s. basis)	Ministry of Surface Transport, (Chartering Wing)
5. Multi-modal transport operators making remittance to their agents abroad	Registration Certificate from the Director General of Shipping
6. Remittance of hiring charges of transponders by (a) TV Channels (b) Internet Service providers	Ministry of Information and Broadcasting Ministry of Communication and Information Technology
7. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)
8. Remittances under technical collaboration agreements where payment of royalty exceeds 5% on local sales and 8% on exports and lump-sum payment exceeds USD 2 million	Ministry of Commerce and Industry
9. Remittance of prize money/sponsorship of sports activity abroad by a person other than International / National / State Level sports bodies, if the amount involved exceeds USD 100,000.	Ministry of Human Resources Development (Department of Youth Affairs and Sports)
10. Omitted	
11. Remittance for membership of P & I Club	Ministry of Finance, (Insurance Division)

**Schedule III**  
**(See Rule 5)**

1. Omitted
  2. Release of exchange exceeding USD 10,000 or its equivalent in one calendar year, for one or more private visits to any country (except Nepal and Bhutan).
  3. @Gift remittance exceeding USD 5,000 per remitter/donor per annum.
  4. # Donation exceeding USD 5000 per remitter/donor per annum.
  5. Exchange facilities exceeding USD 100,000 for persons going abroad for employment.
  6. Exchange facilities for emigration exceeding USD 100,000 or amount prescribed by country of emigration.
  7. Remittance for maintenance of close relatives abroad,
    - i. exceeding net salary (after deduction of taxes, contribution to provident fund and other deductions) of a person who is resident but not permanently resident in India and –
      - (a) is a citizen of a foreign State other than Pakistan; or
      - (b) is a citizen of India, who is on deputation to the office or branch or subsidiary or joint venture in India of such foreign company.
    - ii. exceeding USD 100,000 per year, per recipient, in all other cases.
- Explanation:*** For the purpose of this item, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignment; the duration of which does not exceed three years, is a resident but not permanently resident.
8. Release of foreign exchange, exceeding USD 25,000 to a person, irrespective of period of stay, for business travel, or attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/check-up.
  9. Release of exchange for meeting expenses for medical treatment abroad exceeding the estimate from the doctor in India or hospital/doctor abroad.
  10. Release of exchange for studies abroad exceeding the estimate from the institution abroad or USD 100,000, per academic year, whichever is higher.

11. Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance whichever is more.

12. Omitted

13. Omitted

14. Omitted

15.\$ Remittance exceeding USD 1,000,000 per project, for any consultancy service procured from outside India.

16. Omitted

17. \* Remittance exceeding USD 100,000 by an entity in India by way of reimbursement of pre-incorporation expenses.

18. Omitted

***(Amendments)***

(Notification GSR.663 (E) dated August 17, 2000, S.O.301(E) dated March 30, 2001, GSR.831(E) dated December 20, 2002, GSR.33(E) dated January 16, 2003, GSR.397(E) dated May 14, 2003, GSR.731(E) dated September 11, 2003, GSR.849 (E) dated October 29, 2003, GSR.608(E) dated September 13, 2004, G.S.R.512(E) dated July 28,2005 and G.S.R.412(E) dated July 11, 2006.

Please Note:

@ Stands amended vide our A.P. (DIR Series) Circular No. 24 dated December 20,2006.

# Stands amended vide our A.P.(DIR Series) Circular Nos. 24 and 45 dated December 20,2006 and April 30,2007, respectively.

\$ Stands amended vide our A.P.(DIR Series) Circular No. 46 dated April 30,2007.

\* Stands amended vide our A.P.(DIR Series) Circular No. 47 dated April 30,2007.

Necessary Gazette Notifications are being issued.

(para B 4, Part of the Master Circular)

**EFC**

(Application for opening foreign currency account with a bank in India or abroad by exporters)

**Instructions:**

1. The application should be completed in duplicate and submitted through the designated branch of a bank authorized to deal in foreign exchange in India with which the foreign currency account is to be maintained/which will monitor the account, to the Office of Reserve Bank under whose jurisdiction the exporter is located.
2. Before forwarding the application to Reserve Bank, authorised dealers should properly scrutinize it to ensure that it is complete in all respects.

**Documentation:**

3. Exporter's declaration duly certified by his auditors, indicating export bills realized during the preceding 3 years and the export bills outstanding beyond the due date.
4. Auditor's certificate giving country-wise break-up of imports made during the preceding 3 years.
5. Certified copies of a letter from overseas bank indicating terms & conditions of the loan/overdraft/line of credit facilities offered.
6. Certified copies of Reserve Bank's approval in respect of foreign currency loans raised giving their maturity patterns.

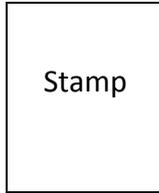
1.	Name and address of the Exporter	
2.	Importer-exporter's code number	
3.	Name and address of the bank/ branch with which foreign currency account is proposed to be maintained.	

