

July 2, 2007

To,

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Master Circular on Export 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. GSR 381(E) dated May 3, 2000 and FEMA Notification 23/RB-2000 dated May 3, 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 is furnished in Appendix.

3. The circular is organized into five parts as under:

Part 1 : Introduction

Part 2 : General guidelines for exports

Part 3 : Operational guidelines for the AD Banks.

Part 4 : Annex (notifications and the forms for exports)

Part 5 : List of all circulars consolidated in the master circular.

4. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 01, 2008 and be replaced by an updated Master Circular on the subject.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager

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PART 1

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 Industries, Department of Commerce, Government of India. Policies and procedures required to be followed for exports from India are announced by the DGFT.

(ii) AD 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), 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 3rd May 2000 as amended from time to time (Annex - 2)

(iv) In terms of Regulation 4 of the Foreign Exchange Management (Guarantees) Regulations, 2000, notified vide Notification No. FEMA-8/2000-RB dated 3rd May 2000, AD 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 (September 1, 2004 -March 31, 2009), “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 of the ACU or Nepal or Bhutan”.

(vi) Any reference to 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.

PART 2

General guidelines for Exports

Exemption from Declarations

GR 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 (Annex 2). The exporters shall however, be liable to realise and repatriate export proceeds as per FEMA Regulations.

Grant of GR waiver

(i) AD Banks may consider requests for grant of GR 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.1 0 lakhs or 2 per cent of the average annual export realisation during the preceding three licensing years (April-March), whichever is higher.

(ii) Export of goods not involving any foreign exchange transaction directly or indirectly requires the waiver of GR/PP procedure from the Reserve Bank.

Manner of Receipt and Payment

(i) The amount representing the full export value of the goods exported shall be received through an AD Banks 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 GR/SDF (duplicate) should be released by the AD Banks only on receipt of funds in their Nostro account or if the AD Banks 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 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 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 GR / SDF / PP Forms.

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 under 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 Banks concerned.

(ii) Reserve Bank may consider applications in Form EFC 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 Banks 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 3rd, 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 Banks in India subject to conditions stipulated in Regulation 6 (A) of Notification No. FEMA 10/2000-RB dated May 3rd, 2000 and as amended from time to time.

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 issued vide AP (Dir Series) Circular No. 32 dated October 28, 2003.

Diamond Dollar Account

(i) Under the scheme of Government of India, firms and companies dealing in purchase / sale of rough or cut and polished diamonds / diamond studded jewellery, with track record of at least three years in import or export of diamonds and having an average annual turnover of Rs. 5 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.

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

(ii) Eligible firms and companies may apply for permission through their AD Banksto the Chief General Manager, Foreign Exchange Department, Trade Division, Reserve Bank of India, Central Office, Amar Building, Mumbai 400 001.

Exchange Earners' Foreign Currency (EEFC) Account

(i) A person resident in India may open with, an AD Banksin 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) All categories of foreign exchange earners are allowed to credit up to 100 per cent of their foreign exchange earnings to their EEFC Accounts

(iii) This account shall be maintained only in the form of non-interest bearing current account and no credit facilities, either fund-based or non-fund based, shall be permitted against the security of balances held in EEFC accounts by the Authorised Dealers banks.

(iv) The eligible credits represent 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.

(v) 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 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 3rd May 2000 as amended from time to time.

(vii) AD 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.

Note: For full details of the EEFC Scheme refer to Notification No. FEMA 10/2000-RB dated 3rd May 2000 as amended from time to time.

Setting up Offices Abroad and Acquisition of Immovable Property for Overseas Offices

(i) At the time of setting up the office, AD 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 in any contract or agreement in contravention of the Act, Rules or Regulations made there under;
- c) that 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 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.

(i) AD 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.

(ii) 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.

(iii) 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.

(iv) 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 Banks.

Advance Payments against Exports

In terms of Regulation 16 of FEMA 23 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 -

- (i) the shipment of goods is made within one year from the date of receipt of advance payment;
- (ii) the rate of interest, if any, payable on the advance payment does not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points, and
- (iii) the documents covering the shipment are routed through the AD 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 unutilised 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) Where the export agreement provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment, the exporter shall require the prior approval of the Reserve Bank.

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

Note : AD Banks may also be guided by circular DBOD No. Dir.BC.72/ 13.03.00/2006-07 on Guarantees for Export Advance.

GR Approval for Trade Fair/Exhibitions abroad

Firms / Companies and other organisations participating in Trade Fair/Exhibition abroad can take/export goods for exhibition and sale outside India without the prior approval of the Reserve Bank of India. 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 Banks may approve GR 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 Banks the method of disposal of all items exported, as well as the repatriation of proceeds to India.

(iii) Such transactions approved by the AD Banks will be subject to 100 per cent audit by their internal inspectors/auditors.

GR approval for Export of Goods for re-imports

i) AD banks may consider request from exporters for granting GR 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 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.

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 for inspection, or analysis of the goods. In such cases, AD 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 GR/SDF/PP forms that he will surrender/account for the balance proceeds of the shipment within the period prescribed for realisation.

(ii) In cases where the exporter has not been able to arrange for repatriation of the undrawn balance in spite of best efforts,

AD 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 GR/PP/SDF form, whichever is more and a period of one year has elapsed from the date of shipment.

Consignment Exports

(i) When goods have been exported on consignment basis, AD Banks, 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 realisation 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. 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

(ii) The account sales received from the Agent/Consignee should be verified by the AD 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.

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

(iv) Reserve Bank will permit on application, exporters with satisfactory track record, a longer period up to twelve months for realisation of export proceeds for exports on consignment basis made to CIS countries and East European countries financed in any permitted currency.

(v) In the case of export of books on consignment basis, AD Banks may approve such proposals allowing for realisation of export proceeds up to 360 days from the date of shipment. The exporters may be allowed 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.

Opening/Hiring of Ware houses abroad

AD 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 i.e. 180 days for non-status holder exporters and 12 months for status holder exporters.
- (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 Banks granting such permission/approvals should maintain a proper record of the approvals granted.

Direct dispatch of documents by the exporter

AD 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:

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

b) The exporter is a regular customer and the AD Banks is satisfied, on the basis of standing and track record of the exporter and the arrangements made for realisation of export proceeds, that the request can be acceded to.

c) Documents in respect of goods or software are accompanied with a declaration by the exporter that they are not more than Rs. 25,000/- in value and not declared on GR/SDF/PP/SOFTEX form.

(ii) AD 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:

a) The export proceeds are repatriated through the AD Banks named in the GR Form.

b) The duplicate copy of the GR form is submitted to the AD Banks for monitoring purposes, by the exporters within 21 days from the date of export.

Direct dispatch of documents by the exporter

Where exporters have received 100 per cent advance remittance in terms of specified guidelines, they may dispatch shipping documents directly to the consignee.

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 triplicate 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.

Shut out Shipments and Short Shipments

(i) When part of a shipment covered by a GR 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 GR form and the shipping bill.

(iii) 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 GR form. In this case, the original GR form received earlier from Customs will be cancelled. If the shipment is made subsequently, a fresh set of GR form should be completed.

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 U.S. dollar will be considered by the Reserve Bank.

(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) Application for permission for opening an Escrow Account may be made by the overseas exporter/organisation through his AD Banks to the concerned Regional Office of the Reserve Bank.

(iii) 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.

Export of Goods on Lease, Hire, etc

Prior approval of the Reserve Bank is required for export of machinery, equipment, etc., on lease, hire, etc., 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 Banks, to the Regional Office concerned of the Reserve Bank, giving full particulars of the goods to be exported.

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.

Export of goods by Special Economic Zones (SEZs)

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

- (i) Processing / manufacturing charges are suitably loaded in the export price and are borne by the ultimate buyer.
- (ii) The exporter has made satisfactory arrangements for realisation of full export proceeds subject to the usual GR procedure

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

Project Exports and Service Exports

Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'. 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 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 on Project Exports (PEM- October 2003 as amended from time to time).

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), D.1 (i), D.3 and D.4(iv) of the PEM have been modified (c.f. A.P.(DIR Series) No.26 dated January 8,2007) as set out below:

Inter-Project Transfer of Machinery

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 Bank(s) / Exim Bank / Working Group and also subject to the reporting requirement and would be monitored by the AD Bank(s) /Exim Bank / Working Group.

Inter-Project Transfer of Funds

AD Bank(s) / Exim Bank /Working Group may permit exporters to open, maintain and operate one or more foreign currency account/s in a currency/currencies 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 Bank(s) / Exim Bank / Working Group.

Deployment of Temporary Cash Surpluses

Project / Service exporters may deploy their temporary cash surpluses, generated outside India, in the following instruments / products, subject to monitoring by the AD Bank(s) / Exim Bank / Working Group :

(ii) 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. ,

(ii) deposits with branches / subsidiaries outside India of an AD Banks in India.

Repatriation of Funds in case of On-site Software Contracts The requirement of repatriation of 30 per cent of contract value in respect of on-site contracts by software exporter company / firm has been dispensed with .They should ,however , repatriate the profits on-site contract after completion of the contract (In terms of A..P. (DIR Series) Circular No.33 dated February 28, 2007).

Export of Currency In terms of Foreign Exchange Management (Export and Import of Currency) Regulations, 2000 notified vide Notification No. FEMA 6/RB-2000 dated 3rd May 2000 as amended from time to time, any export of Indian currency of value exceeding Rs.5000/- except to the extent permitted under any general permission granted under the Regulations, will require prior permission of Reserve Bank.

Forfaiting Export-Import Bank of India (Exim Bank) and AD Banks have been permitted to undertake forfaiting, for financing of export receivables. Remittance of commitment fee / service charges, etc., payable by the exporter as approved by the Exim Bank/ AD 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.