4.	In case the account is to be maintained with a bank out-side India, name and address of the branch of a bank in India which will monitor the transactions put through the foreign currency accounts.				
5.	Details of exports made and proceeds realized during the period the preceding 3 years and outstanding at the end of the period.	Financial Year	Total exports made (Rs.)	Amount realised (Rs.)	Outstanding at the end of the period (Rs.)
6.	Details of imports made Calendar Year Country Amount (Rs.) during the preceding 3 years, country-wise.	Financial Year		Country	Amount (Rs.)
7.	In case the account is proposed to be opened with a bank abroad, indicate the details of arrangements made for availing of loans/ overdrafts/lines of credit from the bank with which the account will be maintained.				
8.	Quarterwise projections of export receipts to be credited to the account and payments in foreign exchange (itemwise) to be made from the account under various heads, during the next year.				
9.	Whether the applicant's name has been/was placed on exporters' caution list at any time.				
10.	Details of foreign currency loan raised by				

	the exporter and their maturity patterns.	
11.	Any other information that the applicant may like to provide in support of this application.	

Place: .....

Date : .....



\_\_\_\_\_

(Signature of Applicant/Authorised Official)

Name:  
.....

Designation:  
.....

(Space for Authorised Dealer's comments)

Comments of the branch of the bank in India with which the account is proposed to be maintained or which will monitor the operations on account maintained with a bank abroad, as the case may be.

Place: .....

Date : .....



.....

(Signature of Applicant/Authorised Official)

Name:.....

Designation:.....

Name and Address .....

of Authorised Dealer: .....

**Annex III**

**Format of Softex Forms submitted in bulk**

**Summary Sheet**

**Section - A**

Name and address of Exporter		IEC Code.	
Letter of Permission (LOP) No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)		Date of LOP issued	
Name of Authorised Datacom Service Provider		STPI/SEZ Centre	
Name and address of Authorised Dealer/Bank		Authorized Dealer Code	

**Section - B**

**List of Invoices for offshore export value through datacom link**

**Period of Invoices raised from \_\_\_\_\_ to \_\_\_\_\_**

Sr. No.	Softex No.	Name of the Client	Address of the Client	Country	Internal project code/Contract/Agreement No & date	Type of S/W Exported	Mode of realisation	Invoice Number	Invoice Date (DD/MM/YY)	Currency	Analysis of Export Value				
											Value of software Export (A)	Transmission Charge (B)	Commission (C)	Deduction (D)	Net Realisable value [(A+B)-(C+D)]

**SECTION - C**

**DECLARATION BY EXPORTER**

I/We@ hereby declare that I/we@ am/are@ the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We@ also declare that the software has been developed and exported by using Authorised and legitimate datacom link and certified that the software described above was actually transmitted. I/We @ undertake that I/we@ will deliver to the authorised dealer bank named above the foreign exchange representing the full value of the software exported as above on or before..... (i.e. within the period of realisation stipulated by RBI from time to time ) in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999.

**I/We @ am/are not in the Caution List of the Reserve Bank of India.**

Place:

Date:

Name:

Designation:

Stamp

**(Signature of the  
Exporter)**

**Space for use of the competent authority in STPI/EPZ/SEZ**

**Certified, on the basis of above declaration by the SEZ/STPI unit, that the software described above and the export value declared by the exporter in this form is as per the corresponding invoice/gist of invoices submitted and declared by the Unit.**

Place:

Date:

Name :

Designation:

Stamp

**( Signature of the Designated/Authorised  
Official of STPI/EPZ/SEZ )**

*@ Strike out whichever is not applicable*

**Format of Softex Forms submitted in bulk for royalty receipt**

**Summary Sheet**

**Section - A**

Name and address of Exporter		IEC Code.	
Letter of Permission (LOP) No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)		Date of LOP issued	
Name of Authorised Datacom Service Provider		STPI/SEZ centre	
Name and address of Authorised Dealer/Bank		Authorized Dealer Code	

**Section - B**

**List of Invoices for offshore export value through datacom link**

**Details of invoices for Royalty on software Packages/products exported during the Period raised from \_\_\_\_\_ to \_\_\_\_\_**

Sl No	SOFTEX No	Name of Client	Address of Client	Country	Currency	Invoice Number	Invoice Date (DD/MM/YY YY)	Unique Internal Project code/Contract/Agreement/PO Date	Offshore Export value in Invoice currency	Type of software Exported	Details of Software Packages / Products exported				Mode of realisation of Royalty value	Calculation of Royalty amount
											GR/SDF/PP/SOFT EX /EDF Form No. on which exports were declared	Date of Export	Royalty agreement details			
													% age and amount of royalty	Period of Royalty agreement		

**SECTION - C**

**DECLARATION BY EXPORTER**

I/We@ hereby declare that I/we@ am/are@ the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We@ also declare that the software has been developed and exported by using Authorised and legitimate datacom link and certified that the software described above was actually transmitted. I/We@ undertake that I/we@ will deliver to the authorised dealer bank named above the foreign exchange representing the full value of the software exported as above on or before..... (i.e. within the period of realisation stipulated by RBI from time to time ) in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999.

**I/We @ am/are not in the Caution List of the Reserve Bank of India.**

Place:

Date:

Name :

Designation:

**Stamp**

(Signature of Exporter)

**Space for use of the competent authority in STPI/EPZ/SEZ**

**Certified, on the basis of above declaration by the SEZ/STPI unit, that the software described above and the export value declared by the exporter in this form is as per the corresponding invoice/gist of invoices submitted and declared by the Unit.**

Place:

Date:

Name :

Designation:

**Stamp**

**( Signature of the  
Designated/Authorised  
Official of STPI/EPZ/SEZ  
)**

*@ Strike out whichever is not applicable*

**1. Revised Procedure : Reporting of Software exports to STPI**

- A. Periodicity** – Monthly
- B. Time period** – **Not later than 30 days** from the close of the month in which the invoice is raised
- C. Applicability** – Software exporters with annual turnover in excess of Rs. 1,000 crore or submitting at least 600 Softex forms annually.
- D. Softex Number** – Softex number shall be allocated/issued centrally by RBI once a year based on the requirements of exporter which can be about 200,000 numbers to be used by large exporters for the year for all locations. If the softex numbers are exhausted, the exporter can apply again to RBI for allotment of number. Exporters can use the allocated Softex number either for each invoice or for a group of invoices **with same currency** of a particular customer. **Softex number** would be the control number for identifying any of the export transaction.
- E. Details of information** – As per the template in **Annexure A**, which will broadly cover information as under
  - i. Name and Address of the Exporter
  - ii. Letter of permission number and date
  - iii. Name of authorized data com service provider
  - iv. Import Export Code number
  - v. Software Export Declaration
  - vi. Details of Export of Software during the period
    - a) Period of submission i.e. Month name
    - b) SOFTEX Number
    - c) Name of Client
    - d) Address of Client
    - e) Country of Export
    - f) Invoice Number
    - g) Invoice Date
    - h) Project Code or Contract or Agreement or PO & Date
    - i) Type of Software Exported
    - j) Invoice Currency
    - k) Offshore Invoice value
  - vii. Details of billings on account of Royalty on Software Packages/products exported as per **Annexure B**
    - a) Period of submission i.e., Month name
    - b) SOFTEX Number
    - c) Name of Client
    - d) Address of Client
    - e) Country of Export
    - f) Invoice Number

- g) Invoice Date
- h) Unique internal Project Code or Contract/Agreement/PO Date
- i) Invoice Currency
- j) Offshore Invoice value
- k) Details of Software Package(s)/product(s) exported
- l) Royalty agreement details
  - 1. % age and amount of royalty
  - 2. Period of Royalty agreement
  - 3. Mode of realisation of Royalty value
  - 4. Calculation of Royalty amount

viii. The Authorized dealer's name should be given in Section A of individual bulk statement itself along with email id (**Annexure A & B**). If there are multiple ADs, then exporter may provide full details - i.e., Details such as bank name, address and Authorized Dealer code plus

- a) Details of Letter of Credit(L/C) facility availed by the exporter
- b) Details of Bank Guarantee taken by the exporter
- c) Details of the Bank Accounts into which the transfer/remittance are received

ix. Email id of the Exporter shall be specified to which the attested Bulk Softex statement will be sent

**F. Soft copy Submission** – Software Exports Declaration in summary excel sheet with above details.

**G. Hard copy submission** – Covering letter along with summary sheet declarations and Annexure copies in quadruplicate. Copies of Softex forms, Invoices, SoW, MSA or any other document are not required to be submitted along with summary.

**H. Additional Information** – At the request of STPI, software exporter need to submit additional details about selected sample invoices within 30 days of the request or any reasonable extended time at the discretion of the Director , STPI at the request from the exporter.

**I. Time Period for additional Information** – STPI would do sample audit periodically but not during period beyond six months, to make the records concurrent with the filing of the Softex. This however, doesn't stop the regulator from asking old records as per FEMA.

**J.** STPI will send the attested Bulk Softex statement in hardcopy to software exporter and soft copy to RBI, Regional Office, Authorized Dealer and Exporter with **password protection** (to be provided by STPI)

**K.** Authorized Dealer will upload this information in their systems for further processing

**L.** Authorized Dealer will settle the Softex using AD internal control number based on details provided by Exporter on collections as per Annexure C

## **2. Reporting of Software export Realizations to Authorized Dealer (AD)**

Software Exporters can have collection account overseas or get credit directly in the bank accounts maintained in India, where individual invoices raised on customers are collected. After meeting “onsite” branch expenses, as permitted by FEMA, net amount will be remitted to India. This would also include 100% realization of offsite exports.

### **A. Periodicity – Quarterly**

**B. Applicability –** Software exporters with annual turnover in excess of Rs. 1,000 crore or submitting in excess of 600 Softex forms annually.