Exports to neighbouring countries by Road, Rail or River

The following procedure should be adopted by exporters for filing original copies of GR/SDF forms where exports are made to neighboring 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 GR/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 GR/SDF forms to the Customs Officer at the Border Land Customs Station where Customs formalities are completed.

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 under the barter trade arrangement. They can also trade in freely convertible currency. AD Banks should follow the guidelines stipulated in

AP.DIR (Series) Circular No.17 dated October 16, 2000.

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 Reserve Bank, as amended from time to time. Further, 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 utilise 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 Operational Guidelines for AD Banks

Citing of Specific Identification Numbers

(i) In all applications/ correspondence with the Reserve Bank, the specific identification number as available on the GR, PP and SOFTEX forms should invariably be cited. In the case of declarations made on SDF form, the port code number and shipping bill number should be cited.

GR/SDF/PP/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 and as amended from time to time export declaration forms should be disposed of as under:

GR forms

- (i) GR 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.
- (ii) 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.
- (iii) Customs will certify the value declared by the exporter on both the copies of the GR form at the space earmarked and will also record the assessed value.
- (iv) They will then return the duplicate copy of the form to the exporter and retain the original for transmission to Reserve Bank.
- (v) Exporters should submit the duplicate copy of the GR form again to Customs along with the cargo to be shipped.
- (vi) 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 Banks for negotiation or collection of export bills.
- (vii) Within twenty-one 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 Banks named in the GR form.
- (viii) After the documents have been negotiated / sent for collection, the AD Banks should report the transaction to Reserve Bank in statement ENC under cover of appropriate R-Supplementary Return.
- (ix) The duplicate copy of the form together with a copy of invoice etc. shall be retained by the AD Banks and may not be submitted to Reserve Bank.
- (x) 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 Reserve Bank approval and/or number and date of the relative RBI circular should be recorded at the appropriate place on the GR form.
- (xi) Where Duplicate copy of GR form is misplaced or lost, AD Banks may accept another copy of duplicate GR form duly certified by Customs.

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' in which form SDF has been appended for being submitted to the AD Banks within 21 days from the date of export.

(iii) The AD 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 GR forms. The duplicate copy of the form together with a copy of invoice etc. shall be retained by the AD Banks and may not be submitted to Reserve Bank.

In cases where ECGC 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 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 Banks, date of negotiation, bill number, invoice value and the amount actually received by ECGC.

PP Forms

The manner of disposal of PP forms is the same as that for GR forms. Postal Authorities will allow export of goods by post only if the original copy of the form has been countersigned by an AD Banks. Therefore, PP forms should be first presented by the exporter to an AD Banks for countersignature.

(i) The AD 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.

(ii) The duplicate copy of the PP 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 twenty-one days.

(iii) The concerned overseas branch or correspondent

should be instructed to deliver the parcel to consignee against payment or acceptance of relative bill.

(iv) AD Banks may, however, countersign PP forms covering parcels addressed direct to the consignees, provided:

a) 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 Banks concerned

or

b) The full value of the shipment has been received in advance by the exporter through an AD Banks

or

c) The AD Banks is satisfied, on the basis of the standing and track record of the exporter and the arrangements made for realisation of the export proceeds, that he could do so.

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

(iv) Any alteration in the name and address of consignee on the PP form should also be authenticated by the AD Banks under his stamp and signature.

Random verification

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

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 per cent of the export realisation credited to the EEFC account maintained by the exporter with"

Consolidation of Air Cargo (i) 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.

(ii) AD 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.

(iii) They may also accept Forwarder's Cargo Receipts (FCR) issued by steamship companies or their agents (instead of 'IATA' approved agents), in lieu of bills of lading, for negotiation / collection of shipping documents, of export transactions backed by letters of credit, only if the relative letter of credit specifically provides for negotiation of this document, in lieu of bill of lading.

(iv) Further, relative sale contract with the overseas buyer should also provide that FCR may be accepted in lieu of bill of lading as a shipping document.

Delay in submission of shipping documents by exporters

In cases where exporters present documents pertaining to exports after the prescribed period of twenty-one days from date of export, Authorised Dealers Banks may handle them without prior approval of Reserve Bank, provided they are satisfied with the reasons for the delay.

Check-list for Scrutiny of Forms AD Banks may ensure:

(i) The number on the duplicate copy of a GR 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 GR/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 GR/PP/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:

- a) The export realisable value may be more than what was originally declared to/accepted by the Customs on the GR/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.
- b) 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.
- c) To accept for negotiation or collection the bills for exports by sea or air which fall short of the value declared on GR/SDF forms on account of trade, only if the discount has been declared by the exporter on relative GR/SDF form at the time of shipment and accepted by Customs.

Return of Documents to Exporters

The duplicate copies of GR/SDF/PP forms and shipping documents, once submitted to the AD Banks for negotiation, collection, etc., should not ordinarily be returned to exporters, except for rectification of errors and resubmission.

Handing Over Negotiable Copy of Bill of Lading to Master of Vessel/Trade Representative

AD 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.

Export Bills Register

- (i) AD Banks should maintain Export Bills Register, in physical or electronic form. Details of GR/SDF/PP form number, due date of payment, the fortnightly period of R Supplementary Return with which the ENC statement covering the transaction was sent to Reserve Bank, should be available.
- (ii) AD 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 Reserve Bank.

Follow-up of Overdue Bills

- (i) AD Banks should closely watch realisation of bills and in cases where bills remain outstanding, beyond the due date for payment or six months 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 six months or seek extension of time beyond six months, the matter should be reported to the RO concerned of the Reserve Bank stating, where possible, the reason for the delay in realising the proceeds.
- (ii) The duplicate copies of GR / SDF / PP Forms should, continue to be held by AD Banks until the full proceeds are realised, except in case of undrawn balances.
- (iii) AD Banks should follow up export outstandings with exporters systematically and vigorously so that action against defaulting exporters does not get delayed. Any laxity in the follow up of realisation of export proceeds by AD Banks will be viewed seriously by Reserve Bank, leading to the invocation of the penal provision under FEMA 1999.
- (iv) Exporters who have been certified as 'Status Holder' in terms of Foreign Trade Policy are permitted to realise and repatriate the full value of export proceeds within a period of 12 months from the date of shipment.
- (v) 100 per cent Export Oriented Units (EOUs) and units set up under Electronic Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Biotechnology Parks (BTPs) Schemes are permitted to realise and repatriate the full value of

export proceeds within a period of 12 months from the date of export in respect of export made on or after September 1, 2004.

(vi) The stipulation of twelve months or extended period thereof for realisation of export proceeds is no longer applicable for units located in Special Economic Zones (SEZs). The units in SEZs will however continue to follow the GR/ PP / SOFTEX export procedure outlined above.

(vii) AD Banks should furnish to the RO concerned of the Reserve Bank, on half-yearly basis, a consolidated statement in Form XOS giving details of all export bills outstanding beyond six months from the date of export as at the end of June and December every year. The statement should be submitted in triplicate within fifteen days from the close of the relative half-year.

Reduction in Value

Reduction in Invoice Value on Account of Prepayment of Usance Bills- Occasionally, exporters may approach AD Banks for reduction in invoice value on account of cash discount to overseas buyers for prepayment of the usance bills. AD 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.

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 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
- c. The exporter is not on the exporters' caution list of Reserve Bank, and
- d. 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 per centage ceiling, subject to the above conditions as also subject to their track record being satisfactory, i.e., the export outstandings do not exceed 5 per cent of the average annual export realisation during the preceding three financial years.

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

Export Claims

(i) AD 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 Reserve Bank.

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

Change of buyer/consignee Prior approval of 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 and the realisation of export proceeds is not delayed beyond the period of six months from the date of export.

Extension of time and Self write- off by the exporters

For export proceeds due within the prescribed period during a financial year all exporters (other than Status Holder exporters) have been allowed to write off (including reduction in invoice value) outstanding export dues and extend the prescribed period of realisation beyond 180 days or further period as applicable, provided

(i) The aggregate value of such export bills written-off (including reduction in invoice value) and bills extended for realisation does not exceed 10 per cent of the export proceeds due during the financial year and

(ii) such export bills are not a subject of investigation by Enforcement Directorate / Central Bureau of Investigation or any other Investigating Agencies.

(i) Exporters dealing with more than one AD Banks can avail of this facility through each AD bank, i.e., the limit of 10 per cent for self write-off (including reduction in invoice value) and extension of time for realisation of export proceeds would be applicable for export bills lodged for realisation with that AD Banks.

(ii) Exporters operating under a consortium of banks or with multiple banks will also have the option of computing the 10 per cent limit on an aggregate basis with all the banks, provided the lead bank of the consortium or in case of multiple banking, a nodal bank, undertakes to verify the exporters' annual performance on behalf of all the banks.

(iii) Within a month from the close of the financial year, exporters should submit a statement (Annex 3), giving details of export proceeds due, realised and not realised to the AD Banks concerned.

(iv) The AD Banks will be required to verify the statement with his records and review the export performance of the exporter during the financial year to ascertain that in cases where the 10 per cent limit of self extension, write-off (including reduction in invoice value) and non-realisation has been breached, the exporter has sought necessary approval for write-off, reduction in invoice value or extension of time, as the case may be, for the excess over the 10 per cent limit before the end of the financial year. Export bills due in the financial year for which the exporter has extended the period of realisation on his own (within the 10 per cent limit) or sought extension of time from the AD Banks but unrealised as at the end of financial year will be computed for export proceeds due in the following financial year.

(v) In cases where exporters have failed to comply with the above requirement, AD Banks may promptly advise the exporter concerned to seek extension of time/reduction in invoice value/write-off in respect of non-realisation in excess of the 10 per cent limit, failing which, the AD Banks may inform the exporter about the withdrawal of this facility of self write-off / extension of time, within a month, under advice to the Regional Office concerned of the Reserve Bank.

Extension of Time by AD Bank

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

(ii) Reserve Bank of India has permitted the AD Banks to extend the period of realisation of export proceeds beyond 6 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 Enforcement Directorate /

Central Bureau of Investigation or other investigating agencies,

- b) The AD Bank is satisfied that the exporter has not been able to realise export proceeds for reasons beyond his control,
- c) 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 realisations 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 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.

Write off by AD Banks

An exporter who has not been able to realise the outstanding export dues despite best efforts, may approach the AD Banks, who had handled the relevant shipping documents, with appropriate supporting documentary evidence with a request for write off of the unrealised portion. AD Banks may accede to such requests subject to the under noted conditions:

- a. The relevant amount has remained outstanding for one year or more;
- b. The aggregate amount of write off allowed by the AD Banks during a financial year does not exceed 10 per cent of the total export proceeds realised by the concerned exporter through the concerned AD Banks during the previous financial year;

- c. Satisfactory documentary evidence is furnished in support of the exporter having made all efforts to realise the dues;
- d. The case falls under any of the undernoted categories:
 - i. 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 produced.
 - ii. The overseas buyer is not traceable over a reasonably long period of time.
 - iii. The goods exported have been auctioned or destroyed by the Port/Customs/Health authorities in the importing country.
 - iv. The unrealised amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organisation. The unrealised amount represents the undrawn balance of an export bill (not exceeding 10 per cent of the invoice value) remained outstanding and turned out to be unrealisable despite all efforts made by the exporter.
 - vi. The cost of resorting to legal action would be disproportionate to the unrealised amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control.
 - vii. 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 amount have remained unrealised consequent on dishonour of the bills by the overseas buyer and there are no prospects of realisation.
- e. The case is not the subject matter of any pending civil or criminal suit.
- f. The exporter has not come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency.
- g. The exporter has surrendered proportionate export incentives, if any, availed of in respect of the relative shipments. The AD Banks should obtain documents evidencing surrender of export incentives availed of before permitting the relevant bills to be written off.

Where there is no further amount to be realised against the GR/SDF/PP form covered by the write off, AD Banks should certify the duplicate form as under: "Write off of (Amount in words and figures) permitted in terms of extant Directions to AD Bankss."

Date

Stamp & Signature of AD Banks

(iv) Status holders exporters, as defined under in the Foreign Trade Policy, and manufacturer exporters exporting more than 50 per cent of their production, and recognised as such by DGFT, may be permitted to " write off" outstanding export dues to the extent of 5 per cent of their average annual realisation during the preceding three financial years or 10 per cent of the export proceeds due during the financial year, whichever is higher.. This limit will be cumulatively available in a financial year and subject to the following conditions.

a. The exporter should submit to the concerned AD Banks a Chartered Accountant's certificate indicating-

(i) the export realisation in the preceding three financial years and also the amount of "write off " already availed of during the year, if any.

(ii)the relevant GR/SDF Nos. to be written off, Bill No., invoice value, commodity exported, country of export,

(iii) the export benefits, if any, availed of by the exporter have been surrendered.

b. The following do not qualify for the "write off" facility:

i. Exports made to countries with externalisation 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.

ii. GR/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.

c. After the "write off" has been permitted AD Banks may certify the duplicate form as under:-
"Write off of (Amount in words and figures) permitted in terms of A. P. (DIR Series) Circular No.30 dated April 4, 2001."

Date

Stamp & Signature of AD Banks

(iv) AD Banks may forward a statement in form EBW to the Regional Office of Reserve Bank under whose jurisdiction they are functioning, indicating details of write offs etc., every half year ended 30th June and 31st December within 15 days from the date of completion of the relevant half year.

(vi) AD Banks is to put in place a system under which their internal inspectors or auditors carryout random sample check / per cent check of outstanding export bills written off.

Write off in cases of Payment of Claims by ECGC

(i) AD Banks shall, on an application received from the exporter supported by documentary evidence from the ECGC 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 should not be construed as export realisation in foreign exchange.

Write off in other cases

Cases which are not covered by the above instructions will require prior approval from the Regional Office concerned of the Reserve Bank

Shipments Lost in Transit 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 Banks must ensure that insurance claim is made as soon as the loss is known.

The duplicate copy of GR/SDF/PP form should be forwarded to Reserve Bank with following particulars:

- a. Amount for which shipment was insured.
- b. Name and address of the insurance company.
- c. Place where the claim is payable.

In cases where the claim is payable abroad, the AD Banks must arrange to collect the full amount of claim due on the lost shipment, through the medium of his overseas branch/correspondent and release the duplicate copy of GR/SDF/PP form only after the amount has been collected.

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

'Netting off' of export receivables against import payments - Units in Special Economic Zones (SEZs)

AD 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 GR (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 GR / SDF forms will be treated as complete by the designated AD 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.

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

Agency Commission on Exports

(i) AD 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 the following conditions:

a) Amount of commission has been declared on GR/SDF/PP/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 GR/SDF/PP/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 Banks may allow payment of commission by Indian exporters, in respect of their exports covered under counter trade arrangement through Escrow Accounts designated in U.S. Dollar, subject to the following conditions:

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

Refund of Export Proceeds

AD Banks, through whom the export proceeds were originally realised, may henceforth, 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 Banks are required to :

i. exercise due diligence regarding the track record of the exporter;

ii. verify the bonafides 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.

Exporters' Caution List (i) AD 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 GR/SDF/PP 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 six months from the date of shipment.

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

PART - 4

Annex-1

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 1st 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)

Purpose of Remittance	Ministry/Department of Govt. of India whose approval is required
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 Ministry of Surface Transport, (Chartering Wing) PSU	
4. Payment of import by a Govt. Department or a Ministry of Surface Transport, (Chartering Wing) PSU on c.i.f. basis (i.e. other than f.o.b. and f.a.s. basis)	
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 Industry and Commerce
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 9,2000,S.O.301 (E) dated March 30,2001, GSR.442 dated October 22,2002, GSR.831(E) dated December 17,2002, GSR.33(E) dated January 15,2003,GSR.397(E) dated May 1,2003, GSR.731(E) dated September 5,2003, GSR.849 (E) dated October 27,2003, GSR.608(E) dated September 13,2004), G.S.R.512(E) dated July 28,2005 and G.S.R.412(E) dated July 10,2006.

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Please Note:

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

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

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

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

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Notification No.FEMA 23 /2000-RB dated 3rd May 2000

In exercise of the powers conferred by clause (a) of sub-section (1) and subsection (3) of section 7, sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following regulations relating to export of goods and services from India, namely:

1. Short title and commencement :-

- (i) These Regulations may be called the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000.
- (ii) They shall come into force on 1st day of June, 2000.

2. Definitions :-

In these Regulations, unless the context requires otherwise, -

- (i) 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999) ;
- (ii) 'Authorised dealer' means a person Authorised as an Authorised Dealer under sub-section (1) of section 10 of the Act, and includes a person carrying on business as a factor and Authorised as such under the said section 10 ;
- (iii) 'Exim Bank' means the Export-Import Bank of India established under the Export-Import Bank of India Act, 1981 (28 of 1981);
- (iv) 'export' includes the taking or sending out of goods by land, sea or air, on consignment or by way of sale, lease, hire-purchase, or under any other arrangement by whatever name called, and in the case of software, also includes transmission through any electronic media ;
- (v) 'export value' in relation to export by way of lease or hire-purchase or under any other similar arrangement, includes the charges, by whatever name called, payable in respect of such lease or hire-purchase or any other similar arrangement;
- (vi) 'form' means form annexed to these Regulations;
- (vii) 'schedule' means schedule appended to these Regulations;
- (viii) 'software' means any computer programme, database, drawing, design, audio/video signals, any information by whatever name called in or on any medium other than in or on any physical medium ;
- (ix) 'specified authority' means the person or the authority to whom the declaration as specified in Regulation 3 is to be furnished;
- (x) 'Working Group' means the Group constituted by the Reserve Bank for the purpose of considering proposals of export of goods and services on deferred payment terms or in execution of a turnkey project or a civil construction contract;
- (xi) the words and expressions used but not defined in these Regulations shall have the same meanings respectively assigned to them in the Act.

3. Declaration as regards export of goods and services :-

- (1) Every exporter of goods or software in physical form or through any other form, either directly or indirectly, to any place outside India, other than Nepal and Bhutan, shall furnish to the specified authority, a declaration in one of the forms set out in the Schedule and supported by such

evidence as may be specified, containing true and correct material particulars including the amount representing -

the full export value of the goods or software; or

if the full export value is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions expects to receive on the sale of the goods or the software in overseas market, and affirms in the said declaration that the full export value of goods (whether ascertainable at the time of export or not) or the software has been or will within the specified period be, paid in the specified manner.

Declarations shall be executed in sets of such number as specified.

For the removal of doubt, it is clarified that, in respect of export of services to which none of the Forms specified in these Regulations apply, the exporter may export such services without furnishing any declaration, but shall be liable to realise the amount of foreign exchange which becomes due or accrues on account of such export, and to repatriate the same to India in accordance with the provisions of the Act, and these Regulations, as also other rules and regulations made under the Act.