**C. Details of information –** As per **Annexure C**, which will cover information as under

- i. Name and Address of the Exporter
- ii. Import Export Code number
- iii. Details of invoice wise collections (**Attachment A**)
  - a) SOFTEX Number
  - b) Name of Customer
  - c) Invoice Number
  - d) Invoice Date
  - e) Invoice Currency
  - f) Offshore Invoice value
  - g) Offshore Invoice value realized
  - h) Date of Realization of exports proceeds
  - i) Name of the Bank
  - j) Country of the Bank
- iv. Details of Foreign Currency Inward Remittance in India(**Attachment B**). Authorized Dealers will give a control number for this Attachment B, which shall be used by them to settle all the softex forms in Attachment A

### **a) Inward remittance in India from overseas bank accounts**

1. Name and address of the Authorized Dealer at which the amount has been received
2. Inward remittance details like FIRC number, date, amount and foreign currency
3. Name and address of the Overseas bank from which remittance has been effected

### **b) Direct Inward remittance in India from customers against exports of software**

1. Name and address of the Authorized Dealer at which the amount has been received
2. Inward remittance details like FIRC number, date, amount and foreign currency
3. Name and address of the Customer from which remittance has been received

**v. Documentation:** FIRCs to be given to AD for endorsement along with above details

- vi. Software exporters will furnish the credit notes to AD for invoices which have already been certified by STPI and settle the respective Softex forms.

### **3. Online Submission of Periodic Software Exports Declaration**

STPI is in the process of computerizing the submission of Softex form. STPI would be required to ensure that the computerisation of the Softex forms and the populating of the data must be compatible to '**Softex Card Design**' as detailed in **Annexure E** and be able to generate a report in '**ENC file format**' as detailed in **Annexure D**

N.B. In the event of full computerisation at the STPIs, the exporters will upload their bulk statement to the STPI system which will be verified and certified by the STPI and the certified information will flow to RBI, Regional Office, Exporter as well as AD online. The data will eventually flow to DSIM, RBI for record with a copy retained at STPI.




**Section - C**

**Declaration by Exporter**

I/We hereby declare that I/we am/are the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We also declare that the software has been developed and exported by using authorized and legitimate datacom links.

I/We undertake that I/We will deliver to the bank named above the foreign exchange representing the full value of the software exported as above on or before \_\_\_\_\_ (i.e. within six months from the date of invoice/ date of last invoice raised during a month), in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999

Place :

Date :

Name :

Designation :

Stamp

\_\_\_\_\_  
Signature of the Exporter

-----

**Space for use of the Competent Authority in STPI/EPZ/SEZ**

\*1. Certified that the software described above was actually transmitted and the export value declared by the exporter has been found to be in order and accepted by us.

\*2. Certified on the basis of above declaration by the SEZ unit that the software described above and the export value declared by the exporter has been found to be in order and accepted by us.

Place :  
Date :  
Name :  
Designation :

Stamp

\_\_\_\_\_  
Signature of the Designated  
Official  
of STPI/EPZ/SEZ

\* Strike out which is not applicable

## Annexure B

### Format of Softex Forms submitted in bulk for royalty receipt

#### Summary Sheet

#### Section - A

Name and address of Exporter			Period from & to :
Letter of Permission (LOP) No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)			Date of LOP issued :
Name of Authorised Datacom Service Provider			IEC Code :
Name and Address of Authorised Dealer/Bank			Authorised Dealer Code :

#### Section - B

#### List of Invoices for offshore export value through datacom/link

**Details of invoices for Royalty on software Packages / products exported during the period raised from \_\_\_\_\_ to \_\_\_\_\_**

Sr. No.	Softex No.	Name of the	Address of	Country	Currency	Invoice	Invoice Date	Unique Internal	Offshore Export value in Invoice	Type of Software	Details of Software Packages/ Products exported	Mode of realisation	Calculation of
---------	------------	-------------	------------	---------	----------	---------	--------------	-----------------	----------------------------------	------------------	---	---------------------	----------------

		Client	the Client			Number	(DD/MM/YYYY)	project code/ Contract Agree-ment / PO Date	currency	Exported	GR/SDF/PP/ SOFTEX Form No. on which exports were declared	Date of Export	Royalty agreement details		of Royalty value	Royalty amount	
													% and amount of royalty	Period of Royalty agreement			

**Section - C**

**Declaration by Exporter**

I/We hereby declare that I/we am/are the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared. The software has been developed and exported by using authorized and legitimate datacom links.

I/We undertake that I/We will deliver to the bank named above the foreign exchange representing the full value of the software exported as above on or before \_\_\_\_\_ (i.e. within six months from the date of invoice/ date of last invoice raised during the Regulations made under the Foreign Exchange Management Act, 1999

Place :

Date :

Name :

Designation :

Stamp

\_\_\_\_\_  
Signature of the Exporter

-----  
Space for use of the Competent Authority in STPI/EPZ/SEZ

\*1. Certified that the software described above was actually transmitted and the export value declared by the exporter has been found to be in order and accepted by us.

\*2. Certified on the basis of above declaration by the SEZ unit that the software described above and the export value declared by the exporter has been found to be in order and accepted by us.

Place :  
Date :  
Name :  
Designation :

Stamp

\_\_\_\_\_  
Signature of the Designated Official of  
STPI/EPZ/SEZ

\*strike out which is not applicable.