4. Exemptions :-

Notwithstanding anything contained in Regulation 3, export of goods or services may be made without furnishing the declaration in the following cases, namely:

- a) trade samples of goods and publicity material supplied free of payment;
- b) personal effects of travellers, whether accompanied or unaccompanied;
- c) ship's stores, trans-shipment cargo and goods supplied under the orders of Central Government or of such officers as may be appointed by the Central Government in this behalf or of the military, naval or air force authorities in India for military, naval or air force requirements;
- d) goods or software accompanied by a declaration by the exporter that they are not more than **twenty five thousand USD¹** in value;
- e) by way of gift of goods accompanied by a declaration by the exporter that they are not more than **five lakhs rupees in value¹**;
- f) aircrafts or aircraft engines and spare parts for overhauling and/or repairs abroad subject to their re-import into India after overhauling /repairs, within a period of six months from the date of their export;
- g) goods imported free of cost on re-export basis;
- h) goods not exceeding USD 1000 or its equivalent in value per transaction exported to Myanmar under the Barter Trade Agreement between the Central Government and the Government of Myanmar;
- i) The following goods which are permitted by the Development Commissioner of the Export Processing Zones, *Electronic Hardware Technology Parks, Electronic Software Technology Parks* or Free Trade Zones to be re-exported, namely:
 - 1) imported goods found defective, for the purpose of their replacement by the foreign suppliers/collaborators;
 - 2) goods imported from foreign suppliers/collaborators on loan basis;
 - 3) goods imported from foreign suppliers/collaborators free of cost, found surplus after production operations.
- (ia) *goods listed at items (1), (2) and (3) of clause (i) to be re-exported by units in Special Economic Zones, under intimation to the Development Commissioner of Special Economic Zones/concerned Assistant Commissioner or Deputy Commissioner of Customs;*
- j) replacement goods exported free of charge in accordance with the provisions of Exim Policy in force, for the time being.
- k) *goods sent outside India for testing subject to re-import into India;*
- l) *defective goods sent outside India for repair and re-import provided the goods are accompanied by a*

certificate from an Authorised Dealer in India that the export is for repair and re-import and that the export does not involve any transaction in foreign exchange;

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

5. Indication of importer-exporter code number :-

The importer-exporter code number allotted by the Director General of Foreign Trade under Section 7 of the Foreign Trade (Development & Regulation) Act, 1992 (22 of 1992) shall be indicated on all copies of the declaration forms submitted by the exporter to the specified authority and in all correspondence of the exporter with the Authorised Dealer or the Reserve Bank, as the case may be.

6. Authority to whom declaration is to be furnished and the manner of dealing with the declaration

A. Declaration in Form GR/SDF

- (1) (i) The declaration in form GR /SDF shall be submitted in duplicate to the Commissioner of Customs.
(ii) After duly verifying and authenticating the declaration form, the Commissioner of Customs shall forward the original declaration form/data to the nearest office of the Reserve Bank and hand over the duplicate form to the exporter for being submitted to the Authorised dealer.

B. Declaration in Form PP

- (2) (i) The declaration in form PP shall be submitted in duplicate to the Authorised Dealer named in the form. The Authorised Dealer shall, after countersigning the declaration form, hand over the original form to the exporter who shall submit it to the postal authorities through which the goods are being despatched. The (ii) postal authorities after despatch of the goods shall forward the declaration form to the nearest office of the Reserve Bank.

Declaration in Form SOFTEX

- C.** The declaration in form SOFTEX in respect of export of computer software and audio/video/television software shall be submitted in triplicate to the designated official of Ministry of Information Technology, Government of India at the Software Technology Parks of India (STPIs) or at the Free Trade Zones (FTZs) or Export (3) (i) Processing Zones (EPZs) or Special Economic Zones (SEZs) in India.
(ii) After certifying all three copies of the SOFTEX form, the said designated official shall forward the original directly to the nearest office of the Reserve Bank and return the duplicate to the exporter. The triplicate shall be retained by the designated official for record.

D₂. Duplicate Declaration Forms to be retained with Authorised Dealers

On the realisation of the export proceeds, the duplicate copies of export declaration forms viz. GR, PP and Softex and Exchange Control Copies of the shipping bills together with related Statutory Declaration Forms shall be retained by the Authorised dealer.

7. Evidence in support of declaration :-

The Commissioner of Customs or the postal authority or the official of Ministry of Information Technology to whom the declaration form is submitted, may, in order to satisfy themselves of due compliance with Section 7 of the Act and these regulations, require such evidence in support of the declaration as may establish that -

- a) the exporter is a person resident in India and has a place of business in India;

- b) the destination stated on the declaration is the final place of the destination of the goods exported;
- c) the value stated in the declaration represents -
 - 1) the full export value of the goods or software; or
 - 2) where the full export value of the goods or software is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions expects to receive on the sale of the goods in the overseas market.

Explanation :

For the purpose of this regulation, 'final place of destination' means a place in a country in which the goods are ultimately imported and cleared through Customs of that country.

8. Manner of payment of export value of goods :-

Unless otherwise Authorised by the Reserve Bank, the amount representing the full export value of the goods exported shall be paid through an Authorised Dealer in the manner specified in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000.

Explanation :

For the purpose of this regulation, re-import into India, within the period specified for realisation of the export value, of the exported goods in respect of which a declaration was made under Regulation 3, shall be deemed to be realisation of full export value of such goods.

9. Period within which export value of goods/software to be realised :-

(1) The amount representing the full export value of goods or software exported shall be realised and repatriated to India within six months from the date of export :

Provided that the goods or software and exported by the units in Special Economic Zones, the stipulation of the period of realization and repatriation to India of full export value of goods or software shall not apply³.

Provided that where the goods are exported to a warehouse established outside India with the permission of the Reserve Bank, the amount representing the full export value of goods exported shall be paid to the Authorised Dealer as soon as it is realised and in any case within fifteen months from the date of shipment of goods;

Provided further that the Reserve Bank, or subject to the directions issued by that Bank in this behalf, the Authorised Dealer may, for a sufficient and reasonable cause shown, extend the said period of six months or fifteen months, as the case may be.

Explanation :

For the purpose of this regulation, the "date of export" in relation to the export of software in other than physical form, shall be deemed to be the date of invoice covering such export.

- (2) (a) *Where the export of goods or software has been made by a Status Holder Exporter, as defined in the Foreign Trade Policy in force, then notwithstanding anything contained in sub-regulation (1), the amount representing the full export value of goods or software shall be realised and repatriated to India within twelve months from the date of export;*

Provided that the Reserve Bank may for a sufficient and reasonable cause shown, extend the said period of twelve months

- (b) *The Reserve Bank may for reasonable and sufficient cause direct that **the said exporters³** shall cease to be governed by sub-regulation (2):*

Provided that no such direction shall be given unless the unit has been given a reasonable opportunity to make a representation in the matter;

- (c) *On such direction, **the said exporters³** shall be governed by the provisions of sub-regulation (1), until directed otherwise by the Reserve Bank.*

10. Export on Elongated Credit Terms :-

No person shall enter into any contract to export goods on the terms which provide for a period longer than six months for payment of the value of the goods to be exported :

Provided that the Reserve Bank may, for reasonable and sufficient cause shown, grant approval to enter into a contract on such terms.

11. Submission of export documents :-

The documents pertaining to export shall, within 21 days from the date of export as, as the case may be, from the date of certification of SOFTEX form, be submitted to the Authorised Dealer mentioned in the relevant declaration form:

Provided that, subject to the directions issued by the Reserve Bank from time to time, the Authorised Dealer may accept the documents pertaining to export submitted after the expiry of the specified period of 21 days, for reasons beyond the control of the exporter.

12. Transfer of documents :-

Without prejudice to Regulation 3, an Authorised Dealer may accept, for negotiation or collection, shipping documents including invoice and bill of exchange covering exports, from his constituent (not being a person who has signed the declaration in terms of Regulation 3) :

Provided that before accepting such documents for negotiation or collection, the Authorised Dealer shall -

- a) Where the value declared in the declaration does not differ from the value shown in the documents being negotiated or sent for collection, or
- b) Where the value declared in the declaration is less than the value shown in the documents being negotiated or sent for collection,

require the constituent concerned also to sign such declaration and thereupon such constituent shall be bound to comply with such requisition and such constituent signing the declaration shall be considered to be the exporter for the purposes of these Regulations to the extent of the full value shown in the documents being negotiated or sent for collection and shall be governed by these Regulations accordingly.

13. **Payment for the Export :-**

In respect of export of any goods or software for which a declaration is required to be furnished under Regulation 3, no person shall except with the permission of the Reserve Bank or, subject to the directions of the Reserve Bank, permission of an Authorised dealer, do or refrain from doing anything or take or refrain from taking any action which has the effect of securing -

- (i) That the payment for the goods or software is made otherwise than in the specified manner; or
- (ii) That the payment is delayed beyond the period specified under these Regulations; or
- (iii) That the proceeds of sale of the goods or software exported do not represent the full export value of the goods or software subject to such deductions, if any, as may be allowed by the Reserve Bank or, subject to the directions of the Reserve Bank, by an Authorised dealer;

Provided that no proceedings in respect of contravention of these provisions shall be instituted unless the specified period has expired and payment for the goods or software representing the full export value, or the value after deductions allowed under clause (iii), has not been made in the specified manner within the specified period.

14. **Certain Exports requiring prior approval :-**

A. Export of goods on lease, hire, etc.

No person shall, except with the prior permission of the Reserve Bank, take or send out by land, sea or air any goods from India to any place outside India on lease or hire or under any arrangement or in any other manner other than sale or disposal of such goods.

B. Exports under trade agreement/rupee credit etc.

- (i) Export of goods under special arrangement between the Central Government and Government of a foreign state, or under rupee credits extended by the Central Government to Govt. of a foreign state shall be governed by the terms and conditions set out in the relative public notices issued by the Trade Control Authority in India and the instructions issued from time to time by the Reserve Bank.
- (ii) An export under the line of credit extended to a bank or a financial institution operating in a foreign state by the Exim Bank for financing exports from India, shall be governed by the terms and conditions advised by the Reserve Bank to the Authorised Dealers from time to time.

C. Counter Trade

Any arrangement involving adjustment of value of goods imported into India against value of goods exported from India, shall require prior approval of the Reserve Bank.

15. **Delay in Receipt of Payment :-**

Where in relation to goods or software export of which is required to be declared on the specified form, the specified period has expired and the payment therefor has not been made as aforesaid, the Reserve Bank may give to any person who has sold the goods or software or who is entitled to sell the goods or software or procure the sale thereof, such directions as appear to it to be expedient, for the purpose of securing, (a) the payment therefor if the goods or software has been sold and (b) the sale of goods and payment thereof, if goods or software has not been sold or re-import thereof into India as the circumstances permit, within such period as the Reserve Bank may specify in this behalf ;

Provided that omission of the Reserve Bank to give directions shall not have the effect of absolving the person committing the contravention from the consequences thereof.

16. **Advance payment against exports :-**

- (1) 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 -
- i) The shipment of goods is made within one year from the date of receipt of advance payment;
 - ii) 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 Authorised Dealer 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 unutilised 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) Notwithstanding anything contained in clause (i) of sub-regulation (1), where the export agreement provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment, the exporter shall require the prior approval of the Reserve Bank.

17. Issue of directions by Reserve Bank in certain cases :-

18. Without prejudice to the provisions of Regulation 3 in relation to the export of goods or software which is required to be declared, the Reserve Bank may, for the purpose of ensuring that the full export value of the goods or, as the case may be, the value which the exporter having regard to the prevailing market conditions expects to receive on the sale of goods or software in the overseas market, is received in proper time and without delay, by general or special order, direct from time to time that in respect of export of goods or software to any destination or any class of export transactions or any class of goods or software or class of exporters, the exporter shall, prior to the export, comply with the conditions as may be specified in the order, namely ;

a) that the payment of the goods or software is covered by an irrevocable letter of credit or by such other arrangement or document as may be indicated in the order ;

b) that any declaration to be furnished to the specified authority shall be submitted to the Authorised Dealer for its prior approval, which may, having regard to the circumstances, be given or withheld or may be given subject to such conditions as may be specified by the Reserve Bank by the directions issued from time to time⁴.

c) that a copy of the declaration to be furnished to the specified authority shall be submitted to such authority or organisation as may be indicated in the order for certifying that the value of goods or software specified in the declaration represents the proper value thereof.

No direction under sub-regulation (1) shall be given by the Reserve Bank and no approval under clause (b) of that sub-regulation shall be withheld by the Authorised Dealer unless the exporter has been given a reasonable opportunity to make a representation in the matter.⁴

18. Project exports

Where an export of goods or services is proposed to be made on deferred payment terms or in execution of a turnkey project or a civil construction contract, the exporter shall, before entering into any such export arrangement, submit the proposal for prior approval of the approving authority, which shall consider the proposal in accordance with the guidelines issued by the Reserve Bank from time to time.

Explanation:

For the purpose of this Regulation, 'approving authority' means the Working Group or the Exim Bank or the

Authorised Dealer.

(P.R. **GOPALA RAO**)

Executive Director

Schedule

(Refer to Regulation 3)

Form **GR:** To be completed in duplicate for export otherwise than by Post including export of software in physical form i.e. magnetic tapes/discs and paper media.

Form **SDF:** To be completed in duplicate and appended to the shipping bill, for exports declared to Customs Offices notified by the Central Government which have introduced Electronic Data Interchange (EDI) system for processing shipping bills notified by the Central Government.

Form **PP:** To be completed in duplicate for export by Post.

Form **SOFTEX:** To be completed in triplicate for declaration of export of software otherwise than in physical form, i.e. magnetic tapes/discs, and paper media.

¹ Amended vide Notification No. FEMA 116/2004-RB dated March 25, 2004

² Amended vide Notification No. FEMA 107/2003-RB dated October 29, 2003

³ Amended vide Notification No. FEMA 99/2003-RB dated August 27, 2003

⁴ Amended vide Notification No FEMA 114/2004-RB dated March 13, 2004

Forms: -GR, SDF,PP and SOFTEX

EXCHANGE CONTROL DECLARATION (GR) FORM NO.

ORIGINAL

Exporter	Invoice No. & Date	SB No. & Date
	AR4/AR4A No. & Date	
	Q/Cert. No. & Date	Importer-Exporter Code No.
Consignee	Export Trade Control	

		If export under:	
		Deferred Credit	
		Joint Venture	
		Rupee Credit	
		Others	
		RBI's Approval/Cir. No. & Date	
Custom House Agent	L/C. No.		
Pre-Carriage by	Place of Receipt by Pre-Carrier	Type of shipment :	
		Outright Sale	
		Consignment Export	
Vessel/Flight No.	Rotation No.	Others (Specify)	
	Port of Loading	Nature of contract	/C&F /FOB
		Other (Specify)	

	Port of Discharge	Country of Destination	Exchange Rate u/s 14 of CA Currency of invoice			
S. No.	Marks & No.	Container Nos.	No. & Kind of Pkgs.	Statistical Code & Description of Goods	Quantity	Value FOB
	Net Weight					
	Gross Weight					

Total FOB value (in words)

Analysis of Export value	Currency	Amount	Full export value or where not ascertainable, the value which exporter expects to receive on the sale of goods.

FOB Value				
Freight Insurance			Currency	
Commission Rate				
Discount Other Deductions			Amount	

EXCHANGE CONTROL DECLARATION (GR) FORM NO.

Is Export under L/C arrangements?	Yes	No	For customs	
If yes, name of advising bank in India			Customs Assessable value Rs.	
			(Rupees)	
Bank through which payment is to be received			Export value Verified	
			Customs Appraiser	
Whether payment is to be received through the ACU Yes/No			Date of Shipment	Customs Appraiser
Declaration under Foreign Exchange Management Act, 1999: I/We hereby declare that I/we am/are the Seller/Consignor of the goods in respect of which this declaration is made and that the particulars given above are true and that (a) *the value as contracted with the buyer is the same as the full export value declared overleaf/ (b) *the full export value of the goods is not ascertainable at the time of export and that the value declared is that which I/we, having regard to the prevailing market conditions, expect to receive on the sale of goods in the overseas market.				
I/We undertake that I/we will deliver to the bank named herein the foreign exchange representing the full export value of the goods on or before @. _____ in the manner specified in the Regulations under the Act, I/we further declare that I/we am/are resident in India and I/we have a place of business in India.				
I/We* am/are OR am/are not in Caution List of the Reserve Bank of India.				
Date				
			(Signature of Exporter)	
@ State appropriate date of delivery which must be within six months from the date of shipment, but for exports to warehouses established outside India with the permission of the Reserve Bank, the date of delivery must be within fifteen months.				
*Strike out whichever is not applicable				
Space for use by reserve Bank of India				

EXCHANGE CONTROL DECLARATION (GR) FORM NO.

Duplicate

Exporter	Invoice No. & Date	SB No. & Date
	AR4/AR4A No. & Date	
	Q/Cert. No. & Date	Importer-Exporter Code No.
Consignee	Export Trade Control	

		If export under:	
		Deferred Credit	
		Joint Venture	
		Rupee Credit	
		Others	
		RBI's Approval/Cir. No. & Date	
Custom Agent	House L/C. No.		
Pre-Carriage by	Place of Receipt by Pre-Carrier	Type of shipment :	
		Outright Sale	
		Consignment Export	
Vessel/Flight No.	Rotation No.	Others (Specify)	
	Port of Loading	Nature of contract	/C&F /FOB
		Other (Specify)	

Port of Discharge		Country of Destination		Exchange Rate u/s 14 of CA Currency of invoice		
S. No.	Marks & No.	Container Nos.	No. & Kind of Pkgs.	Statistical Code & Description of Goods	Quantity	Value FOB
	Net Weight					
	Gross Weight					

Total FOB value (in words)

Analysis of Export value	Currency	Amount	Full export value or where not ascertainable, the value which exporter expects to receive on the sale of goods.
FOB Value			

Freight			
Insurance			Currency
Commission Rate			
Discount			Amount
Other Deductions			

EXCHANGE CONTROL DECLARATION (GR) FORM NO.

Is Export under L/C arrangements?	Yes	No	For customs
If yes, name of advising bank in India			Customs Assessable value Rs.
			(Rupees)
Bank through which payment is to be received			
			Export value Verified
			Customs Appraiser
			Cargo shipped in full/part
			Quantity
			Value
Whether payment is to be received through the ACU Yes/No			Date of Shipment
			Customs Appraiser
<p>Declaration under Foreign Exchange Management Act, 1999: I/We hereby declare that I/we am/are the Seller/Consignor of the goods in respect of which this declaration is made and that the particulars given above are true and that (a) *the value as contracted with the buyer is the same as the full export value declared overleaf/ (b) *the full export value of the goods is not ascertainable at the time of export and that the value declared is that which I/we, having regard to the prevailing market conditions, expect to receive on the sale of goods in the overseas market.</p>			
<p>I/We undertake that I/we will deliver to the bank named herein the foreign exchange representing the full export value of the goods on or before @. in the manner specified in the Regulations under the Act, I/we further declare that I/we am/are resident in India and I/we have a place of business in India.</p>			
<p>I/We* am/are OR am/are not in Caution List of the Reserve Bank of India.</p>			
Date			
			(Signature of Exporter)
<p>@ State appropriate date of delivery which must be within six months from the date of shipment, but for exports to warehouses established outside India with the permission of the Reserve Bank, the date of delivery must be within fifteen months.</p>			
<p>*Strike out whichever is not applicable</p>			

FOR AUTHORISED DEALER'S USE

Uniform Number	Code	
----------------	------	--

*Indicate () in the box applicable				
Date of negotiation	* (i)	(ii) receipt collection,	for	Bill No

Type of Bill*	(i) DA	(ii) DP	(iii) Others (Specify)
Type of shipment Contract	: * (i) Firm Sale		(ii) Consignment Basis
(iii) Others (Specify)			
The GR Form was included in the statement sent to the Reserve Bank with the R Return for the fortnight ending _____ sent on _____			
We certify and confirm that we have received the total amount of _____ (Currency)			
(amount) as under being the proceeds of exports declared on this form.			