## Annexure C

DECLARATION OF REALISATION AGAINST SOFTWARE EXPORT REPORTED FOR THE Qtr ENDED _____		
1	Name and Address of the Exporter	
2	Import Export Code :	
3	Details of collections by Invoices in respective collections account	As per Attachment A
4	Details of Foreign Inward Remittances against software exports	As per Attachment B
<p>We hereby declare that we are the seller of the software in respect of which this declaration is made out and the particulars given above and the enclosed Annexures A and B are true. We also declare that the software has been developed and exported by using authorized and legitimate datacom links.</p>		
<p>We undertake that where full value of software exports are not realized within the prescribed time period, we shall notify the same and seek necessary approvals for delayed remittance as per the Foreign Exchange Management Act, 1999</p>		
	Place :	
	Date:	Signature of the Exporter
		Name :
		Designation



## Attachment B

### Details of Aggregate Foreign Inward Remittances during the Quarter ended

<b>[I] Inward remittance from overseas bank accounts</b>					
<b>Sl No</b>	<b>Name of address of the Authorised Dealer</b>	<b>Date of inward remittance</b>	<b>Foreign Currency</b>	<b>Amount of inward remittance in Rupees</b>	<b>Name and address of the Overseas bank from which remittance has been effected</b>

<b>[I] Direct Inward remittance against exports of software</b>					
<b>Sl No</b>	<b>Name of address of the Authorised Dealer</b>	<b>Date of inward remittance</b>	<b>Foreign Currency</b>	<b>Amount of inward remittance in Rupees</b>	<b>Name and address of the Customer from which remittance has been received</b>

The remittance from our overseas bank accounts to our indian bank accounts are on need basis after payment of expenses in foreign currency.

## **Annexure D**

### **ENC File format**

Field	Format	Default Width
A.D. Code (Uniform Code 1)	Char (7)	7
Fortnight end Date	YYYYMMDD	8
Date of Negotiation	YYYYMMDD	8
Bill Number	Char (7) e.g. N000001	7
Importer Exporter Code	Char (10)	10
GR/PP/SOFTEX Form Number	Char (8) e.g. AA000001	8
Shipping Bill Number (inclusive of 4 digit port code in case of EDI transactions)	Char (11)	11
Shipping Bill Date	YYYYMMDD	8
Custom Serial Number	Char (10)	10
Currency	Char (3)	3
Invoice Value	Num. (10)	10
Country of Destination	Char (2)	2
Field	Format	Default Width
Invoice Value	Num. (10)	10
Country of Destination	Char (2)	2

## Annexure E

### Softex Data Card Design

(w.e.f. January 1997; Record Length 96)

Field Name	Description	Column	Width	Valid Codes
TF	Type of Form	1	1	S
Job Code		2	1	1
P.O. Code	Punch Operator Code	3	2	Punch 99, if there is no PO code
Centre	Centre of Exports	5	1	FED Centre
Page	Page No (FED)	6	4	Punch 0000 (four zeros)
Mstat	Year & Month of Statistics	10	4	YYMM (for year 2000, YY is 00)
Skip	Skip	14	2	Keep Blank
FED Check no	FED Check number	16	10	
Form no.	Softex form number	26	8	Form Prefix(2 char) followed by 6 digit form serial no.
IE Code	Importer Exporter Code	34	10	
Country	Country of Destination	44	3	
Skip	Skip	47	2	Keep Blank
Commodity	Commodity code	49	3	Commodity code, as indicated in Softex Form
Shipmth (MMYY)	Month & Year of Shipping Bill	52	4	YYMM (for year 2000, YY is 00)
Cur	Currency Code	56	3	
Inv	Value of Invoice	59	10	
CurrAGE	Currency of Agency Commission	69	3	
AGCOM	Agency Commission	72	8	
CUSTFOB	Custom Value (Rs) (FOB)	80	10	
Skip	Skip	90	1	Keep Blank
LC	Letter of Credit (under L/C or not)	91	1	1, if Export under L/C
				2, Others

UPDIND	Update Indicator	92	1	Blank, if fresh card
				1, for deletion
				2, for modification
				3, for under objection
OFIND	Overflow Indicator	93	1	1, if INV value consists of 11 digits
WR-FSLNO	Wrong form serial number	94	1	Blank, for correct Softex form no.
				1, if the serial number (numeric part) in the form is less than 6 digits
Re-Import	Re-import indicator	95	1	Blank, for export
				1, for re-imports
EOU	Export Oriented Unit	96	1	1, for 100% EOU
				Blank, for Others