Date of receipt	Currency	Credit to Nostro Account in		Debit to NR Rupee Account of a Bank in		Period of R Return with which the realisation has been reported to RBI
		In our name	In the name of*	Held with us	Held with*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)

*(Write the name of the concerned Indian Authorised Dealer Branch)

Any other manner of receipt (Specify) _____ (Stamp & Signature of Authorised dealer)

Date : Address :

SPACE FOR USE BY RESERVE BANK OF INDIA

SDF

[See Regulation 3(1)]
[In duplicate]

Shipping Bill No. _____

Date : _____

Declaration under Foreign Exchange Management, Act, 1999 :

I/We hereby declare that I/We am/are the *Seller/Consignor of the goods in respect of which this declaration is made and that the particulars given in the Shipping Bill No. _____ dated _____ are true and that (a) *the value as contracted with the buyer is the same as the full export value declared in the above shipping bill (b) *the full export value of the goods is not ascertainable at the time of export and that the value declared is that which I/We, having regard to the prevailing market conditions, expect to receive on the sale of goods in the overseas market.

I/We undertake that I/We will deliver to the bank named herein _____. The foreign exchange representing the full export value of the goods on or before @ _____ in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999. I/We further declare that I/We am/are resident in India and I/We have a place of business in India.

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

Date: _____

(Signature of Exporter)

@ State appropriate date of delivery which must be within six months from the date of shipment but for exports to warehouses established outside India with permission of the Reserve Bank, the date of delivery must be within fifteen months.

*Strike out whichever is not applicable.

FOR AUTHORISED DEALER'S USE

Uniform Code Number _____

Date of (i) negotiation _____
receipt for collection _____
Bill No. _____

*Type of Bill (i) DA (ii) DP (iii) Others (Specify)

*Types of shipment	(i) Firm Sale Contract	(ii) Consignment Basis	(Specify)
	(iii) Others		

*Indicate () in the box applicable

The SDF Form was included in the Statement sent to Reserve Bank with the R Return for the fortnight ending sent on _____

We certify and confirm that we have received the total amount of _____ (Currency amount) as under being the proceeds of exports declared on this form.

Date of receipt	Currency	Credit to Nostro Account in		Debit to NR Rupee Account of a Bank in.....		Period of R Return with which the realisation has been reported to RBI
			country		
		In our name	In the name of**	Held with us	Held with**	
(1)	(2)	(3)	(4)	(5)	(6)	(7)

** (Write the name of the concerned Indian Authorised Dealer Branch)
 Any other manner of receipt (Specify)

_____ (Stamp & Signature of Authorised dealer)

_____ Date :

_____ Address :

SPACE FOR USE BY RESERVE BANK OF INDIA

FORM PP*

**EXCHANGE CONTROL
Exporter's Declaration
ORIGINAL**

Form Number :
(Please see 'Notes to Exporters')

Name of the Post Office			
<i>(b)</i> Number and date of Parcel Receipt			
2.	Exporter's Name		(for RBI use)
3.	Importer/Exporter Code No.		
4.	Buyer's/Consignee's Name and address:		
5.	Country of destination		
6.	Nature of contract*(i) CIF/(ii) C&F/(iii)FOB/ (iv) Others (Specify):		
7.	Date of despatch .		
8.	Type of Shipment*(i) Outright Sale/(ii) Consignment export/(iii) Others (Specify)		
9.	Description of goods :		
10.	Quantity of goods : Unit†		
11.	Currency of Invoice		
	[†Ton/Kilogram/Litre/Cubic Metre/ Sq. Metre/Metre/Number/Others (Specify)]		

@	Where the full export value is not ascertainable value expected on sale of goods in the oversease market may be shown	12. Analysis of export value :		
		Particulars	Currency	Amount
		@Full Export value		
	No application for permission for remittance/deduction From the declared value on account of agency Commission and/or discount will be Entertained by the Reserve Bank or Authorised Dealer unless these have been declared on this form	F.O.B. Value		
		Freight		
		Insurance		
		-Discount (Rate.....)		
		Agency Commission (Rate. ..)		

*see FEM (Export of Goods & Services) Regulation, 2000.

	(For Customs Use)	13. Customs Assessable Value	
	Export Value verified (Customs Appraiser)	(Rupees)	
14.	If the export is made under general permission of the Reserve Bank of India, Number and date of its approval		
15.	If the export is made under L/C arrangements, name of advising bank in India		
16.	State if the payment is to be received through the Asian Clearing Union: *Yes/No		
17.	Name & address of bank through whom payment is to be received		

I/We hereby declare that I/we am/are the *SELLER/CONSIGNOR of the goods in respect of which the declaration is made and that the particulars given above are true and that *(a) the export value as contracted with the buyer is the same as the full export value declared above/*(b) the full export value of goods is not ascertainable at the time of export and that the value declared is that which I/we, having regard to the prevailing market conditions, expect to receive on the sale of goods in the overseas market.

I/We undertake that I/we will deliver to the bank named above the foreign exchange representing the full export value of the goods on or before† _____ in the manner prescribed in rule 9 of the Foreign Exchange Regulation Rules, 1974. I/We further declare that I/we am/are resident in India and I/we have a place of business in India.

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

†State approximate date of delivery which must be the due date for payment or within six months from the date of shipment, whichever is earlier.

*Strike out whichever is not applicable.

(For A.D.'s use)			
		(Signature of Exporter)	
Stamp & Signature of Authorised dealer		Date:	
Date :		Address :	
Bank's Uniform Code No.			

Notes to Exporters

(1)	This Form should not be pasted on the Parcel.
(2)	The PP Form procedure applies to postal exports to all territories outside India excluding Nepal and Bhutan. The PP Form should be completed in duplicate in all cases.
(3)	The Original should be submitted by the exporter to the Post Office after having it countersigned by an Authorised Dealer in foreign exchange. The Post Office through which the goods have been despatched will forward the Original to the nearest office of Reserve Bank of India.
(4)	All documents relating to export of goods from India must be passed through the medium of an Authorised Dealer in foreign exchange in India within 21 days of the date of

	shipment of the goods.
(5)	The amount representing the full export value of goods must be realised on the due date for payment or within six months from the date of shipment, whichever is earlier.
Note :	Government of India/Indian Financial institutions may conclude from time to time Special Trade Agreements with other countries providing for settlement of certain payments from the countries in a specified manner or for exports to be financed from Government to Government Credits. Reserve Bank will advise Authorised Dealers of such arrangements by issue of circulars. Methods of payment specified in the individual arrangements will have to be followed in such cases.
	Space for use by Reserve Bank of India

FORM PP

**EXCHANGE CONTROL
Exporter's Declaration
DUPLICATE**

Form Number :

(Please see 'Notes to Exporters' overleaf)

<u>1.</u>	<u>(a)</u>	Name of the Post Office
	<u>(b)</u>	Number and date of Parcel Receipt

2.	Exporter's Name		(for RBI use)
3.	Importer/Exporter Code No.		
4.	Buyer's/Consignee's Name and address:		
5.	Country of destination		
6.	Nature of contract*(i) CIF/(ii) C&F/(iii)FOB/ (iv) Others (Specify):		
7.	Date of despatch .		
8.	Type of Shipment*(i) Outright Sale/(ii) Consignment export/(iii) Others (Specify)		
9.	Description of goods :		
10.	Quantity of goods : Unit†		
11.	Currency of Invoice		
	[†Ton/Kilogram/Litre/Cubic Metre/ Sq. Metre/Metre/Number/Others (Specify)]		

@	Where the full export value is not ascertainable value expected on sale of goods in the oversease market may be shown	12. Analysis of export value :		
		Particulars	Currency	Amount
		@Full Export value		
	No application for permission for remittance/deduction From the declared value on account of agency Commission and/or discount will be Entertained by the Reserve Bank or Authorised Dealer unless these have been declared on this form	F.O.B. Value Freight		
		Insurance		
		-Discount (Rate		

Agency Commission
(Rate _____)

	(For Customs Use)	13. Customs Assessable Value	
	Export Value verified	(Rupees)	
	(Customs Appraiser)		
14.	If the export is made under general permission of the Reserve Bank of India, Number and date of its approval		
15.	If the export is made under L/C arrangements, name of advising bank in India		
16.	State if the payment is to be received through the Asian Clearing Union: *Yes/No		
17.	Name & address of bank through whom payment is to be received		

I/We hereby declare that I/we am/are the *SELLER/CONSIGNOR of the goods in respect of which the declaration is made and that the particulars given above are true and that *(a) the export value as contracted with the buyer is the same as the full export value declared above/*(b) the full export value of goods is not ascertainable at the time of export and that the value declared is that which I/we, having regard to the prevailing market conditions, expect to receive on the sale of goods in the overseas market.