## Appendix

### List of Circulars which have been consolidated in the Master Circular on Export of Goods and Services

Sr. No	Circular No.	Subject	Date
1	A.D. (MA Series) Circular No.15	Export of goods and services	May 31, 1993
2	A.P. (DIR Series) Circular No.12	Export of goods and services	September 9, 2000
3	<a href="#">A.P. (DIR Series) Circular No.4</a>	Counter-Trade Arrangements with TRADE Romania	August 27, 2001
4	<a href="#">A.P. (DIR Series) Circular No.5</a>	Export of Goods and Services	August 27, 2001
5	<a href="#">A.P. (DIR Series) Circular No.6</a>	Export of Goods and Services	September 24, 2001
6	<a href="#">A.P. (DIR Series) Circular No.9</a>	Export of Goods and Services - Certification of SOFTEX Forms	October 25, 2001
7	<a href="#">A.P. (DIR Series) Circular No.10</a>	Asian Clearing Union (ACU) Mechanism – Exports to Nepal	November 1, 2001
8	<a href="#">A.P. (DIR Series) Circular No.20</a>	Export of goods & services – Extension of period of realisation	January 28, 2002
9	<a href="#">A.P. (DIR Series) Circular No.30</a>	Export of Goods for Exhibition / Trade Fairs outside India	March 26, 2002
10	<a href="#">A.P. (DIR Series) Circular No.34</a>	Facilities to Status Holder Exporters- -Credit to the EEFC account	April 1, 2002
11	<a href="#">A.P. (DIR Series) Circular No.35</a>	Export of Goods and Services - Facilities to Status Holder Exporters	April 1, 2002
12	<a href="#">A.P. (DIR Series) Circular No.38</a>	Foreign Exchange Management Act, 1999 – Export of goods and services – Reduction in value	April 12, 2002
13	<a href="#">A.P. (DIR Series) Circular No.53</a>	Use of Credit Cards AP (DIR Series) Circular No.53 (June 27, 2002)	June 27, 2002
14	<a href="#">A.P. (DIR Series) Circular No.54</a>	Maintenance of foreign currency account abroad by a company/firm/a body corporate registered or incorporated in India	June 29, 2002
15	<a href="#">A.P. (DIR Series) Circular No.2</a>	Export of Goods and Services	July 4, 2002
16	<a href="#">A.P. (DIR Series) Circular No.10</a>	Export of Goods and Services – Facilities to units in Special Economic Zones (SEZs)	August 14, 2002
17	<a href="#">A.P. (DIR Series) Circular No.11</a>	Exchange Earners' Foreign Currency (EEFC) Account Scheme – Amendment	August 14, 2002
18	<a href="#">A.P. (DIR Series) Circular No.12</a>	Export of Goods and Services	August 28, 2002

19	<a href="#">A.P. (DIR Series) Circular No.21</a>	Disposal of duplicate copies of Export Declaration Forms	September 16, 2002
20	<a href="#">A.P. (DIR Series) Circular No.28)</a>	Opening, holding and maintaining Foreign Currency Account in India by Unit in Special Economic Zones (SEZs)	October 3, 2002
21	<a href="#">A.P. (DIR Series) Circular No.33</a>	Export of Goods and Services	October 23, 2002
22	<a href="#">A.P. (DIR Series) Circular No.34</a>	Exchange Earners' Foreign Currency (EEFC) Account Scheme	October 31, 2002
23	<a href="#">A.P. (DIR Series) Circular No.41</a>	Issue of Corporate Guarantee in lieu of Bid Bond Guarantee	November 8, 2002
24	<a href="#">A.P. (DIR Series) Circular No.61</a>	"Write-off" of unrealised export bills-Surrender of export incentives	December 14, 2002
25	<a href="#">A.P. (DIR Series) Circular No.62</a>	Exchange Earners' Foreign Currency (EEFC) Account Scheme	December 17, 2002
26	<a href="#">A.P. (DIR Series) Circular No.78</a>	Exchange Earners' Foreign Currency (EEFC) Account Scheme	February 14, 2003
27	<a href="#">A.P. (DIR Series) Circular No.91</a>	Export of Goods and Services - Facilities to Units in Special Economic Zones (SEZs)	April 1, 2003
28	<a href="#">A.P. (DIR Series) Circular No.94</a>	Export of Goods and Services - Export of goods on promotional grounds	April 26, 2003
29	<a href="#">A.P. (DIR Series) Circular No.100</a>	Export of Goods and Services - Exports to Warehouses Abroad	May 2, 2003
30	<a href="#">A.P. (DIR Series) Circular No.104</a>	Foreign Exchange Management Act, 1999 – Liberalisation	May 31, 2003
31	<a href="#">A.P. (DIR Series) Circular No.105</a>	Supply of goods by Special Economic Zones (SEZs) to Units in Domestic Tariff Area (DTA) against payment in foreign exchange	June 16, 2003
32	<a href="#">A.P. (DIR Series) Circular No.8</a>	Foreign Exchange Management Act, 1999	August 16, 2003
33	<a href="#">A.P. (DIR Series) Circular No.12</a>	Export of Goods and Services	August 20, 2003
34	<a href="#">A.P. (DIR Series) Circular No.20</a>	Opening of Foreign Currency Account in India by Project / Service Exporter for Execution of Contract Abroad	September 23, 2003
35	<a href="#">A.P. (DIR Series) Circular No.22</a>	Export of Goods and Services - Payment of Claims by ECGC	September 24, 2003
36	<a href="#">A.P. (DIR Series) Circular No.26</a>	Export of Goods and Services - Export of Books on Consignment Basis	October 3, 2003
37	<a href="#">A.P. (DIR Series) Circular No.30</a>	Export of Goods and Services	October 21, 2003
38	<a href="#">A.P. (DIR Series) Circular No.32</a>	Export of Goods and Services - Project Exports	October 28, 2003
39	<a href="#">A.P. (DIR Series) Circular No.40</a>	Export of Goods and Services – Liberalisation	December 5, 2003

40	<a href="#">A.P. (DIR Series) Circular No.61</a>	Exemption from Declaration of Export of Goods and Software -	January 31, 2004
41	<a href="#">A.P. (DIR Series) Circular No.68</a>	Export of Goods and Services – Liberalisation	February 11, 2004
42	<a href="#">A.P. (DIR Series) Circular No.73</a>	Export of Goods by way of Gifts - Liberalisation -	February 20, 2004
43	<a href="#">A.P. (DIR Series) Circular No.94</a>	Exchange Earners' Foreign Currency (EEFC) Account Scheme – Trade Related Loans/Advances	June 7, 2004
44	<a href="#">A.P. (DIR Series) Circular No.96</a>	Exchange Earner's Foreign Currency (EEFC) Account Scheme - Liberalisation -	June 15, 2004
45	<a href="#">A.P. (DIR Series) Circular No.97</a>	Foreign Exchange Management Act, 1999 -	June 21, 2004
46	<a href="#">A.P. (DIR Series) Circular No.9</a>	Foreign Exchange Management Act, 1999	September 1, 2004
47	<a href="#">A.P. (DIR Series) Circular No.10</a>	Export of Goods and Services to Latin American Countries	September 13, 2004
48	<a href="#">A.P. (DIR Series) Circular No.25</a>	Period of Realisation for 100% EOUs Extended to One Year	November 1, 2004
49	<a href="#">A.P. (DIR Series) Circular No.21</a>	Export of Goods and Services - Liberalisation - GR Approval for export	January 10, 2006
50	<a href="#">A.P. (DIR Series) Circular No.31</a>	Export of Goods and Services – Extension of period of realization	April 21, 2006
51	<a href="#">A.P. (DIR Series) Circular No.32</a>	Remittance of initial and recurring expenses for Branch offices opened abroad	April 21, 2006
52	<a href="#">A.P. (DIR Series) Circular No.15</a>	Exchange Earner's Foreign Currency (EEFC) Account-Liberalisation of Procedure	November 30, 2006
53	<a href="#">A.P. (DIR Series) Circular No.18</a>	Establishment of Offices Abroad	December 4, 2006
54	<a href="#">A.P. (DIR Series) Circular No.26</a>	Liberalisations in Project and Service Exports	January 8, 2007
55	<a href="#">A.P. (DIR Series) Circular No.33</a>	Liberalisation of Export and Import procedures	February 28, 2007
56	<a href="#">A.P. (DIR Series) Circular No.37</a>	Export of Goods and Services Refund of Export Proceeds - Liberalisation	April 5, 2007
57	<a href="#">A.P. (DIR Series) Circular No.13</a>	Exchange Earner's Foreign Currency (EEFC) Account- Liberalisation	October 6, 2007
58	<a href="#">A.P. (DIR Series) Circular No.49</a>	Export of Goods and Services - Payments of Claims by Insurance Companies-Write off	June 3, 2008
59	<a href="#">A.P. (DIR Series) Circular No.50</a>	Export of Goods and Services-Realisation and Repatriation of Export Proceeds-Liberalisation	June 3, 2008

60	<a href="#">A.P. (DIR Series) Circular No.4</a>	Exchange Earner's Foreign Currency (EEFC) Account	August 4, 2008
61	<a href="#">A.P. (DIR Series) Circular No.6</a>	Export of Goods and Services- Direct Dispatch of Shipping Documents Realisation and Repatriation of Export Proceeds – Liberalisation	August 13, 2008
62	<a href="#">A.P. (DIR Series) Circular No.43</a>	Settlement system under ACU Mechanism	December 26, 2008
63	<a href="#">A.P. (DIR Series) Circular No.51</a>	Opening of Diamond Dollar Accounts – Liberalisation	February 13, 2009
64	<a href="#">A.P. (DIR Series) Circular No.60</a>	On-line downloading of GR Forms	March 26, 2009
65	<a href="#">A.P. (DIR Series) Circular No.70</a>	Export of Goods and Software – Realisation and Repatriation of export Proceeds - Liberalisation	June 30, 2009
66	<a href="#">A.P. (DIR Series) Circular No.13</a>	Opening of Diamond Dollar Accounts (DDAs) - Modification	October 29, 2009
67	<a href="#">A.P. (DIR Series) Circular No.14</a>	Maldives Monetary Authority now ACU Member	October 30, 2009
68	<a href="#">A.P. (DIR Series) Circular No.03</a>	Export of Goods and Services - Unrealised export bills – Write-off - Surrender of export incentives	July 22, 2010
69	<a href="#">A.P. (DIR Series) Circular No.17</a>	Processing and Settlement of Export related receipts facilitated by Online Payment Gateways	November 16, 2010
70	<a href="#">A.P. (DIR Series) Circular No.30</a>	ACU Mechanism – Payments for import of Oil or Gas	December 23, 2010
71	<a href="#">A.P. (DIR Series) Circular No.31</a>	ACU Mechanism – Indo-Iran Trade	December 27, 2010
72	<a href="#">A.P. (DIR Series) Circular No.47</a>	Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation	March 31, 2011
73	<a href="#">A.P. (DIR Series) Circular No.15</a>	Exchange Earners Foreign Currency (EEFC) Account and Resident Foreign Currency (RFC) account – Joint holder - liberalisation	September 15, 2011
74	<a href="#">A.P. (DIR Series) Circular No.35</a>	Processing and Settlement of Export related receipts facilitated by Online Payment Gateways - Enhancement of the value of transaction	October 14, 2011
75	<a href="#">A.P. (DIR Series) Circular No.40</a>	Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation	November 01, 2011
76	<a href="#">A.P. (DIR Series) Circular No.47</a>	“Set-off” of export receivables against import payables - Liberalization of Procedure	November 17, 2011
77	<a href="#">A.P. (DIR Series) Circular No.48</a>	Mid – Sea Trans-shipment of catch by Deep Sea Fishing Vessel	November 21, 2011
78	<a href="#">A.P. (DIR Series) Circular No.65</a>	Export of Goods and Services - Forwarder’s Cargo Receipt	January 12, 2012