I/We undertake that I/we will deliver to the bank named above the foreign exchange representing the full export value of the goods on or before† _____ in the manner prescribed in rule 9 of the Foreign Exchange Regulation Rules, 1974. I/We further declare that I/we am/are resident in India and I/we have a place of business in India.

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

†State approximate date of delivery which must be the due date for payment or within six months from the date of shipment, whichever is earlier.

*Strike out whichever is not applicable.

(For A.D.'s use)			
		(Signature of Exporter)	
Stamp & Signature of Authorised dealer		Date:	
Date :		Address :	
Bank's Uniform Code No.			

Note : All documents relating to export of goods from India must be passed through the medium of an Authorised Dealer in foreign exchange in India within 21 days of the date of shipment of the goods.

EXCHANGE CONTROL

SOFTWARE EXPORT DECLARATION (SOFTEX) FORM

(For declaration of Software Exports through data-communication links and receipt of Royalty on the Software Packages/Products exported)

FORM NO: AB

1. Name and address of the exporter
2. STPI Centre within whose jurisdiction the unit is situated
3. Import-Export Code Number
4. Category of exporter : STP/EHTP/EPZ/SEZ/1 00% EOU/DTA unit
5. Buyer's name and address including country and their relationship with exporting unit (if any)
6. Date and Number of Invoice
7. a) Whether export contract/purchase order already registered with STPI. (If 'No', please attach copy of the contract/purchase order)

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
-----	--------------------------	----	--------------------------
- b) Does contract stipulate payment of royalty

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

SECTION - A

(For exports through data communication link)

8. Name of Authorised datacom service provider STPI/VSN L/DOT/Internet/Others
(Please specify)
9. Type of software exported (Please mark on the appropriate box on the left side).

(a) <u>Computer Software</u>	RBI Code
<input type="checkbox"/> Data Entry jobs and Conversion Software Data Processing	9 0 6
<input type="checkbox"/> Software Development	9 0 7
<input type="checkbox"/> Software Product, Packages	9 0 8

<input type="checkbox"/>	Others (Please specify)	9	0	9
--------------------------	-------------------------	---	---	---

(b) Other Software

<input type="checkbox"/>	Video/TV Software	9	1	0
--------------------------	-------------------	---	---	---

<input type="checkbox"/>	Others (Please specify)	9	1	1
--------------------------	-------------------------	---	---	---

10. Analysis of Export Value **Currency** **Amount**

- (a) Full export value of which :-
- i) Net value of exports without transmission charges
 - ii) Transmission charges included in invoice

(b) Transmission charges (if payable separately by the overseas client)

(c) Deduct: Agency commission, at the rate of %

(d) Any other deductions as permitted by RBI (please specify)
Amount to be realised [(a+b) - (c+d)]

(e) 11. How export value will be realised (mode of realisation) (Please mark on the appropriate box)

(a) Under L/C

(a) Name and address of

Authorised Dealer

(b) Authorised Dealer Code No. _____

(b) Bank Guarantee

(a) Name and address of _ Authorised Dealer

(b) Authorised Dealer Code No. _____

(c) Any other arrangement e.g. advance payment, etc. including transfer/remittance to bank account maintained

(a) Name and address of _____
Authorised Dealer

(b) Authorised Dealer Code No.

overseas (Please specify)

SECTION - B

(For receipt of Royalty on Software Packages/Products exported)

12. Details of Software Package(s)/
Product(s) exported
- (a) Date of export _____
- (b) GR/SDF/PP/SOFTEX Form No. on which exports were declared _____
- (c) Royalty agreement details %age
and amount of royalty _____
- Period of royalty agreement
 (Enclose copy of Royalty
agreement, if not already registered) _____
13. How royalty value will be realised
(as defined in Royalty agreement) _____
14. Calculation of royalty amount
(Enclose copy of communication
from the foreign customer) _____
15. Name and address of designated Authorised
Dealer in India through whom payment has
been received/to be received
- A.D. Code No. _____

SECTION -C

16. 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 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: _____

Signature of the Exporter

Stamp

=====
Enclosure:

- (1) Copy of Export Contract [7(a)]
- (2) Copy of Royalty Agreement [12(c)]
- (3) Copy of communication from foreign customer [14]

=====
**Space for use of the competent authority (i.e. STPI/EPZ/SEZ) on behalf of
Ministry of Information Technology**

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

Place: Date: _____
(Signature of Designated Official of STPI/EPZ/SEZ
on behalf of Ministry of Information Technology)

Name: _____
Designation: _____

Stamp

EXCHANGE CONTROL

SOFTWARE EXPORT DECLARATION (SOFTEX) FORM

(For declaration of Software Exports through data-communication links and receipt of Royalty on the Software Packages/Products exported)

FORM NO: AB

DUPLICATE

-
1. Name and address of the exporter
 2. STPI Centre within whose jurisdiction the unit is situated
 3. Import-Export Code Number
 4. Category of exporter : STP/EHTP/EPZ/SEZ/1 00% EOU/DTA unit
 5. Buyer's name and address including country and their relationship with exporting unit (if any)
 6. Date and Number of Invoice
 7. a) Whether export contract/
purchase order already
registered with STPI.
(If 'No', please attach copy
of the contract/purchase
order) Yes No
b) Does contract stipulate
payment of royalty Yes No

(b) Bank Guarantee
Authorised Dealer

(a) Name and address of _____

(b) Authorised Dealer Code No.

(c) Any other arrangement
e.g. advance payment, etc.
including transfer/remittance
to bank account maintained
overseas (Please specify)

(a) Name and address of _____
Authorised Dealer

(b) Authorised Dealer Code No. _____

SECTION - B

(For receipt of Royalty on Software Packages/Products exported)

12. Details of Software Package(s)/ Product(s) exported

(a) Date of export _____

(b) GR/SDF/PP/SOFTEX Form No. on which exports were declared _____

(c) Royalty agreement details %age

and amount of royalty

Period of royalty agreement _____

(Enclose copy of Royalty
agreement, if not already registered) _____

13. How royalty value will be realised (as defined in Royalty agreement)

14. Calculation of royalty amount
(Enclose copy of communication
from the foreign customer)

15. Name and address of designated Authorised
Dealer in India through whom payment has
been received/to be received

A.D. Code No. _____

SECTION -C

16. 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 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: _____

Signature of the Exporter Stamp

=====
Enclosure:

- (1) Copy of Export Contract [7(a)]
- (2) Copy of Royalty Agreement [12(c)]
- (3) Copy of communication from foreign customer [14]

=====
**Space for use of the competent authority (i.e. STPI/EPZ/SEZ) on behalf of
Ministry of Information Technology**

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

Place: Date: _____

Name: _____
Designation: _____

(Signature of Designated Official of STPI/EPZ/SEZ
on behalf of Ministry of Information Technology)

Stamp

For Authorised Dealer's use only

Certificate by Authorised dealer

AD's Uniform Code No.....

The SOFTEX Form included in the ENC statement sent to the Reserve Bank with the 'R' Return (NOSTRO/VOSTRO) for the period endingsent on (Currency name)

We certify and confirm that we have received the total amount of as under being the (Currency) (Amount) proceeds of exports declared on this form.

Date of Receipt	Currency	Credit to Nostro Account	to	Nostro	Debit to Non-Resident Rupee Account of a bank in	Period of R-Return with which the realisation has been reported to RBI
		in		(Country)	(country)	
		In our name	In the name of **	Held with us	Held with **	
1	2	3	4	5	6	7

(** Write the name of the concerned branch of Authorised Dealer)

Any other manner of receipt (Specify)

Place: _____

Date: _____

(Signature of Authorised Official)

Name: _____

Stamp

Designation : _____

Name & Address of _____

Authorised Dealer _____

EXCHANGE CONTROL

SOFTWARE EXPORT DECLARATION (SOFTEX) FORM

(For declaration of Software Exports through data-communication links and receipt of Royalty on the Software Packages/Products exported)

FORM NO: AB

TRIPLICATE

-
1. Name and address of the exporter
 2. STPI Centre within whose jurisdiction the unit is situated
 3. Import-Export Code Number
 4. Category of exporter : STP/EHTP/EPZ/SEZ/100% EOU/DTA unit
 5. Buyer's name and address including country and their relationship with exporting unit (if any)
 6. Date and Number of Invoice
 7. a) Whether export contract/
purchase order already
registered with STPI.
(If 'No', please attach copy
of the contract/purchase
order) Yes No
b) Does contract stipulate
payment of royalty Yes No

SECTION - A

(For exports through data communication link)

8. Name of Authorised datacom service provider STPI/VSNL/DOT/Internet/Others
(Please specify)

9. Type of software exported (Please mark on the appropriate box on the left side).

(a) Computer Software

Data Entry jobs and Conversion
Software Data Processing

Software Development

Software Product, Packages

Others (Please specify) (b)

Other Software

Video/TV Software
Others (Please specify)

(a) 10. Analysis of Export Value
Full export value Of which :-

i) Net value of exports without
transmission charges

ii) Transmission charges
included in invoice

(b) Transmission charges (if payable
separately by the overseas client)

(c) Deduct: Agency commission,
at the rate of%

(d) Any other deductions as permitted
by RBI (please specify)

(e) Amount to be realised [(a+b) - (c+d)]

11. How export value will be realised
(mode of realisation) (Please mark
on the appropriate box)

(a) Under L/C

(a) Name and address of

Authorised Dealer

RBI Code

9	0	
9	0	
9	0	9
9	0	9
9	1	0

9	1
---	---

Currency

Amount

(b) Bank Guarantee
Authorised Dealer

(b) Authorised Dealer Code No. _____

(a) Name and address of _____

(c) Any other arrangement
e.g. advance payment, etc.
including transfer/remittance
to bank account maintained

(b) Authorised Dealer Code No.