79	<a href="#">A.P. (DIR Series) Circular No.73</a>	Opening of Diamond Dollar Accounts (DDAs)	January 31, 2012
80	<a href="#">A.P. (DIR Series) Circular No.80</a>	Export of Goods and Services- Simplification and Revision of Softex Procedure	February 15, 2012
81	<a href="#">A.P. (DIR Series) Circular No.81</a>	Export of Goods and Services - Receipt of advance payment for export of goods Involving shipment (manufacture and ship) beyond one year	February 21, 2012
82	<a href="#">A.P. (DIR Series) Circular No.92</a>	Opening of Diamond Dollar Accounts (DDAs) – Change in periodicity of the reporting	March 13, 2012
83	<a href="#">A.P. (DIR Series) Circular No.124</a>	Exchange Earner's Foreign Currency (EEFC) Account	May 10, 2012
84	<a href="#">A.P. (DIR Series) Circular No.128</a>	Exchange Earner's Foreign Currency Account	May 16, 2012
85	<a href="#">A.P. (DIR Series) Circular No.08</a>	Exchange Earner's Foreign Currency Account	July 18, 2012
86	<a href="#">A.P. (DIR Series) Circular No.12</a>	EEFC Account, Diamond Dollar Account and Resident Foreign Currency Account - Review of Guidelines	July 31, 2012
87	<a href="#">A.P. (DIR Series) Circular No.46</a>	Supply of Goods and Services by Special Economic Zones to Units in Domestic Tariff Areas	October 23, 2012
88	<a href="#">A.P. (DIR Series) Circular No.47</a>	Export of Goods and Services – Simplification and Revision of Softex Procedure	October 23, 2012
89	<a href="#">A.P. (DIR Series) Circular No.52</a>	Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation	November 20, 2012
90	<a href="#">A.P. (DIR Series) Circular No.66</a>	Export of Goods and Services – Simplification and Revision of Softex Procedure at SEZs	January 01, 2013
91	<a href="#">A.P. (DIR Series) Circular No.79</a>	Exchange Earner's Foreign Currency Account, Diamond Dollar Account & Resident Foreign Currency Domestic Account	January 22, 2013
92	<a href="#">A.P. (DIR Series) Circular No.88</a>	“Write-off” of unrealized export bills – Export of Goods and Services – Simplification of procedure	March 12, 2013
93	<a href="#">A.P. (DIR Series) Circular No.105</a>	Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation	May 20, 2013
94	<a href="#">A.P. (DIR Series) Circular No.108</a>	Export of Goods and Services - Realization and Repatriation period for units in Special Economic Zones (SEZ)	June 13, 2013

95	<a href="#">A.P. (DIR Series) Circular No.109</a>	Processing and Settlement of Export related receipts facilitated by Online Payment Gateways – Enhancement of the value of transaction	June 13, 2013
96	<a href="#">A.P. (DIR Series) Circular No.14</a>	Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation	July 22, 2013
97	<a href="#">A.P. (DIR Series) Circular No.43</a>	Export of Goods and Services - Simplification and Revision of Declaration Form for Exports of Goods/Software	September 13, 2013
98	<a href="#">A.P. (DIR Series) Circular No.60</a>	Export Outstanding Statement (XOS) Online Bank wide Submission	October 01, 2013
99	<a href="#">A.P. (DIR Series) Circular No.70</a>	Third party payments for export / import transactions	November 08, 2013
100	<a href="#">A.P. (DIR Series) Circular No.100</a>	Third party payments for export / import transactions	February 4, 2014
101	<a href="#">A.P. (DIR Series) Circular No.101</a>	Export of Goods and Services: Export Data Processing and Monitoring System (EDPMS)	February 4, 2014
102	<a href="#">A.P. (DIR Series) Circular No. 109</a>	Export of Goods and Services: Export Data Processing and Monitoring System (EDPMS)	February 28, 2014
103	<a href="#">A.P. (DIR Series) Circular No.132</a>	Export of Goods - Long Term Export Advances	May 21, 2014