~~(a) Name and address of~~
Authorised Dealer

(Please specify)

(b) Authorised Dealer Code No. overseas

SECTION - B

(For receipt of Royalty on Software Packages/Products exported)

12. Details of Software Package(s)/
Product(s) exported

(a) Date of export _____

(b) GR/SDF/PP/SOFTEX Form No. on which exports were declared _____

(c) Royalty agreement details %age
and amount of royalty _____

Period of royalty agreement

(Enclose copy of Royalty
agreement, if not already registered)

13. How royalty
value will be realised (as defined in
Royalty agreement)

14. Calculation of royalty amount
(Enclose copy of communication
from the foreign customer)

15. Name and address of designated Authorised
Dealer in India through whom payment has
been received/to be received

A.D. Code No. _____

SECTION -C

16. 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 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), specified in the Regulations made under the Foreign Exchange Management Act, 1999.

Signature of the Exporter

Place:

Stamp

Date:

~~Name~~

Designation: _____

=====

===== Enclosure:

- (1) Copy of Export Contract [7(a)]
- (2) Copy of Royalty Agreement [12(c)]
- (3) Copy of communication from foreign customer [14]

=====

**Space for use of the competent authority (i.e. STPI/EPZ/SEZ) on behalf of
Ministry of Information Technology**

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

Place: Date:

(Signature of Designated Official of STPI/EPZ/SEZ on behalf of Ministry of Information Technology)

Stamp

Name: _____

Designation: _____

XOS
(Paragraph 6.C.12)

A. D. Code No.....

**Statement of particulars of export bills outstanding
beyond prescribed period/ due date of realisation
as at 30th June/ 31st December**

Part I – Outstanding export bills other than those on deferred payment terms

Sr. No.	Bill No. and date	Name & Address of exporter	Exporter's Code No./ IE Code No.	Date of export	Due date of realisation	GR/PP/SOFTEX form No.	Port of Shipment	Shipping bill No. and date	Name & address of the overseas buyer	Commodity
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.

Invoice value	Amount Realised	Amount Outstanding	Rupee equivalent of outstanding amount (To be classified as)			Remarks
Currency and Amount	Currency and Amount	Currency and Amount	Cash exports	Exports on consignment basis	Undrawn balances	
12.	13.	14.	15.	16.	17.	18.

Total

**Part II – Exports on deferred payment terms where instalments
(including interest) are outstanding beyond due date**

Sr. No.	Name & address of exporter	Exporter's Code No./ I E Code No.	No. & date of RBI approval for deferred payment term	Date of export	GR Form No.	Port of Shipment	Shipping bill No. and date	Name & address of the oversea buyer	Commodity	Invoice value
										Currency & Amount
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.

Value of goods covered under deferred payment terms(including interest)		Total Amount of deferred instalments (including interest) already received		Total Amount of instalments outstanding (including interest) beyond due date		Rupee equivalent of outstanding amount	Whether ECGC cover obtained (Yes /No)	No. & date of bank certificate issued	Remarks
Currency	Amount	Currency	Amount	Currency	Amount				
12.		13.		14.		15.	16.	17.	18.

Total

Part III : Summary

Part I

Part II

	'Cash' exports	Export on consignment basis	Undrawn balances	Total	Exports on deferred payment basis
	Rs.	Rs.	Rs.	Rs.	Rs.

Outstandings as on

(End of previous half-year)

Add: Addition during the half- year under report

Less: Deletion during the half-year

Net position of outstanding as on

(End of half-year under report)

We certify that all export bills i.e. export bills purchased, negotiated and sent for collection, outstanding beyond the prescribed period / due date of realisation of as at the end of half-year under report have been included in this statement.

Place: _____

(Signature of Authorised Official) Name: _____

Designation: _____

Date : _____

Stamp

Annex- 3 (C.15 Self write-off and extension of time)

(PART A)

**Annual statement to be furnished to Authorised Dealers by exporters
giving details of export performance during a calendar year as on 31 Dec.....**

(Amount in Rs 000s)

Total Export Proceeds Due within the Prescribed period of 180 days or higher period as applicable		Total Export Proceeds realized within the prescribed period of 180 days or higher period as applicable		Export proceeds not realized within the Prescribed Period of 180 days or higher period as applicable	
No.of GR/SOFTEX/ SDF/PP forms due	Amount	No.of GR/SOFTEX/ SDF/PP forms	Amount	No.of GR/SOFTEX/ SDF/PP forms	Amount
		Fully Realised			
		Partly Realised			

(PART B)

(Amount in Rs 000s)

Details of Export Bills not Realised (partly or fully) within the prescribed period		Details of Extension / Reduction in invoice value/ Write off by the Exporter himself		Extension/ Reduction in invoice value / Write off sought from AD	
GR/SOFTEX/ SDF/PP No.	Amount	Amount	Revised due date @	Amount	Revised due date @
(1)		(2)		(3)	
Total					

- NOTE :** 1) The exporter should approach AD/RBI for extension of time in respect of bills in Column (3) in PART B.
 2) Total of Bills in Column (2) in Part B should not exceed 10% of those in Column 1 of PART A
 3) From 2005 onwards Bills in Column 1 of PART A will include those which have been extended for realisation by the exporter himself or with the approval of AD/RBI.
 4) In respect of export bills written off (including reduction in invoice value) evidence for surrender of export incentives to be enclosed.
 @ For cases of extension

Exporters Signature :

Verified by Authorised Dealer

PART - 5

Appendix

**List of circulars which have been consolidated in the
Master Circular on Export of Goods and Services**

Sr. No.	Circular No	Date
1.	A.D. (MA Series) Circular No. 15	May 31, 1993
2.	A.P.(DIR Series) Circular No.4	August 27, 2001
3.	A.P.(DIR Series) Circular No.5	August 27, 2001
4.	A.P.(DIR Series) Circular No.6	September 24, 2001
5.	A.P.(DIR Series) Circular No.9	October 25, 2001
6.	A.P.(DIR Series) Circular No.10	November 1, 2001
7.	A.P.(DIR Series) Circular No.20	January 28, 2002
8.	A.P.(DIR Series) Circular No.30	March 26, 2002
9.	A.P.(DIR Series) Circular No.34	April 1, 2002
10.	A.P.(DIR Series) Circular No.35	April 1, 2002
11.	A.P.(DIR Series) Circular No.38	April 12, 2002
12.	A.P.(DIR Series) Circular No.53	June 27, 2002
13.	A.P.(DIR Series) Circular No.54	June 29, 2002
14.	A.P.(DIR Series) Circular No.2	July 4, 2002
15.	A.P.(DIR Series) Circular No.10	August 14, 2002
16.	A.P.(DIR Series) Circular No.11	August 14, 2002
17.	A.P.(DIR Series) Circular No.12	August 28, 2002
18.	A.P.(DIR Series) Circular No.21	September 16, 2002
19.	A.P.(DIR Series) Circular No.28	October 3, 2002
20.	A.P.(DIR Series) Circular No.33	October 23, 2002
21.	A.P.(DIR Series) Circular No.34	October 31, 2002
22.	A.P.(DIR Series) Circular No.41.	November 8, 2002
23.	A.P.(DIR Series) Circular No.61	December 14, 2002
24.	A.P.(DIR Series) Circular No.62	December 17, 2002
25.	A.P.(DIR Series) Circular No.78	February 14, 2003
26.	A.P.(DIR Series) Circular No.91	April 1, 2003
27.	A.P.(DIR Series) Circular No.94	April 26, 2003
28.	A.P.(DIR Series) Circular No.100	May 2, 2003
29.	A.P.(DIR Series) Circular No.104	May 31, 2003

30.	A.P.(DIR Series) Circular No.105	June 16, 2003
31.	A.P.(DIR Series) Circular No.8	August 16, 2003
32.	A.P.(DIR Series) Circular No.12	August 20, 2003
33.	A.P.(DIR Series) Circular No.20	September 23,2003
34.	A.P.(DIR Series) Circular No.22	September 24, 2003
35.	A.P.(DIR Series) Circular No.26	October 3, 2003
36.	A.P.(DIR Series) Circular No.30	October 21, 2003
37.	A.P.(DIR Series) Circular No.32	October 28, 2003
38.	A.P.(DIR Series) Circular No.40	December 5, 2003
39.	A.P.(DIR Series) Circular No.61	January 31, 2004
40.	A.P.(DIR Series) Circular No.68	February 11, 2004
41.	A.P.(DIR Series) Circular No.73	February 20, 2004
42.	A.P.(DIR Series) Circular No.94	June 7, 2004
43.	A.P.(DIR Series) Circular No.96	June 15, 2004
44.	A.P.(DIR Series) Circular No.97	June 21, 2004
45.	A.P.(DIR Series) Circular No.9	September 1, 2004
46.	A.P.(DIR Series) Circular No.10	September 13, 2004
47.	A.P.(DIR Series) Circular No.25	November 1, 2004
48.	A,P. (DIR Series) Circular No. 21	January 10, 2006
49.	A.P. (DIR Series) Circular No. 31	April 21, 2006
50.	A.P. (DIR Series) Circular No. 32	April 21, 2006
51	A.P. (DIR Series) Circular No. 15	November 30,2006
52	A.P. (DIR Series) Circular No. 18	December 4, 2006
52	A.P. (DIR Series) Circular No. 26	January 8,2007
53	A.P. (DIR Series) Circular No. 33	February 28,2007
54	A.P. (DIR Series) Circular No. 37	April 5,2007